



CITY OF MORRO BAY PLANNING COMMISSION AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean, and healthy place for residents and visitors to live, work and play.

Regular Meeting - Tuesday, April 16, 2024
Veteran's Memorial Building – 6:00 P.M.
209 Surf Street, Morro Bay, CA

Chairperson – William Roschen

Vice-Chairperson Mike Rodriguez
Commissioner Asia King

Commissioner Joseph Ingraffia
Commissioner Eric Meyer

Public Participation:

Remote public participation is allowed in the following ways:

- *Community members may attend the meeting in person at the Morro Bay Veterans Hall*
- *Members of the public may watch the meeting and speak during the general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzdwTHlRTk9xaTlmVVNWRWFUQT09>

Password: 135692

- *Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to "Raise Hand" for Public Comment*
- *Alternatively, members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Planning Commission at planningcommission@morrobayca.gov prior to the meeting. Agenda correspondence received at planningcommission@morrobayca.gov by 10 a.m. on the meeting day will be posted on the City website.*

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE/PLEDGE OF ALLEGEANCE
PLANNING COMMISSIONER ANNOUNCEMENTS

PUBLIC COMMENT

Members of the audience wishing to address the Planning Commission on City business matters not on the agenda may do so at this time. For those desiring to speak on items on the agenda, but unable to stay for the item, may also address the Planning Commission at this time.

PRESENTATIONS

A. CONSENT CALENDAR

A-1 Current and Advanced Planning Processing List

Staff Recommendation: Receive and file.

A-2 Approval of the minutes from the Planning Commission meeting of February 20, 2024.

Staff Recommendation: Approve minutes as submitted.

A-3 Approval of the minutes from the Planning Commission meeting of March 5, 2024.

Staff Recommendation: Approve minutes as submitted.

B. PUBLIC HEARINGS

C. NEW BUSINESS

C-1 **Housing in Morro Bay.** This is the first in a series of meetings intended to discuss the status of housing in Morro Bay.

Staff Contact: Michael Codron, Interim Community Development Director, (805) 772-6291.

D. UNFINISHED BUSINESS

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS

G. ADJOURNMENT

Adjourn to the next regular Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on May 7, 2024, at 6:00 p.m.

PLANNING COMMISSION MEETING PROCEDURES

This Agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the Agenda posted at the Community Development Department, 955 Shasta Avenue, for any revisions, or call the Department at 805-772-6264 for further information.

Written testimony is encouraged so it can be distributed in the Agenda packet to the Commission. Material submitted by the public for Commission review prior to a scheduled hearing should be received by the Planning Division at the Community Development Department, 955 Shasta Avenue, no later than 5:00 P.M. the Tuesday (eight days) prior to the scheduled public hearing. Written testimony provided after the Agenda packet is published will be distributed to the Commission but there may not be enough time to fully consider the information. Mail should be directed to the Community Development Department, Planning Division.

This Agenda may be found on the Internet at: www.morrobayca.gov/planningcommission or you can subscribe to Notify Me for email notification when the Agenda is posted on the City's website. To subscribe, go to www.morrobayca.gov/notifyme and follow the instructions.

The Brown Act forbids the Commission from taking action or discussing any item not appearing on the agenda, including those items raised at Public Comment. In response to Public Comment, the Commission is limited to:

1. Responding to statements made or questions posed by members of the public; or
2. Requesting staff to report back on a matter at a subsequent meeting; or
3. Directing staff to place the item on a future agenda. (Government Code Section 54954.2(a))

Commission meetings are conducted under the authority of the Chair who may modify the procedures outlined below. The Chair will announce each item. Thereafter, the hearing will be conducted as follows:

1. The Planning Division staff will present the staff report and recommendation on the proposal being heard and respond to questions from Commissioners.
2. The Chair will open the public hearing by first asking the project applicant/agent to present any points necessary for the Commission, as well as the public, to fully understand the proposal.
3. The Chair will then ask other interested persons to present testimony either in support of or in opposition to the proposal.
4. Finally, the Chair may invite the applicant/agent to respond to the public testimony. Thereafter, the Chair will close the public testimony portion of the hearing and limit further discussion to the Commission and staff prior to the Commission taking action on a decision.

APPEALS

If you are dissatisfied with an approval or denial of a project, you have the right to appeal this decision to the City Council up to 10 calendar days after the date of action. Pursuant to Government Code §65009, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Commission, at, or prior to, the public hearing. The appeal form is available at the Community Development Department and on the City's web site. If legitimate coastal resource issues related to our Local Coastal Program are raised in the appeal, there is no fee if the subject property is located within the Coastal Appeal Area. If the property is located outside the Coastal Appeal Area, the fee is a \$326 flat fee. If a fee is required, the appeal will not be considered complete if the fee is not paid. If the City decides in the appellant's favor then the fee will be refunded.

City Council decisions may also be appealed to the California Coastal Commission pursuant to the Coastal Act Section 30603 for those projects that are in their appeals jurisdiction. Exhaustion of appeals at the City is required prior to appealing the matter to the California Coastal Commission. The appeal to the City Council must be made to the City and the appeal to the California Coastal Commission must be made directly to the California Coastal Commission Office. These regulations provide the California Coastal Commission 10 working days following the expiration of the City appeal period to appeal the decision. This means that no construction permit shall be issued until both the City and Coastal Commission appeal period have expired without an appeal being filed. The Coastal Commission's Santa Cruz Office at (831) 427-4863 may be contacted for further information on appeal procedures.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Community Development Department at (805) 772-6264. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



City of Morro Bay
 Community Development Department
 Current & Advanced Project Tracking Sheet
 This tracking sheet shows the status of the work being processed by the Planning & Building Divisions
 New Planning items or items recently updated are highlighted in yellow.
 Approved projects are deleted on next version of log.

Agenda No: A-1
 Meeting Date 04-16-2024

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
Hearing or Action Ready Projects:											
1	Bartolic	525	Bonita	1/30/2024	CDP24-005	CDP for the conversion of existing 400 sf guest room above garage into an ADU.	Incomplete Letter sent 2/23. Resubmitted 4/3/2024. Deemed complete 4/11/2024. Noticing will begin the week of 4/15				st
2	Hartman	320	Orcas St	4/14/22	MUP23-03/ CDP22-010	New SFR with attached garage to replace home destroyed in fire	Correction letter sent 5/1/22. Resubmittal received March 28, 2023. Planning comments sent on April 10, 2023, project requires resubmittal with changes. Planning Comments sent - requires a resubmittal. Resubmittal received and under review. Planning comments sent 5/17/23, requires a resubmittal. Project designed for new zoning code, so needs to wait for the code certification, or redesign to the existing code. Comments provided 7/10/23, project on hold pending decision by applicant. Deemed complete 7/10/2023, pending new code. Noticing period from 4/5-4/15. Administrative decision on or after 4/16	BLDG. - Approved 3/30/23 CO			st
30 -Day Review, Incomplete or Additional Submittal Review Projects:											
3	Karp/Frietas	765	Pacific St	4/9/2024	CDP24-011	CDP for the conversion of an existing garage/workshop into an ADU	Under review .				ao
4	Baker	499	Little Morro Creek Rd	4/4/2024	CDP24-014	CDP for the demolition of a residence damaged beyond repair by the early 2023 storms. The residence will be replaced with a 2,240 sf modular home, the existing garage shall remain.	Under review.				st
5	Medina	3390	N. Main St	3/25/2024	CDP24-012	Admin CDP for ADU and JADU attached to a proposed single family home.	Under review				kf
6	Lor	1145	Morro Ave	2/20/2024	CDP24-010	Proposed demolition of existing 561 sf single story garage and creation of a two story 1,461 sf residence with a 497 sf ADU and a 968 sf garage.	Incomplete letter sent 3/14.				st
7	Daniels	207	Surf	2/15/24	CR24-001	Front Street Getaway Hotel - Conceptual Review	Under review.				kf
8	Stafford	990	Quintana	2/1/2024	CDP24-008	After the fact permit for an addition to an existing commercial building.	Permit issued 4/11/2024				kf
9	Thus	1309	Berwick Dr.	1/30/2024	CDP24-007	Proposed 2 story single family dwelling unit with an attached garage and ADU on a vacant lot.	Incomplete letter sent 3/8. Awaiting resubmittal.				kf
10	Wilson	2840	Alder	1/18/2024	CDP23-025	Removal of existing structures on site and replacing with two 939sf manufactured homes, one as the primary residence and one as an ADU	Incomplete letter sent 2/12. Awaiting resubmittal.				st
11	Gumm	780	Monterey Ave	1/2/2024	CDP23-028	Office conversion to retail and lodging	Incomplete letter sent 1/31. Awaiting resubmittal.				st
12	Erfanian	310	Sicity St	12/18/2023	MUP23-04/CDP23-029	Minor Use Permit and Coastal Development Permit for a new 1,991 sf single family home with a 287 sf garage on a vacant lot.	Incomplete letter sent 1/10 . Resubmitted 1/25, comments emailed 2/6. Awaiting resubmittal.				st
13	Arnold	2870	Cedar	10/23/2023	CDP23-017	New 2,380 sf Single Family home with an attached 1,115 sf ADU and 468 sf garage.	Incomplete letter sent 11/16. Resubmittal 4/4/2024, under review.				st
14	Kirkley	456	Panay	10/17/2023	CDP23-020	Admin CDP for 315sf attached ADU to an existing 871sf single story home.	Incomplete letter sent 10/31/23 - Awaiting resubmittal	Bldg. - Disapproved 10/23/23			ao
15	Eiseman	541	Atascadero Rd	8/17/2023	MAJ23-003 (modification to CUP21-09 and CDP21-029 still processing)	Major modification while processing for a 4 unit attached home project	Planning comments sent October 19, 2023, requires resubmittal. Requires environmental, updated proposal received - contract with consultant complete.. Environmental review in progress.				kf
16	Champi	460	Errol	7/19/2023	TUP23-02	Temporary Use Permit for fencing and outdoor storage to assist with storm cleanup	Received submittal, under review. Planning disapproved August 15, 2023, requires a resubmittal.				kf
17	Gumm	735	Napa	6/15/2023	CDP23-010	Convert three retail spaces into 3 residential units	Planning Review completed - need PW comments. Comments provided to applicant on 7/16/23, Requires a resubmittal. Due to the cost of the PW frontage improvement requirements, the property owner may change direction and withdraw request for new housing approval and proceed with new commercial uses in the existing spaces.				st
18	Iwanicha	640	Elena	6/8/2023	CDP23-011	Remodel and addition to existing 2 bedroom/1 bath home	Planning disapproved the project on 7/27/23, requires response to comments and a resubmittal.				st
19	Morro Rock LLC	1260	Main	5/23/2023	CDP23-009	Convert existing building into 5 new hotel rooms associates with the Masterpiece Hotel	Under review, requires new zoning code - on hold until new zoning code is certified by CCC. Requires PC Design Review Permit, applying soon.				st

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
20	Borges	640	Kings	3/30/2023	CDP23-006	New detached 908sf ADU with attached to a 720sf garage below.	Incomplete Letter sent 4/20. Letter of Intent to Deem Application Withdrawn sent 12/19/2023. Resubmitted 2/22. Incomplete letter sent 3/6	BLDG. - Disapproved CO			st
21	Gillen	495	Embarcadero	3/7/2023	CUP23-04	Conceptual Review (no application) of potential redevelopment of city lease site at 495 Embarcadero as a mixed use development of hotel, restaurant, and retail uses.	Under review. Project received Consent of Landowner. Applicant project in process currently. Under review	BLDG. - COND Approved CO			kf
22	McDonald	300	Sicity St	1/31/2023	CDP23-002	New 2155 s.f. SFR w/ attached 284 s.f. garage and 409 s.f. decking on a vacant lot .	Incomplete letter sent 3/13/2023. Resubmitted 12/7, application for Minor Use Permit, as well as new code needed for approval.	BLDG. - Approved 2/10/23 CO			st
23	Barton	983	Carmel St	11/15/2022	CDP22-038	Admin CDP for a new 857af attached ADU to an existing 900sf single story home with a 491 f garage.	Incomplete letter sent 12/13/22. Resubmitted 1/17, incomplete letter sent 2/15.				st
24	Gonzalez	590	Radcliff	10/25/2022	CDP22-034	Admin CDP for a new 1,956 two story SFR with a 522sf attached garage and 640sf second story deck.	Under review. Planning disapproved and incomplete letter sent on 11/22/22. Resubmitted 1/29/24, incomplete letter sent 2/22.	BLDG. - Approved 10/27/22 CO			ao
25	Shepler	2181	Sunset Ave	8/24/2022	CDP22-029	CDP Application for a new third dwelling and one ADU on a property with two existing homes	Comment letter sent on 9-5-22. Resubmittal received 10/24/22, planning requires minor changes and sent letter November 10, 2022. Requires resubmittal.	BLDG. - Approved 8/25/22 CO			st
26	Kersten	1358	Prescott	7/27/2022	CDP22-024	Admin CDP for partial conversion of an existing (522sf) attached garage into a single story 276sf ADU.	Incomplete letter sent on 08/09/22	BLDG. - Approved 8/9/22 CO			st
27	McDonald	471	Panay	6/1/2022	CDP22-019	Admin CDP for the new construction of a two story residence	Incomplete Letter Sent 6/14	BLDG. - Approved 6/14/22 CO			st
28	Vanderbyl	531	Yerba Buena	4/20/22	CDP22-015	Admin CDP for shed conversion into 468 sf ADU	Correction Letter send 5/12/22. Resubmittal received 7/21/22 - review comments sent on August 6, 2022, requires resubmittal. Resubmittal received and planning disapproved based on fire/life/safety issues on 10/24/22. Resubmittal required.	BLDG. - COND Approved 5/11/22 CO			st
29	Morro 94 LLC	3300	Panorama	1/18/2022	CUP 22-05/CDP22-003/TTM222-02	Submittal of combined concept and precise plan review for 61 unit subdivision. Project revised to 48 total housing units.	Received and under review. Notify Me account set up to provide information and publically available documents on the project. Subdivision Review committee meeting scheduled. Project comment letter sent 2/18/22, requires resubmittal and environmental review. Planning consultant team is preparing to hold a neighborhood meeting April 20, 2022 at Del Mar Elementary School at 6pm. City working with selected environmental consultant on contract and owner reimbursemet agreements. TTM resubmittal received October 10, 2022, under review. Tentative Tract Map disapproved on November 2, 2022. Requires resubmittal with the CUP/CDP plans in order to be processed together. Environmental review is under contract and work has commenced. Anticipate process to take 6-9 months to complete. Resubmittal information received, planning and public works comments sent. Scheduled for a conceptual review at a PC hearing November 7, 2023. Project requires modifications based on the PC comments and resubmittal.	BLDG. - Approved 2/14/22 CO			kf
30	Morro Bay LLC (Keller)	1108	Front Steet	11/8/21	MAJ21-007	Major Modification permit for Expansion and extensive remodel of second floor short term rental unit.	Planning comments sent 11/23/21, requires resubmittal. Applicant put this application on hold until the adoption of the new zoning code (i.e. includes street setbacks closer to the actual placement of the building) (needs the IP sections to be final via CCC approval)	BLDG. - Approved 11/17/21 CO			st
31	Shorey	545	Atascadero Rd	3/30/21	CUP21-04/CDP21-013	Proposed 16 units of new townhomes on sloped vacant parcel	Project was reviewed and comments provided in 2021. Applicant requested to keep the project open and has been working with public works and caltrans on utility requirements and frontage improvements. Project resubmitted for review on April 19, 2023 - under review by all departments. Planning deemed project complete on 5-23-23. Requires environmental study before scheduling for PC hearing. Environmental consultant contract and related reimbursement agreement are under review.				kf
32	Vistra	1290	Embarcadero	12/28/20	CDP20-026 & CUP20-14	Battery Energy Storage System (BESS) - New proposed project to construct 600MW BESS on old tank farm north of existing Morro Bay Power Plant. BESS to be constructed as 3 separate buildings, 30 feet in height plus 10 feet of screening for rooftop equipment.	Under initial review. Project deemed incomplete and incomplete letter sent 1-21-2021. Applicant resubmittal received 2-17-2021 and under review currently. Project deemed complete for processing on 2/23/2021. Project plans and documents being evaluated. Environmental review process in progress. NOP released and two scoping meetings held on 6/21/22 and 6/29/22. Environmental review and analysis still in process.	BLDG. - Approved 3/11/21 CO			kf
33	Vistra	1290	Embarcadero		Master Plan (MAJ23-001)	Morro Bay Power Plant Master Plan	2/20/2024 Study Session to discuss with the Planning Commission the topic of the draft Master Plan for the Morro Bay Power Plant. The 2/20/24 PC meeting is not a public hearing, it is solely a study session to solicit additional input to assist with development of the draft Master Plan. The Master Plan for the Power Plant property was initiated in 2022 as a result of General Plan/LCP Policy LU-5.4 which requires a master plan be developed as a result of the planning permit application for the Battery Energy Storage System Project. Master Plan community workshop was held 9/14/22. Survey on the Master Plan done and tabulations still in process. The survey was done to seek additional community feedback on development of the Master Plan. The survey focused on the community's land use preferences, circulation improvements, and design amenities for the overall property. Consultant currently working on background documentation, and draft Master Plan. Planning Commission study session and presentation from Consultant to be 2/20/2024				kf

Projects Appealed to Planning Commission or PC Continued projects - none

Projects Appealed or Forwarded to City Council - none

Environmental Review - none

Final Map Under Review Projects:

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
34	Huber	2783	Coral Ave	8/30/22	TTM22-03	5 unit residential subdivision	Planning approved, forwarded to PW.	BLDG. - Approved 4/14/22 CO			kf
Projects going forward to Coastal Commission for review (Pending LCP Amendments) / or State Department of Housing - none											
Grants:											
35	City of Morro Bay		City-wide			Community Development Block Grant/HOME Program - Urban County Consortium	Staff has ongoing responsibilities for contract management in coordination with County staff administration. City Council approved Cooperation Agreement for 2021-2023 CDBG Program Years at 5/26/20 Council meeting. Notice of Funding Availability for 2023 Program Year released fall 2022. Council draft recommendations considered 12/22 and final funding recommendations to be on 3-28-2023 to forward to County Board of Supervisors for inclusion in their Annual Action Plan 4/18/23. 2024 Notice of Funding Availability released and application considered by Council in December 2023, with final funding recommendations to be in March 2024.	No review performed.	N/R		kf
36	City of Morro Bay		City-wide			Climate Action Plan - Implementation	Staff has ongoing responsibilities for implementation of Climate Action Plan as adopted by City Council January 2014. Staff coordinating activities with other Cities and County of SLO via APCD.. Cal Poly Graduate student in City and Regional Planning Program assisting the City on an update of the 2014 CAP.				kf
Projects in Building Plan Check:											
1	Castillo	1055	Allesandro St.	6/3/2021	B21-0097	250 sf addition to rear of existing SFR, addition creates two bedrooms and one full bath.	Planning approved 10/16/23	Bldg. - Approved 10/16/23			st
2	Castillo	1055	Allesandro St.	7/25/2022	B22-0158	Jr. Accessory Dwelling Unit (JADU) - Existing bedroom in primary dwelling will be converted to JADU.	Planning approved 10/16/23	Bldg. - Approved 10/16/23			st
3	Conway	305	Arbutus	1/4/2023	B22-0269	DIGEPLAN - 390 sf addition, expanding lower level family room and 2nd level primary bedroom & bath, the remodel includes kitchen and relocating two bathrooms to accommodate the installation of new elevator. The addition creates a 2nd level 378 sf rear deck.	Planning approved 7/20/23	Bldg. - Approved 6/12/23			st
4	Morro Strand One/ Marchell	210 & 220	Atascadero	4/8/2024	B24-0102	Repair substandard drainage improvements and provide proper parking lot drainage for Morro Strand RV Park (both locations, see separate permit for location across Atascadero Road) and Flippos.	Under review	Under review			
5	Allen/Brum	431	Avalon St.	1/16/2024	B24-0012	Remodel (2) existing bedrooms, bathroom, living room and kitchen. Adding 662 sq ft for master bedroom and bath, covered patio and porch.		Bldg. - Disapproved 2/14/24			
6	Newman	961	Balboa	1/25/2024	B24-0024	New 2058 sq. ft. residence with attached 409 sq. ft. garage and detached 450 sq. ft. ADU (Permit B24-0029)		Bldg. - Disapproved 2/22/24			
7	Goldstein	186	Bayshore Dr.	11/4/20	B20-0190	Remodel kitchen, dining & living area.	Planning disapproved 11-6-20	Bldg. - Approved 11/09/20			kf
8	Carter	2035	Bayview Ave.	8/5/21	B21-0135	New SFR, 1980 sf living, with 483 sf attached garage, 96 sf covered deck, 267 sf covered rear patio and 32 sf covered front porch.	Disapproved 8-26-21. am	Bldg. Disapproved 9/21/21			kf
9	Perry	3202	Beachcomber Dr	2/9/23	B22-0264	Demo existing, new construction of 2567 sf home iwth a 2424 sf subterranean garage on lower level and 963 sf roof deck. Home to be located on newly configured parcel (requires final TM)	Planning disapproved 2/19/23. nh Disapproved 6/15/23 - minor correction on title page. Approved 11/15/23	Bldg. - Approved 6/20/23			kf
10	Perry	3230	Beachcomber Dr	2/9/23	B22-0265	New SFR on new parcel. Home is 1816 sf with a 471 sf garage and a roof deck.	Planning disapproved 2/19/23. nh Disapproved 6/15/23 - minor correction on title page. Approved 11/15/23	Bldg. - Approved 6/20/23			kf
11	Sances	515-A	Bernardo Ave	10/19/23	B23-0254	DIGEPLAN - ATTACHED ADU, Converting existing interior space to an ADU at the rear lower level of an existing SFR	Planning disapproved 11/17/23	Bldg.- Disapproved 11/17/23			
12	Baker	1288	Berwick Dr.	11/22/23	B23-0307	Install (1) prefabricated aluminum lattice patio cover, 15' x 8' onto existing slab and wall. Engineered by Four Seasons Bldg Products	Under review	Bldg. -Approved 11/28/23			
13	Baker	1288	Berwick Dr.	4/3/24	B24-0109	Main bathroom remodel - remove existing shower floor and wall tile, enlarge shower 11", add a freestanding tub right of the current shower. Remove a wall and door that separates the main bath from closet, move toilet 4', build a 36"x77" wall, relocate sink vanity to the wall L of opening.	Under review	Under review			

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
14	Segovia	2824	Birch Ave.	3/21/22	B22-0057	Cover patio, conversion to sunroom.	Disapproved 4/1/22	Bldg. - Approved 3/24/22			st
15	Dillard	1256	Bolton	3/30/22	B22-0072	Convert Unfinished Underfloor Space in 986 sf of conditioned livable space	Disapproved 4/7/22. Resubmittal approved 7/29/22.	Ready to issue			st
16	Youngbauer & Harrison		Cabrillo	10/2/23	B23-0244	Remove 296sf of existing elevated decking, reconstruct approx 120sf of elevated decking/stairs, waterproof, new posts and railing of a 2nd story deck. New doors and windows (three in bedrooms), new siding on upper floor and new stucco on lower floor.	Planning Approved 10/3/23	Bldg. - Approved 10/5/23			kf
17	Meyer	361	Cerrito Place	10/24/23	B23-0272	Remodel 307 sf of existing 4415 sf SFR, replace SGDs, install new plumbing fixtures, replace (1) bathroom, new lighting & receptacles, replace kitchen cabinets, new tile & flooring, new countertops	Planning approved 11/14/23	Bldg. - Approved 10/25/23			
18	Van Beurden Investments	701-715	Embarcadero	8/14/23	B23-0192	Repair and maintenance to existing wharf and pilings. Remove a 580 sf windscreen and fish processing area, install new decking and railing to create a continuous accessible harborwalk connecting to existing North and South portions. Upgrade facade with board and batten siding and corrugated metal accents.	Under Review. Corrections required 9/25/23. cj	Bldg. - Approved 11/13/23			kf
19	Zero Impact Solutions	339	Embarcadero	10/24/23	B23-0260	DIGEPLAN - Installation of two, level 2 Electric Vehicle Chargers in the Tidelands Park parking lot. Trenching for electrical at existing panel at restroom building to EV chargers, Includes four ports, one is van accessible and three are standard.	Under Review	Bldg. - Disapproved 11/1/23			
20	TLC Family Enterprises	833	Embarcadero	3/16/22	B22-0052	Addendum #1 to B20-0220 - Removal of parapet wall which requires removing steel post below and show railing on upper level. Revert back to cantilevered floor joists for hotel access walkway upstairs.	Disapproved 3-21-22. Resubmittal approve 7-11-23. cj	Bldg. - Approved 7/13/22			kf
21	TLC Family Enterprises	833	Embarcadero	9/13/23	B23-0225	Addendum #5 to B20-0220 - ADA Ramp, steps, and handrailing to meet elevation and make connection to neighboring / existing harborwalk.	Planning conditionally approved 9/21/23	Bldg. - Approved 10/25/23			kf
22	Guldenbrein	481	Esterro Ave	1/5/23	B23-0003	New fencing & retaining walls, exterior electrical grading & catch basin installation w/pump in front yard. (see plans)	Disapproved 1/19/23	Bldg. - Disapproved 1/18/23			
23	Hakker	733	Harbor St	9/22/23	B23-0233	DIGEPLAN - Construct 810sf detached (unconditioned) garage with electrical at rear of property, relocate existing shed, replace existing electrical panel at primary dwelling to 200 amp panel.	Planning approved 10/20/23	Bldg. - Disapproved 10/23/23			kf
24	Brice/Reiss	2555-A	Hemlock Ave	12/5/23	B23-0311	DIGEPLAN - Attached Accessory Dwelling Unit (ADU), 491 sf lower level addition to existing SFR creating new ADU with a 92 sf deck	Under review	Under review			
25	Morro Strand One/ Marchell	221	Highway 41	4/8/24	B24-0112	Repair sub-standard drainage improvements and provide proper parking lot drainage (continuation of B24-0102, as Morro Strand RV Park encompasses three properties, two are located across Atascadero Rd).	Under review	Under review			
26	Duffy	2865	Ironwood Ave	4/24/23	B23-0087	Addendum #1 to permit B22-0201 - 1. Lower floor existing 2x4 exterior walls were shown in new plan as 2x6, but were not shown as being "demo'd". 2. Additional SF has been built inside garage space. 3. Structural beans and corresponding footing in slab removed.	Planning approved 10/24/23	Bldg. - Approved 10/23/23			st
27	Sotelo	2990	Ironwood Ave	3/2/23	B22-0285	DIGEPLAN - New three story SFR - 3799 sf living, 926 sf attached garage, with 2nd and 3rd floor decks totaling 210 sf, 562 sf covered patios and 535 sf under floor storage area.	Planning approved 8/2/23	BLDG. - Approved 8/31/23			st
28	1st Intrstate Bank of Oregon	340	Jamaica St	10/27/23	B23-0277	Demolition of a 1,379 sf commercial structure (former Auto Body Builders), no proposed new development at this time. Asbestos removed, NESHAP survey approved per APCD. B-Contractor will sub out demo to specialty C-21 sub-contractor.	Planning disapproved 10/31/23	Bldg. - Approved 11/1/23			
29	Johnston	2781	Juniper Ave.	6/2/21	B21-0094	New 463 sf 2nd story deck at rear of existing SFR, also replace five existing windows with three new sliding glass doors.	Planning disapproved 6/3/21. Planning approved resubmittal 7-20-21.	Ready to issue			kf
30	Nordic Builders	350	Kern Ave	11/15/23	B23-0299	Remodel kitchen, 2 bathrooms, laundry, replace some windows, raise ceilings in kitchen, bathroom and porch	Under review	Under review			
31	Gale	550	Kern Ave	8/29/23	B23-0209	DIGEPLAN - New 2 story single family residence, 2412sf of living, 464sf attached garage, and 398sf 2nd story deck. Attached lower level ADU under B23-0210	Planning disapproved 10/6/23	Bldg. - Disapproved 10/5/23			st
32	Gale	550-A	Kern Ave	8/29/23	B23-0210	DIGEPLAN - Attached ADU, 925sf lower level ADU, constructed with new 2 story single family residence under B23-0209	Planning disapproved 10/6/23	Bldg. - Disapproved 10/5/23			st

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
33	Cia	2551	Koa Ave.	2/23/22	B22-0038	New 3 bed 2.5 bath SFR w/attached 2-car garage.	Planning Approved resubmittal 6/28	Ready to issue			st
34	Albano/Campbell	551	La Jolla St	4/1/24	B24-0100	204 sf self supporting second story deck adjacent to home, with stairs, guardrail and handrails. No direct access to home.	Planning disapproved 4/8/24	Bldg. - Approved 4/3/24			
35	Daniels	964	Las Tunas St.	8/3/21	B21-0133	Remodel the laundry room & add a bedroom, bathroom & hallway to the back of existing home in phase I. Phase 2, build a detached garage	Planning approved 5-12-22	Bldg. - Approved 5/16/21			kf
36	Kevorkian	2615	Laurel Ave.	1/10/23	B23-0005	Addendum #1 to B22-0183, Change the deck configuration to reduce square foot to below existing square foot.	Planning disapproved and sent incomplete comment letter on 1/27/23.	Bldg. - Approved 1/17/23			st
37	Piper/McQueen	740	Luisita St	2/21/24	B24-0057	Master bathroom remodel, to include removing the existing tub and creating a floor depression for a roll-in shower, relocating the toilet across the room, extending the vanity to 8ft, adding a 4'6" closet and doorway into bathroom. Electrical work to include, canned lighting, new GFCI outlets, light switches and exhaust fan.		Bldg. - Approved 2/16/24			
38	Tanaka	331	Luzon St	2/7/24	B24-0044	Remove/demolish existing deck and replace in kind per attached engineering plans, calcs and field slips.	Planning approved 2/15/24	BLDG. - Approved 2/26/24			
39	Novell/Johnson	273	Main St.	2/23/23	B23-0038	DIGEPLAN - 73 sf stairway addition to existing home to create interior connection between the upper and lower floors.	Planning disapproved 3/6/23. Resubmittal received and reviewed. Planning approved 9/1/23.	BLDG. - Disapproved 3/2/23 . Approved 8/29/23. Permit ready to issue.			kf
40	Drinkwater/ Rogall	301	Main St.	12/6/23	B23-0308	DIGEPLAN - Remove and replace a 435 sf deck at the rear of home. Deck height is approximately 36"	Under Review	Under review			
41	Peters	898	Main St.	2/1/24	B24-0036	Tenant Improvement - open interior wall, close opposite interior wall, install drain line.		Under review			
42	CenCal Enterprise, INC	2030	Main St.	9/21/22	B22-0232	The scope of work has changed. Applicant is now proposing to convert an existing space into an office space, and staff is awaiting the withdrawal of MIN22-005 to proceed with the Building Permit review process.	Planning approved 1/11/23	Bldg. - Disapproved 11/15/22			st
43	Micro Property Group LLC, Brian Der Vartanian	2490	Main St	8/31/23	B23-0216	Commercial T.I. - Maintain existing restaurant use, demo drywall / all walls and ceilings, R&R walk-in freezer, R&M existing kitchen hood, install new & used kitchen fixtures, add emergency egress door in dining room, accessibility improvements, exterior ADA compliant ramps and striping.	Under Review. Disapproved 9/27/23.	Bldg. - Disapproved 9/28/23			st
44	Central Coast Renewables	3250	Main St	10/23/23	B23-0269	Addendum #1 to B22-0108 - 1) Relocate roll-up door from north elevation to west elevation in place of existing window. 2) No longer demolishing north portion, 170 sf included to structure. 3) Adding new pre-fab awning in place of existing awning. 4) Revision to ADA parking space location on north side due to separate frontage improvements.	Planning Approved 10/24/23	Bldg. - Disapproved 10/25/23			
45	Pavacich	501-C	Marina	10/3/23	B23-0248	DIGEPLAN - New 664sf single story detached ADU. ADU will be adjacent to an existing two-story, two unit apartment building designated as A & B.	Planning approved 10/12/23	Bldg. - Disapproved 11/3/23			kf
46	Pantoja	440	Mindoro St.	12/6/23	B23-0318	Adding 141 sf 2nd story deck, w/ access door from upper bedroom. (Removing existing window to install access door.)	Under review	Under review			
47	Grady	400	Morro Bay Blvd.	9/20/23	B23-0230	DIGEPLAN - Commercial TI, remodel former thrift shop to 1096sf restaurant and bar with kitchen, food prep, dining area (and outside dining), office, and restrooms. MEP's, hood installation, and accessible upgrades.	Planning approved 10/3/23	Bldg. - Disapproved 10/11/23			kf
48	Scenic Coast Board of Realtors/Hakker	830	Morro Bay Blvd.	3/27/24	B24-0099	Commercial T.I.- Remodel existing Association of Realtor offices, relocate restroom with ADA upgrades, interior & exterior accessibility upgrades (parking & path of travel), replace doors, windows, HVAC, electrical, and reroof with tile roofing.	Under review	Under review			

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49	Pavacich	646 & 648	Napa	10/3/23	B23-0247	DIGEPLAN - Construct new 1976sf single level duplex with 546sf attached garages, making each unit 988sf of living with a 273sf attached garage.	Planning approved 11/25/23	Bldg. - Disapproved 11/2/23			kf
50	Tsusimoto	739	Napa	9/25/23	B23-0234	Commercial TI of 533sf retail space to restaurant, new vinyl flooring and installation of kitchen equipment and drain systems for Sushi Hide Japanese Restaurant. Includes small dining area with seating for three and a prep table.	Under Review . Approved 10/25/23	Bldg. - Disapproved 11/20/23			kf
51	Ebner	2628	Nutmeg Ave	11/16/23	B23-0302	DIGEPLAN - 2nd story 400 sf deck has become compromised due to moisture intrusion. Contractor to inspect elements in affected areas, repair and replace as needed	Incomplete letter sent 11/20/23				
52	Mollaghaffari & Hawes	427	Oahu St.	5/5/22	B22-0087	New 2nd floor single family residence, 1048 sf living, with a 258 sf 2nd story deck, and 255 sf single car garage. (The garage and an ADU make up the 1st floor level, see permit B22-0088 for attached ADU).	Planning disapproved 5-12-22. Planning approved 1/20/23	Ready to issue			kf
53	Mollaghaffari & Hawes	427-A	Oahu St.	5/5/22	B22-0088	Attached ADU - 702 sf Accessory Dwelling Unit.	Planning disapproved 5-12-22/ Planning approved 1/20/23	Ready to issue			kf
54	De Fazio	570-A	Olive	9/12/23	B23-0221	Addendum to permit B22-0122 - Addition of a 49sf unconditioned utility room off the back of ADU.	Planning disapproved 9/25/23.	Bldg. - Approved 9/18/23			kf
55	Dowty	580	Olive	3/7/23	B23-0049	Removal of an existing 461 sf detached garage and construction of a new 1051 sf ADU.	Planning disapproved 4/4/23. Resubmitted 6/8. Planning approved 6/13	BLDG. - Apporved 6/12/23			st
56	Currey	154	Orcas St.	3/23/22	B22-0062	Remodel & additions to kitchen, entry, & masterbedroom.	Disapproved 4/11/22 Resubmitted 11/22. Planning approved 12/8	Bldg. - Approved 12/1/22			st
57	Currey	154-A	Orcas St	3/23/22	B22-0063	171 sf addition as an ADU	Disapproved 4-11-22	Bldg. - Approved 12/1/22			kf
58	Freitas/Karp	765	Pacific	3/28/24	B24-0101	Replacing (5) windows in kitchen and dining area of front part of house - no bedroom windows at this time.	Under review	Under review			
59	Aguilar/Sandahl	351-A	Panay St	1/16/24	B24-0010	DIGEPLAN - 316 sf attached first floor Accessory Dwelling Unit (ADU). See permit B23-0329 for new two-story SFR.		Under review			
60	Lutschaunig	965	Pelican	2/27/23	B23-0044	Addition to existing bathroom for a shower, 42 sf. Also reconfiguring existing bathroom.	Planning disapproved 3/2/23	BLDG. - Approved 3/2/23			st
61	Appel	400-A	Pico St	8/18/21	B21-0149	Convert existing garage to an ADU without changing the footprint of the garage.	Approved 8/25/21	Bldg. Disapproved 9/10/21			st
62	Phelps	490	Piney Way	10/19/23	B23-0267	Addendum #1 to B22-0017 - Drainage details that were not included on the landscape or erosion control sheets in the approved plans	Approved 10/23/23	Ready to issue			

#	Applicant/ Property Owner			Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
63	Ion	498	Piney Way	9/20/23	B23-0059	296sf non-habitable detached storage shed/workshop with electrical access.	Planning approved 1/17/24	Bldg. - Conditionally Approved 10/11/23			ao
64	Avila/Farmer	615	Piney Way	2/22/24	B24-0059	Interior second floor remodel (no structural changes proposed), includes kitchen and bathroom remodel and the removal of a non-nearing partition wall behind the kitchen.		Under review			
65	Lee	684	Piney Way	9/10/20	B20-0168	Demo existing detached 416 sf work shed with bathroom & reconstruct new 416 sf garage/shop with electrical, keeping existing bathroom on existing slab/foundation.	Planning disapproved 9/15/20. Requires a Admin CDP and Parking Exception prior to review and approval of the building permit. Planning disapproved resubmittal 2/24/21.	Bldg. - Disapproved 3/1/21			kf
66	Giannini	750	Radcliff Ave.	7/22/19	B19-0156	Remove three existing panel antennas, three radio and replace with three radio intergrated antennas and associated cabling. Install equipment expansions to the top of existing cabinets (approx 1'2") with associated electrical wiring.	Approved 9/26/19.	Ready to issue			kf
67	Bello	951	Ridgeway St	2/12/24	B24-0048	Remove existing deck board, railing and install Trex deck board and cable railing, fix any dry rot, replace joists in kind for upper and lower decks.		Ready to issue			
68	Camargo	431	Rockview St	10/30/23	B23-0278	Rebuild deck on back of house approx 420 sf. Treated wood sub-structure, concrete pier w/ Simpson metal "Trex" composite deck, 42" tall railing entire deck 3 1/2" gap between pickets.	Planning disapproved 11/6/23	Bldg. - Approved 11/1/23			
69	Corsiglia	3027	Sandalwood Ave	1/25/24	B24-0027	Interior Demo (remodel application to follow) - Remove closet wall to expand size of master bdrm, remove bdrm #2 closet, remove bdrm #3 wall, shorten living room/kitchen wall by 9', remove cabinets, stove and lighting.		Bldg. - Approved 1/25/24			
70	Corsiglia	3027	Sandalwood Ave	3/26/24	B24-0098	282 sf addition to single level SFR consisting of new master bathroom and walk-in closet, interior remodel includes an additional full bath, kitchen remodel, new gas FP insert, furnace, tankless water heater, windows, and doors.	Planning disapproved 4/9/24	Under review			
71	Gellerman/Wiese	154	Sandpiper Lane	3/26/24	B24-0085	Kitchen remodel, demo kitchen and remove stud wall (or portion of) new electrical, mechanical and plumbing also remove fireplace and hearth and install new fireplace.	Under Review	Under review			
72	Patel	646	Sequoia Ct	1/25/24	B24-0030	New two-story single family residence, 4,941 sf living, with 1,493 sf basement level garage, 1,156 sf of decking on various levels. Also see B24-0031 for 336 sf interior JADU (Jr. Accessory Dwelling Unit).	Approved by Planning 2/22/24	Bldg. - Approved 4/10/24			kf
73	Hanton	425	Shasta Ave	1/17/23	B23-0004	DIGEPLAN - Enclose the current breezeway to create a new 90 sf entry, a 350 sf addition creating a primary suite and bathroom, also create a valuted space in the existing garage by removing roof and replace with new composition roof.	Planning disapproved 2/16/23	Bldg. - Approved 8/15/23			st
74	Parker	580	Shasta Ave	8/31/20	B20-0159	Add new detached garage	Planning under review. Planning disapproved 9/8/20. Need resubmittal	Bldg. - Disapproved 9/14/20			kf
75	Doughty/Erfanian	310	Sicily St	12/22/23	B23-0337	New Single Family Residence, 1,991 sf living, 287 sf garage with 2nd story 180 sf deck		Under review			
76	Morro Bay Ventures	201	Verdon Ct.	1/4/23	B22-0273	DIGEPLAN - New single story, single-family residence, 2,361 sf living, with 483 sf covered porch and a 450 sf attached garage.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg. - Approved 7/20/23			kf
77	Morro Bay Ventures	202	Verdon Ct.	1/4/23	B22-0277	DIGEPLAN - New single story, single-family residence, 2,361 sf living, with 483 sf covered porch and a 450 sf attached garage.	Planning disapproved 2/2/23. Planning approved 7.26.23	Bldg. - Approved 7/20/23			kf
78	Morro Bay Ventures	205	Verdon Ct.	1/4/23	B22-0274	DIGEPLAN - New single story, single-family residence, 2,312 sf living, with 168 sf and 250 sf covered porches and a 485 sf attached garage. See permit B22-0279 for attached ADU.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg. - Conditionally Approved 7/20/23			kf

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79	Morro Bay Ventures	205-A	Verdon Ct.	1/4/23	B22-0279	DIGEPLAN - New 517 sf attached Accessory Dwelling Unit (ADU). See permit B22-0274 for new SFR.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg.- Conditionally Approved 7/20/23			kf
80	Morro Bay Ventures	206	Verdon Ct.	1/4/23	B22-0276	DIGEPLAN - New single story, single-family residence, 2,312 sf living, with 168 sf and 250 sf covered porches and a 485 sf attached garage.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg. - Approved 7/20/23			kf
81	Morro Bay Ventures	210	Verdon Ct.	1/4/23	B22-0275	DIGEPLAN - New single story, single-family residence, 2,312 sf living, with 168 sf and 250 sf covered porches and a 485 sf attached garage. See permit B22-0280 for attached ADU.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg. - Conditionally Approved 7/20/23			kf
82	Morro Bay Ventures	210-A	Verdon Ct.	1/4/23	B22-0280	DIGEPLAN - New 517 sf attached Accessory Dwelling Unit (ADU) - See permit B22-0275 for new SFR.	Planning disapproved 1/11/23. Planning approved 7/26/23	Bldg.- Conditionally Approved 7/20/23			kf
83	Casillas/Martinez	370	Zanzibar St.	12/20/23	1/1/00	Deck and rails replacement. 240 sf deck replacement (over 30" in height) with railing. *CODE ENFORCEMENT CASE*	Planning disapproved 1/3/24	Bldg.- Approved 1/3/24			ao

Planning Projects & Permits with Final Action

1	Naschke	443	Whidbey Wy	1/9/2024	CDP24-003	New construction of a detached ADU.	Incomplete Letter Sent 2/08. Resubmitted 2/29. Deemed Complete 3/21. Project noticing began 3/22. Permit issued 4/3	Bldg. - Approved Resubmittal 3/12			ao
2	Tesla	390	Morro Bay Blvd	12/5/2023	CDP23-026	New electric vehicle charging station with solar canopy.	Incomplete letter sent 1/3 - Meeting with applicant 1/16 to discuss comments. Resubmittal 3/4. Deemed complete 3/14. Noticing period from 3/19-4/1. Permit issued 4/3.				st
3	Wood	260	Pacific	8/3/2023	CDP23-015	CDP for a new 748 sf ADU and a new 958 sf 3-car garage to replace the existing 2-car garage	Incomplete letter sent 8/31. Resubmitted 2/8. Deemed complete 2/21 under the new zoning code regulations. Noticing cannot begin until new code is in effect (Certification expected March 15th). Project noticed from 3/22-4/2. Permit Issued 4/3.				st
4	Carpenter	470	La Jolla St	1/10/2024	CDP23-030	Garage conversion to an ADU	Incomplete letter sent 1/25/24. Resubmitted 2/12, Deemed Complete 3/5. Project noticing began 3/8. Permit issued 3/21	Bldg. - Approved 1/23			ao
5	Ebright	2744	Alder	12/14/2023	CDP23-022	DIGEPLAN - Conversion of a 285sf garage to a JADU	Planning disapproved 12/20/23. Incomplete letter sent 1/9/24. Resubmitted 2/26/24. Deemed Complete 3/12. Project noticing began 3/14. Permit issued 3/26.	Bldg. - Approved 1/3			ao
6	Acree	2970	Cedar	10/12/2023	CDP23-018	802 sf addition to existing 1200 sf single family home. New 998 sf ADU	Planning disapproved 10/31. Waiting for PW and Fire to review before sending incomplete letter. Incomplete letter sent 11/6. Resubmitted 1/12. Incomplete letter sent 2/12. Resubmitted 2/13, planning disapprove 3/4. Resubmitted 3/4, deemed complete 3/4. Noticing period from 3/8-3/18. Permit issued 3/19.				st

Staff Directory:
Michael Codron - mc Chad Ouimet - co Kim Fowler - kf Pam Newman - pn Susana Toner - st Alex Ortega - ao

- Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Community Development office at planningcommission@morrobayca.gov prior to the meeting.
- Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).
- Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the “raise hand” feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.
Please click the link below to join the webinar:
 - <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>
Password: 135692

Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to “Raise Hand” for Public Comment

PRESENTATIONS

A. CONSENT CALENDAR

- A-1** Current and Advanced Planning Processing List
Staff Recommendation: Receive and file.
- A-2** Approval of minutes from the Planning Commission Meeting of September 19, 2023.
Staff Recommendation: Approve minutes as submitted.
- A-3** Approval of minutes from the Planning Commission Meeting of December 19, 2023.
Staff Recommendation: Approve minutes as submitted.
- A-4** Approval of minutes from the Planning Commission Meeting of January 16, 2024.
Staff Recommendation: Approve minutes as submitted.

Terry Simmons, Morro Bay shares concern of incomplete applications.

MOTION: Commissioner Meyer moved to approve all minutes and receive and file current and advanced planning processing list. Commissioner Rodriguez seconded, and the motion passes 5-0, with Meyer, Rodriguez, King, Ingraffia, Roschen, voting yes.

B. PUBLIC HEARING None.

C. NEW BUSINESS

C-1 *This is not a public hearing – study session agenda item only.*

Case No.: MAJ23-001

Site Location: 1290 Embarcadero

Proposal: Power Plant Master Plan – Study Session Discussion of proposed Master Plan for the Morro Bay Power Plant 107-acre property. Purpose of study session is to solicit additional input to assist with development of the draft Master Plan. The Master Plan for the Power Plant property was initiated in 2022 as a result of General Plan/LCP Policy LU-5.4 which requires a master plan be developed as a result of the planning permit application for the Battery Energy Storage System Project.

Staff Recommendation: Review and provide comments.

Staff Contact: Cindy Jacinth, Planning Manager, (805) 772-6577

Lona, Assistant City Attorney addressed questions of the Commissioners. She stated that any application for the Power Plant site would trigger the need for a Master Plan.

Ryan Russell, Rincon Consultants gave the presentation.

Commissioners presented their questions and comments to Rincon and Staff.

Chairperson Roschen opened the Public Comment period.

<https://youtu.be/o7CZ9jz2Xqg?t=3397>

Terry Simmons, Morro Bay, shared his concern EIR and Masterplan being done by the same entity.

Tom Ross, Morro Bay, suggested to hold any further discussions until after the election.

Jeff Heller, Morro Bay, would like to see educational institutes or university added to the land use.

Unannounced, Morro Bay, suggested 90-day review of EIR. He asked several B.E.S.S. questions.

Barry Branin, Morro Bay, recommended further discussion after the November election.

Jean Marie Colby, Morro Bay, recommended further discussion after the election. She shared her concerns of biological impact.

Nicole Dorfman, Morro Bay, recommended further discussion after the election. She shared her concerns building essential infrastructure in a flood zone. She welcomes the clean up to the area.

Kelsey, Morro Bay, agrees with some of other resident comments. She shared concerns of walking dunes, history, and culture. This needs to be discussed. She supports the community involvement of planning. She does not want to see infrastructure at this site.

Judy Ann Cross, Morro Bay, she is not in favor of B.E.S.S.

Karen Aguilera, Morro Bay, would like to city to think of long term affects of B.E.S.S. Will we be stuck with BESS in 30 years when it's outdated?

Linda Donnley, Morro Bay, spoke against the B.E.S.S. project.

Jeff Eckles, Morro Bay, states B.E.S.S. plants are not coastal dependent. He agrees with other citizens to further discuss after the election.

Jeff Heller, Morro Bay, would like to see the Morro Creek Bridge expansion be linked into the site plan for vehicle connections.

Rachel Wilson, Morro Bay, spoke against the B.E.S.S. project.

Gary Johnson, Morro Bay, stated the site is not the best place for B.E.S.S.

Betsy Gaudette Cross, Morro Bay, spoke against B.E.S.S.

Natalia Merzoyan., Morro Bay, spoke on modern green movement.

Betty Windoltz, Morro Bay, wanted clarification on breakdown of 107 acres. She agrees with community to revisit discussion after the election.

Johnathan Duran, Western States Regional Council of Carpenters - Zoom, opposes development of B.E.S.S. project. If the project to go forward, hopes to have language added to have local credited apprentice program and contractors.

Chairperson Roschen closed the Public Comment period.

<https://youtu.be/o7CZ9jz2Xqg?t=6068>

Commissioners presented their questions, comments and discussions to Staff and Rincon Consultant.

Chair Roschen and Commissioner Meyers will form a subcommittee to meet with City Staff and Rincon to continue discussions.

D. UNFINISHED BUSINESS

None.

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

<https://youtu.be/o7CZ9jz2Xqg?t=11031>

Chair Roschen, Commissioner Meyer and members of the public hold a study session understanding waterfront permitting.

Vice-Chair Rodriguez requested that the Director bring back the community benefits item soon.

Chair Roschen announced the Cal Poly landscape architects will be at the next Planning Commission meeting March 5, 2024.

Power Point Master Plan Community Workshop. March 27, 2024, 6-8 p.m. Veterans Hall.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS
None.

G. ADJOURNMENT
The meeting was adjourned at 9:10 p.m. to the next regular Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on March 5, 2024, at 6:00 p.m.

Bill Roschen, Chairperson

ATTEST:

Michael Condon, Interim Secretary

AGENDA ITEM: A-3
DATE: _____
ACTION: DRAFT

ACTION MINUTES – MORRO BAY PLANNING COMMISSION
REGULAR MEETING – MARCH 5, 2024
COMMUNITY CENTER – 6:00 PM

PRESENT: Bill Roschen Chairperson
 Joe Ingraffia Commissioner
 Asia King Commissioner
 Eric Meyer Commissioner

STAFF: Michael Codron Interim Community Development Director
 Cindy Jacinth Planning Manager

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE
<https://youtu.be/GfjVRhBV6Xw?t=147>

PLANNING COMMISSIONER ANNOUNCEMENTS
<https://youtu.be/GfjVRhBV6Xw?t=197>

Chair Roschen announced this will be Cindy Jacinth, Planning Managers last meeting. The Planning Commission, Council Members Laurel Barton and Jennifer Ford and member of the community Terry Simmons thanked Cindy for her 14 years of service.

PUBLIC COMMENT PERIOD
<https://youtu.be/GfjVRhBV6Xw?t=677>

Betty Winholtz, Morro Bay, asked if ADU's are noticed.

Public Participation:

Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Community Development office at planningcommission@morrobayca.gov prior to the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*

- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the “raise hand” feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input. Please click the link below to join the webinar:*

➤ <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>
 Password: 135692

*Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press * 9 to “Raise Hand” for Public Comment*

PRESENTATIONS

<https://youtu.be/GfjVRhBV6Xw?t=748>

Council Member Jennifer Ford introduced the Cal Poly Landscape Architecture Program students. Cal Poly students presented a Morro Rock planning presentation.

Bill Martony, Morro Bay, agrees with the planning ideas for the Rock parking lot. He would like to see these plans or similar plans in action for this area.

Terry Simons, Morro Bay, stated the students presented great planning ideas.

Laurel Barton, Morro Bay, requested copy of the presentation.

Jane Roschen thanked the students for the presentation. She encouraged to utilize all the resources out there to make this project happen.

Staff presented comments to presenters.

Commissioners thanked the students for the presentation and provided comments.

A. CONSENT CALENDAR

A-1 Current and Advanced Planning Processing List
Staff Recommendation: Receive and file.

A-2 Approval of the minutes from the Planning Commission meeting of February 6, 2024.
Staff Recommendation: Approve minutes as submitted.

MOTION: Commissioner Meyer moved to approve minutes and receive and file current and advanced planning processing list. Commissioner Ingraffia seconded, and the motion passes 4-0, with Meyer, Ingraffia, King, Roschen voting yes.

B. PUBLIC HEARING
 None.

C. NEW BUSINESS

C-1 Cal Poly SLO Graduate Program City and Regional Planning Students Present Draft Climate Action Plan (CAP) Update for review and discussion.

Staff Contact: Cindy Jacinth, Planning Manager, 805-772-6577, cjacinth@morrobayca.gov

Staff Recommendation: Receive presentation and provide feedback on draft CAP.

Michael Codron, Interim Director introduced the Cal Poly SLO Graduate Program project team.

Dr. Michael Bossell introduced the students.

Students presented the 2024 Morro Bay Climate Action Plan.

Chair Roschen opened the Public Comment period.

<https://youtu.be/GfjVRhBV6Xw?t=5537>

Terry Simons, Morro Bay complemented the students for their presentation. He would like to see the city continue to work with Cal Poly students.

Bill Martony, Morro Bay spoke about B.E.S.S. project being in tsunami zone. He stated electric vehicles will play large a role in climate control.

Kelsy, Morro Bay presented idea of reducing spaces in the parking structure for a smaller footprint. She also complemented the students for their presentation.

Betty Winholtz, Morro Bay would like to see the acknowledgment of tourism and acknowledge of the community.

Chair Roschen closed the Public Comment period.

<https://youtu.be/GfjVRhBV6Xw?t=6158>

Staff answered comments and questions to the commissioners.

Commissioners discussed presentations and provided comments.

Chairperson Roshen and Commissioner Ingraffia volunteered to form subcommittee in the spring with the Cal Poly students.

D. UNFINISHED BUSINESS

None.

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

None.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS

None

G. ADJOURNMENT

The meeting was adjourned at 8:07 p.m. to the next regular Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on March 19, 2024, at 6:00 p.m.

Bill Roschen, Chairperson

ATTEST:

Michael Codron, Interim Secretary



AGENDA NO: C-1

MEETING DATE: April 16, 2024

Staff Report

TO: Planning Commissioners **DATE:** April 10, 2024
FROM: Michael Codron, Interim Community Development Director
SUBJECT: Housing Element Status Report

DISCUSSION:

Housing is a Council Goal as identified in the FY 2023-24 Budget, as follows:

GOAL STATEMENTS:

- (1) Identify low-income housing opportunities.
- (2) Explore achievable options for unhoused residents.
- (3) Speed up processing of ADU permits to increase availability of affordable housing.

HOUSING HOMELESSNESS RESPONSE



SHORT-TERM ACTIONS

- Housing Element Program Implementation (Housing by-right Policy and Objective Design Guidelines projects underway - \$275K rec'd in grant funding)
- Review possible upzone of Seashell Estates property for proposed housing project
- Explore achievable options at the City level (emergency warming shelters, pallet homes, etc.)
- Continue participation in County's 5-year Housing & Infrastructure Plan
- Continue participation in the County-wide 5-year Strategic Plan to address homelessness
 - Homeless Outreach Case Manager
- Identify affordable housing incentive program
- Speed up processing of ADU permits to increase availability of affordable housing

This report is intended to provide the Planning Commission with an update on the status of the City’s Housing Element, in the context of current City Council goals.

Staff intends to provide a brief presentation of this information during the meeting on April 16, 2024.

Overall, the City is in compliance with its requirements to implement the 2020 Housing Element (Exhibit 1). Progress continues in a number of areas.

One the biggest challenges faced by the City is supply of affordable housing.

Morro Bay Regional Housing Needs Allocation Progress

Income Level	RHNA	Units Approved* or Built since 01/01/2019	Remaining RHNA
Very Low	97	26	71
Low	60	8	52
Moderate	70	27	43
Above Moderate	164	87	77
Total	391	148	243

**Units approved have gone through both the Coastal Development Permit Process and the Building Permit Process.*

When discussing affordable housing, it is important to understand what qualifies as affordable housing and who qualifies. The County of SLO produces its Affordable Housing Standards annually (Exhibit 2).

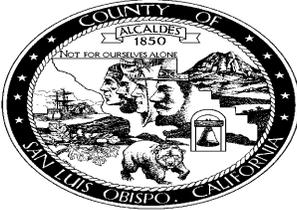
The City’s Housing Element includes specific goals, policies and programs that relate to housing supply, including provision of affordable housing (Exhibit 3).

Some of the challenges associated with market production of affordable housing are highlighted in a recent study commissioned by the San Luis Obispo Council of Governments (Exhibit 4).

EXHIBITS:

- Exhibit 1 – HCD Annual Progress Report 2023
- Exhibit 2 – Affordable Housing Standards
- Exhibit 3 – City Housing Element Implementation Actions for Housing Supply

Exhibit 4 – SLOCOG Affordable by Design Study



Affordable Housing Standards

SAN LUIS OBISPO COUNTY DEPARTMENT OF PLANNING AND BUILDING

County Government Center San Luis Obispo, California 93408 Telephone (805) 781-5600

This bulletin summarizes the county's affordable housing standards including maximum household incomes, home purchase prices and rents. It applies to new projects in both the Coastal and Inland portions of the County.

Income limits: The state defines family income groups as follows:

Acutely Low is defined by Section 50063.5 as 30% times 15% of county median income adjusted for family size appropriate for the unit

Extremely Low is defined by Section 50106 as 30% of county median income

Very Low Income is defined by Section 50105 as 50% of county median income

Low Income is defined by Section 50079.5 as 80% of county median income

Moderate Income is defined by Section 50093 as 120% of county median income

Workforce is defined by Title 22 of the County Code as 160% of county median income

The following income limits are effective as of June 6, 2023 (HCD annual update document):

[income-limits-2023.pdf \(ca.gov\)](#)

Persons in Household	Acutely Low	Extremely Low	Very Low Income	Low Income	Median Income	Moderate Income	Workforce
1	\$11,850	\$24,350	\$40,550	\$64,900	\$79,150	\$95,000	\$126,640
2	\$13,550	\$27,800	\$46,350	\$74,150	\$90,500	\$108,550	\$144,800
3	\$15,250	\$31,300	\$52,150	\$83,400	\$101,800	\$122,150	\$162,880
4	\$16,950	\$34,750	\$57,900	\$92,650	\$113,100	\$135,700	\$180,960
5	\$18,300	\$37,550	\$62,550	\$100,100	\$122,150	\$146,550	\$195,440
6	\$19,650	\$40,350	\$67,200	\$107,500	\$131,200	\$157,400	\$209,920
7	\$21,000	\$45,420	\$71,800	\$114,900	\$140,250	\$168,250	\$224,400
8	\$22,350	\$50,560	\$76,450	\$122,300	\$149,300	\$179,100	\$238,880

Sample maximum sales prices: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	18,000	\$55,000	\$100,000	\$152,000	\$294,000	\$408,000
1	23,000	\$65,000	\$120,000	\$177,000	\$339,000	\$469,000
2	29,000	\$76,000	\$138,000	\$201,000	\$384,000	\$530,000
3	34,000	\$86,000	\$156,000	\$225,000	\$428,000	\$591,000
4	38,000	\$94,000	\$170,000	\$245,000	\$464,000	\$639,000

Note 1: Homeowner association due (HOA) assumption per month is 150.00

Note 2: Mortgage financing assumed at a fixed rate for 30 years (HSH Associates) is 6.82%

Note 3: Prices shown are preliminary estimates and may be revised. Round to the nearest 100th.

Note 4: Actual sales price limits will be determined by the County on a case-by-case basis.

Maximum rents: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	\$297	\$594	\$989	\$1,187	\$2,177	\$2,968
1	\$339	\$679	\$1,131	\$1,358	\$2,489	\$3,394
2	\$382	\$764	\$1,273	\$1,527	\$2,800	\$3,818
3	\$424	\$848	\$1,414	\$1,697	\$3,110	\$4,241
4	\$458	\$916	\$1,527	\$1,832	\$3,359	\$4,581

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

Note 2: Rent limits are updated when the State issues its annual update to median incomes, generally in April of each year.

CITY GOALS AND POLICIES

GOALS AND POLICIES

GOAL H-1: Housing Supply: Encourage creation of new housing opportunities by providing a continuous supply of affordable housing to meet the needs of existing and future Morro Bay residents in all income categories.

POLICY H-1.1: Live and Work in Morro Bay. Create housing opportunities suitable for people who work in Morro Bay, including specifically designed live/work developments.

POLICY H-1.2: Development Incentives. Provide incentives for developments that propose higher density, affordable, or special needs housing. Incentives may include financing assistance through grants or other funding pools available to the City, providing flexibility in development standards, fee, or public improvement deferrals.

POLICY H-1.3: Inclusionary Housing Requirements. Continue the Inclusionary Housing Program, strongly encourage deed-restricted, affordable housing commitments in new developments as opposed to accepting in-lieu fees. Consider changes in the ordinance to increase applicability to larger single-family homes and increase the amount of the applicable in-lieu fees.

POLICY H-1.4: Variable Density/Mixed Income Planned Unit Developments. Designate selected large parcels to be zoned to allow a variety of housing types/densities/designs, with focus on community, common shared features, and using the difficult-to-develop portion of the sites as open/natural areas. Encourage programs for rental and for-sale housing to very low-income populations to exceed inclusionary standards.

POLICY H-1.5: Water/Sewer Infrastructure. Upgrade and replace aging systems to avoid any development restrictions based on availability of City-provided utilities.

POLICY H-1.6: ADU / Tiny Homes / Microhomes. Promote and encourage the development of ADUs as an affordable option throughout the city. Create

policy on tiny homes and microhomes as an additional tool for creating higher density to manage the impact to existing neighborhoods.

POLICY H-1.7: Mixed Use Development. Continue to promote a policy of mixed uses by allowing housing in conjunction with compatible commercial uses in appropriate mixed-use designations throughout the city. The allowance of these mixed-use designations will require additional findings to ensure new projects do not change the character of the neighborhood.

IMPLEMENTATION ACTIONS

IMPLEMENTATION ACTION H-1.1.1

The City will make affordable housing projects the highest priority of residential development. Affordable housing projects will have priority over any limitations in the allocation of new residential growth in each year as well as the first allocation of water and other resources if availability is limited, as is consistent with the Local Coastal Plan.

Responsible Agency/Department:	Community Development Department
Time Frame:	Annually
Funding:	General Fund

IMPLEMENTATION ACTION H-1.1.2

To ensure there is a sufficient supply of multi-family zoned land to meet the City's Regional Housing Needs Allocation (RHNA), the City will assist developers with proposals to combine small residential lots into larger developable lots, allowing a higher density residential development and more efficient use of the available vacant land. The City will continue to meet with local developers to discuss development opportunities and incentives available for lot consolidation and/or in general to facilitate development of affordable housing units. The following incentives will be considered when required for affordable housing development feasibility on a project-by-project basis:

- Height exceptions
- Reduced setbacks
- Reduce parking requirements
- Allow greater density bonuses

The City will monitor fees and their impacts on affordable housing development. The City will also consider waiver or deferral of certain permit and/or impact fees and will make every effort to fast-track project applications for affordable housing projects.

Responsible Agency/Department: Community Development Department

Time Frame: Ongoing, as projects are processed through the Planning Division. Annually meet with local developers to discuss development opportunities and incentives for lot consolidation.

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.3

To ensure affordable multifamily projects meet maximum densities, the City will continue to implement objective project reviews to promote flexibility in development standards (height, parking, and setbacks) and will continue to promote the use of density bonuses and developer incentives to increase densities. Following adoption of the comprehensive Zoning Ordinance update, the City will biannually review the multifamily development standards in the Zoning Ordinance and revise as necessary to ensure they do not act as a constraint to the development of affordable housing in the city. The City will give priority to deed-restricted, rental or for-sale, affordable housing projects that provide housing for extremely low-, very low-, and low-income persons.

Responsible Agency/Department: Community Development Department

Time Frame: Work with developers on a case-by-case basis to provide flexibility in development standards and promote density bonuses to increase densities as projects are processed through the Planning Division, and biannually review multifamily development standards in the Zoning Ordinance starting two years after adoption of the comprehensive Zoning Ordinance update (expected in 2020).

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.4

In order to create a vibrant pedestrian- and bicycle-friendly small-town urban atmosphere in the downtown area and ensure optimal access to services and public transportation, the City will encourage the development of new high-density housing in and adjacent to the downtown commercial district. To facilitate this goal, the City will inventory vacant and underutilized lots in

and adjacent to the downtown business district, identify sites or areas where rezoning to high-density residential or mixed use categories might be desirable, and modify the City’s zoning map as appropriate.

Responsible Agency/Department: City Council, Community Development Department

Time Frame: Conduct inventory by July 2023. If decision is made to revise Zoning Ordinance, revise by December 2023.

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.5

In order to comply with recently adopted state law and further housing development opportunities, the City will make the following changes to zoning as part of the comprehensive Zoning Ordinance update that is currently in progress.

- Change conditional use permit to a minor use permit for multifamily projects in the R-3 zoning district.
- Conduct a study of where the City can change zoning to allow residential by right. Based on the study, revisions to zoning regulations and design guidelines will be drafted. These will include revisions to clearly state the minimum architectural requirements—to clarify the process for applicants and staff—and may include an increased number of units in a multifamily project that are allowed by right.
- Establish a planned development overall in the Zoning Ordinance to allow a variety of housing types on larger parcels in the city. Each community would include various densities and clustering. Establishing the overlay as part of the comprehensive Zoning Ordinance update would reduce processing times when these sites are developed.
- Update Chapter 17.50 of the Zoning Ordinance to allow some density bonuses that are beyond what is allowed for in state density bonus law and to clarify which projects can take advantage of these additional density bonuses and incentives.
- The City will enforce minimum residential density requirements for the R-3, R-4, and MCR zoning districts, except in consideration of site specific extraordinary constraints.
- Update zoning regulations to comply with Assembly Bill (AB) 2162 (2018) to allow supportive housing. The Zoning Ordinance will be reviewed to assess whether supportive housing is allowed without discretionary review in all zones that allow multifamily housing or mixed-use development, including nonresidential zones as applicable. If it is determined that the allowed uses in the Zoning Ordinance are not in compliance with AB

2162, the City will revise the allowed uses along with corresponding development standards, as detailed in AB 2162.

- Per AB 101 (2019) the City will review its Zoning Ordinance and make revisions if necessary to allow low barrier navigation centers for the homeless, per Government Code Sections 65660 to 65668.
- Incorporate neighborhood compatibility standards for new developments in existing neighborhoods into the updated comprehensive Zoning Ordinance update.
- Allow employee housing for six or fewer persons in the AG and RA zoning districts.
- Allow manufactured homes in the same way single-family homes are allowed in the R-3, R-4, and CCR zoning districts.

Responsible Agency/Department: City Council, Community Development Department

Time Frame: Update zoning as part of comprehensive Zoning Ordinance update by December 2020.

Funding: SB 2 grant funding and General Fund

IMPLEMENTATION ACTION H-1.1.6

The City will, to the extent feasible, allocate water resources to allow maximum growth to full buildout consistent with limitations contained in the certified Local Coastal Plan, General Plan, and Ordinance 266 (Measure F) as amended. At least annually, the Community Development Department will provide an update to the City Council on available water supplies, projected demand under the General Plan, and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the OneWater Plan, the General Plan, and this Housing Element.

Responsible Agency/Department: Community Development Department

Time Frame: Annually

Funding: Water Fund

IMPLEMENTATION ACTION H-1.1.7

The City will continue to work with the private sector and nonprofit agencies and to secure funds and be supportive of developers or sponsors pursuing funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income housing units (including mobile homes). As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income

households. The City continues to monitor opportunities and will pursue funds as appropriate to further the housing goals of this Housing Element.

Responsible Agency/Department: Community Development Department

Time Frame: Apply for funding annually

Funding: CDBG, HOME, SB 2, others

Quantified Objective: 35 units rehabilitated

IMPLEMENTATION ACTION H-1.1.8

The City will contact HCD, housing advocates, affordable housing providers, and other appropriate information resources on an annual basis in order to stay current with the latest options for providing affordable housing.

Responsible Agency/Department: Planning Division

Time Frame: Annually

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.9

Prior to 2014, housing developments in Morro Bay were not required to maximize densities allowed by zoning. Recovery from the recession, market conditions, availability of bank financing, and insurance requirements favored the construction of single-family detached houses. However, the economy has strengthened, allowing the City to strongly encourage and support higher densities to assist in an increase in the housing supply and further support the goal to obtain densities closer to those envisioned by zoning policies. To further this goal, the City will review specific sites for higher density mixed residential projects and will review and update the zoning code to support mixed use/mixed income housing communities.

Responsible Agency/Department: City Council, Planning Division

Time Frame: Conduct review and update zoning by December 31, 2022

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.10

The City will review its user charges for public services and facilities to ensure the charges are consistent with the costs of improvements and maintenance. Additionally, the Community Development Department will consider reductions or deferral of typically required public improvement projects, such as street/sidewalk improvements and utility infrastructure upgrades to avoid being prohibitive to affordable housing developments.

- Responsible Agency/Department: Community Development Department, Finance Department
- Time Frame: Starting in 2021, then every three years
- Funding: General Fund

IMPLEMENTATION ACTION H-1.1.11

The City will continue to implement the inclusionary requirements of Section 17.50 of the Municipal Code, which requires that all new residential development projects of five or more for-sale units provide a minimum of one unit or 10 percent of the total number of units, whichever is greater, to be affordable to families with incomes at or below the moderate-income range, depending on the housing needs of the City at the time of approval. The inclusionary housing units may be either for rent or for sale, but shall remain affordable (deed restricted) for a minimum of 30 years, or such other term approved by the City, consistent with state law.

- Responsible Agency/Department: City Council/Planning Division
- Time Frame: Ongoing, as projects are processed through the Planning Department
- Funding: General Fund

IMPLEMENTATION ACTION H-1.1.12

As an alternative to building inclusionary units, the City may allow a development to pay an in-lieu fee. Currently, the fee amount is determined with the following method: (construction cost x percentage of fee based on project size, where construction costs include all expenses related to the development of housing units, including land, construction, on- and off-site infrastructure, and associated soft costs). The City believes the inclusionary fees are reasonable, but strongly encourages development applicants to provide the affordable units vs. payment of the in-lieu fees. The in-lieu fees, when approved, are collected and held in an affordable housing trust fund. The City will also consider updating the regulations in Chapter 17.50 to strongly encourage providing affordable housing units pursuant to these regulations rather than allowing payment of an in-lieu fee. In addition, the City will increase the affordability criteria to be provided and the applicability

of the development types and sizes subject to the Inclusionary Housing requirements to include single family homes with gross square footage of 2500 sf or more.

Responsible Agency/Department: Community Development Department, Finance Department

Time Frame: Determine whether fees are appropriate and identify constraints (if needed) by June 2022; make any recommended revisions to the fee calculations and make other edits and Inclusionary Program by December 2022

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.13

The City will continue to require affordable housing developments to be designed consistent with the surrounding neighborhood in order to enhance the sense of belonging to the community. Forms, materials, and proportions should be utilized that are compatible with the character of the surroundings. Design standards will be objective.

Responsible Agency/Department: City Council, Planning Division

Time Frame: Ongoing, as projects are processed through the Planning Division

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.14

The City will codify neighborhood preservation guidelines for affordable units in Section 17.28.200 of the Morro Bay Municipal Code when the Zoning Ordinance is amended.

Responsible Agency/Department: City Council, Planning Division

Time Frame: January 2021

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.15

The City may, on a case-by-case basis, allow for modifications/incentives to development standards, such as common access driveways, building height restrictions, parking, distance between buildings, setbacks, lot coverage, screening, varying lot sizes, open space requirements, fast-track permitting, density bonuses, variable densities on multifamily zoned property, transfer

of development credits, fee assistance, and any other modifications/incentives or combination of modifications/incentives, which are jointly agreed upon by the applicant/owner team as an incentive for constructing specific affordable housing projects. This is not intended to be an exhaustive list of modifications/incentives available to the applicant/owner team. The City will prepare public outreach materials, including adding information to the City’s website to inform the public of a variety of types of modifications or incentives offered.

Responsible Agency/Department: Community Development Department

Time Frame: Ongoing, as projects are processed through the Planning Division. Outreach materials will be developed and made available on the City website by October 2021.

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.16

The City affordable housing in-lieu fee fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, including assistance with land acquisition, deferred entitlement fees, help with financing costs, costs to rehabilitate or preserve existing affordable units, prepare other implementation measures consistent with this Housing Element, and/or monitor housing policies and programs on an ongoing basis.

Assuming that the current market conditions will continue to exist during the eight-year Housing Element time frame, the City estimates that it will assist the creation of from two to seven new affordable units.

Responsible Agency/Department: Community Development Department, Finance Department

Time Frame: Allocate any available funds annually

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.17

The City will allow the conversion of older motels to residential use, subject to discretionary review, outside the Visitor-Serving Commercial (C-VS) and Waterfront (WF) zones. Criteria for approving residential uses will be stated in the Zoning Ordinance. These conversions will also receive a priority in the water unit allocation list.

Responsible Agency/Department: City Council, Planning Division

Time Frame: Ongoing as applications are received; codify criteria by December 2020 in comprehensive Zoning Ordinance update

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.18

The City will develop criteria for determining the appropriate compatible mix of residential and commercial development to ensure neighborhood consistency.

Responsible Agency/Department: Community Development Department

Time Frame: Codify criteria as part of comprehensive Zoning Ordinance update by December 2020

Funding: General Fund

IMPLEMENTATION ACTION H-1.1.19

The City will continue to permit accessory dwelling units (including Junior ADUs) through a primarily ministerial review process (by right) in compliance with State law. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new accessory dwelling units in or outside the coastal appeals jurisdiction. The zoning regulations will be updated to address the recent changes to state accessory dwelling unit law as part of the comprehensive Zoning Ordinance update. As part of the activities included in the City's SB 2 grant work plan, the City will explore additional ADU regulations that are less strict than what is allowed under State law. This will include exploration of allowing tiny homes or microhomes and developing a brochure on how ADUs can be built in Morro Bay.

Responsible Agency/Department: Planning Division

Time Frame: Ongoing, as projects are processed through the Planning Division; Update zoning as part of comprehensive Zoning Ordinance update by December 2020

Funding: SB 2 grant funding

IMPLEMENTATION ACTION H-1.1.20

The City will develop at least one prototype plan for ADUs that would be preapproved if an applicant chooses to go with that design. The prototype plan would be tailored to the typical lot size and topography in Morro Bay.

Responsible Agency/Department: Planning Division
Time Frame: Develop prototypes by 2021
Funding: SB 2 grant funding

IMPLEMENTATION ACTION H-1.1.21

Establish a written policy or procedure and other guidance as appropriate to specify the SB 35 (2017) streamlining approval process and standards for eligible projects, as set forth under GC Section 65913.4.

Responsible Agency/Department: Planning Division
Time Frame: December 2021
Funding: General Fund

IMPLEMENTATION ACTION H-1.1.22

The Parcel with APN 068-323-034 at 405 Atascadero Road has been included in the vacant land inventories of the 4th and 5th Round Morro Bay Housing Elements as suitable for extremely low, very low, or low units of the City’s RHNA. Per Government Code 65583.2(c), in order to continue to include this parcel in that portion of the land inventory for this 6th Round Housing Element the City will commit to update the zoning to allow projects that have at least 20 percent affordable (extremely low, very low or low) units without discretionary review or “by right”. The rezoning of the vacant parcel must be completed within three years of the beginning of the 6th Round Housing Element planning period which is December 31, 2023.

Responsible Agency/Department: Planning Division and City Council
Time Frame: December 31, 2023
Funding: General Fund

GOALS AND POLICIES

GOAL H-2: Protect and Conserve Existing Housing Stock: Ensure no net loss in existing housing.

POLICY H-2.1: **Section 8 Subsidies.** Enforce the State requirement that property owners consider Section 8 vouchers for rental housing.

Please Start Here

General Information	
Jurisdiction Name	Morro Bay
Reporting Calendar Year	2023
Contact Information	
First Name	Kim
Last Name	Fowler
Title	Planning Manager
Email	kfowler@morrobayca.gov
Phone	8057726577
Mailing Address	
Street Address	595 Harbor Street
City	Morro Bay
Zipcode	93442

Optional: Click here to import last year's data. This is best used when the workbook is new and empty. You will be prompted to pick an old workbook to import from. Project and program data will be copied exactly how it was entered in last year's form and must be updated. If a project is no longer has any reportable activity, you may delete the project by selecting a cell in the row and typing ctrl + d.

[Click here to download APR Instructions](#)

Click here to add rows to a table. If you add too many rows, you may select a cell in the row you wish to remove and type ctrl + d.

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Data is auto-populated based on data entered in Tables A, A2, C, and D

Jurisdiction	Morro Bay	
Reporting Year	2023	(Jan. 1 - Dec. 31)
Housing Element Planning Period	6th Cycle	01/01/2021 - 12/31/2028

Building Permits Issued by Affordability Summary		
Income Level		Current Year
Very Low	Deed Restricted	0
	Non-Deed Restricted	0
Low	Deed Restricted	0
	Non-Deed Restricted	0
Moderate	Deed Restricted	0
	Non-Deed Restricted	6
Above Moderate		6
Total Units		12

Note: Units serving extremely low-income households are included in the very low-income permitted units totals

Units by Structure Type	Entitled	Permitted	Completed
Single-family Attached	0	0	0
Single-family Detached	8	2	4
2 to 4 units per structure	7	0	2
5+ units per structure	0	0	0
Accessory Dwelling Unit	6	10	8
Mobile/Manufactured Home	0	0	0
Total	21	12	14

Infill Housing Developments and Infill Units Permitted	# of Projects	Units
Indicated as Infill	12	12
Not Indicated as Infill	0	0

Housing Applications Summary	
Total Housing Applications Submitted:	18
Number of Proposed Units in All Applications Received:	23
Total Housing Units Approved:	6
Total Housing Units Disapproved:	0

Use of SB 35 Streamlining Provisions - Applications	
Number of SB 35 Streamlining Applications	0
Number of SB 35 Streamlining Applications Approved	0

Units Constructed - SB 35 Streamlining Permits			
Income	Rental	Ownership	Total
Very Low	0	0	0
Low	0	0	0
Moderate	0	0	0
Above Moderate	0	0	0
Total	0	0	0

Streamlining Provisions Used - Permitted Units	# of Projects	Units
SB 9 (2021) - Duplex in SF Zone	0	0
SB 9 (2021) - Residential Lot Split	0	0
AB 2011 (2022)	0	0
SB 6 (2022)	0	0
SB 35 (2017)	0	0

Ministerial and Discretionary Applications	# of Applications	Units
Ministerial	17	22
Discretionary	1	1

Density Bonus Applications and Units Permitted	
Number of Applications Submitted Requesting a Density Bonus	0
Number of Units in Applications Submitted Requesting a Density Bonus	0
Number of Projects Permitted with a Density Bonus	0
Number of Units in Projects Permitted with a Density Bonus	0

Housing Element Programs Implemented and Sites Rezoned	Count
Programs Implemented	19
Sites Rezoned to Accommodate the RHNA	0

Cells in grey contain auto-calculation formulas

Jurisdiction	Morro Bay	
Reporting Year	2023	(Jan. 1 - Dec. 31)
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Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

**Table A
Housing Development Applications Submitted**

Project Identifier					Unit Types		Date Application Submitted	Proposed Units - Affordability by Household Incomes								Total Approved Units by Project	Total Disapproved Units by Project	Streamlining	Density Bonus Law Applications		Application Status	Project Type	Notes	
1					2	3	4	5							6	7	8	9	10		11	12	13	
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID	Unit Category (SFA,SFD,2 to 4,5+,ADU,MH)	Tenure R=Renter O=Owner	Date Application Submitted (see instructions)	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Total PROPOSED Units by Project	Total APPROVED Units by project	Total DISAPPROVED Units by Project	Please select streamlining provision/s the application was submitted pursuant to.	Did the housing development application seek incentives or concessions pursuant to Government Code section 65915?	Were incentives or concessions requested pursuant to Government Code section 65915 approved?	Please indicate the status of the application.	Is the project considered a ministerial project or discretionary project?	Notes*	
Summary Row: Start Data Entry Below								0	0	0	0	0	6	17	23	6	0							
	065-044-034	300 Sicily St		CDP23-002	SFD	O	1/27/2023							1	1	0		NONE	No	N/A	Pending	Ministerial		
	066-101-025	640 Kings Ave		CDP23-006	ADU	R	3/28/2023							1	1	0		NONE	No	N/A	Pending	Ministerial		
	066-121-012	735 Napa Ave		CDP23-010	2 to 4	R	6/5/2023							3	3	0		NONE	No	N/A	Pending	Ministerial		
	066-115-004	260 Pacific St		CDP23-015	SFD	R	8/2/2023							1	1	0		NONE	No	N/A	Pending	Ministerial		
	068-214-015	2870 Cedar Ave		CDP23-017	SFD	O	9/22/2023							2	2	0		NONE	No	N/A	Pending	Ministerial	SFD&ADU	
	068-194-003	2970 Cedar Ave		CDP23-018	ADU	R	10/7/2023							1	1	0		NONE	No	N/A	Pending	Ministerial		
	065-056-029	456 Panay		CDP23-020	ADU	R	10/17/2023						1	1	0			NONE	No	N/A	Pending	Ministerial	ADU is affordable by desig	
	068-222-017	2744 Alder Ave		CDP23-022	ADU	R	10/31/2023						1	1	0			NONE	No	N/A	Pending	Ministerial	ADU is affordable by desig	
	068-212-007	2840 Alder Ave		CDP23-025	SFD	O	11/13/2023							2	2	0		NONE	No	N/A	Pending	Ministerial	SFD & ADU	
	065-044-035	310 Sicily St		CDP23-029	SFD	O	12/14/2023							1	1	0		NONE	No	N/A	Pending	Ministerial		
	068-263-008	470 La Jolla St		CDP23-030	ADU	R	12/18/2023						1	1	0			NONE	No	N/A	Pending	Ministerial	ADU is affordable by desig	
	066-154-023	515 Bernardo Ave		CDP23-004	ADU	R	3/8/2023							1	1	1		NONE	No	N/A	Approved	Ministerial		
	068-242-014	2591 Juniper Ave		CDP23-019	ADU	R	10/11/2023							1	1	1		NONE	No	N/A	Approved	Ministerial		
	068-247-025	2555 Hemlock Ave		CDP23-013	ADU	R	7/24/2023							1	1	1			NONE	No	N/A	Approved	Ministerial	ADU is affordable by desig
	068-391-009	2810 Juniper		CDP23-012	SFD	O	7/21/2023							1	1	1			NONE	No	N/A	Approved	Ministerial	
	068-263-012	450 La Jolla St		CDP23-021	ADU	O	10/18/2023						1	1	1	1		NONE	No	N/A	Approved	Ministerial	Affordable by design, less	
	066-082-042	961 Balboa St		CDP23-005	SFD	O	3/27/2023						1	1	0			NONE	No	N/A	Pending	Ministerial	SFD & ADU. ADU is afforc	
	065-387-016	2772 Indigo Circle		CDP23-008	SFD	O	4/17/2023							1	1	1		NONE	No	N/A	Approved	Discretionary		

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Note: "*" indicates an optional field
Cells in grey contain auto-calculation formulas

Table A2 Annual Building Activity Report Summary - New Construction, Entitled, Permits and Completed Units																																				
Project Identifier					Unit Types		Affordability by Household Incomes - Completed Entitlement							Affordability by Household Incomes - Building Permits							Affordability by Household Incomes - Certificates of Occupancy															
1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28									
Prior APN*	Current APN	Street Address	Project Name*	Local Jurisdiction Tracking ID	Unit Category (SFA,SFD,2 to 4,5+ ADU,MH)	Tenure R=Renter O=Owner	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Entitlement Date Approved	# of Units Issued Entitlements	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Building Permits Date Issued	# of Units Issued Building Permits	Very Low-Income Deed Restricted	Very Low-Income Non Deed Restricted	Low-Income Deed Restricted	Low-Income Non Deed Restricted	Moderate-Income Deed Restricted	Moderate-Income Non Deed Restricted	Above Moderate-Income	Certificates of Occupancy or other forms of readiness (see instructions) Date Issued	# of Units Issued Certificates of Occupancy or other forms of readiness			
Summary Row: Start Data Entry Below							0	0	0	0	0	4	17	21	0	0	0	0	0	0	6	6	12	0	0	0	0	0	3	11	14					
	066-081-028	979-A Las Tunas St		CDP22-028	ADU	R						1	1/4/2023	1							1	6/29/2023	1										0			
	065-131-019	194-A Island St		CDP21-022	ADU	R					1		8/31/2021	1					1			7/6/2023	1										0			
	066-311-006	1195-A Monterey		CDP22-013	ADU	R						1	10/13/2022	1							1	9/28/2023	1										0			
	065-048-002	420-A Sicily		CDP22-031	ADU	R					1		10/10/2023	1					1			10/10/2023	1										0			
	066-223-003	580-A Olive St		CDP22-032	ADU	R						1	11/29/2022	1							1	12/13/2023	1										0			
	068-247-056	2678-A Greenwood Ave		CDP22-011	ADU	R					1		6/17/2022	1					1			2/9/2023	1										0			
	068-271-042	2230-A Greenwood Ave		CDP22-022	ADU	R					1		9/28/2022	1					1			2/23/2023	1										0			
	066-231-020	429-A Bernardo Ave		CDP22-014	ADU	R						1	8/22/2019	1						1		2/13/2023	1											0		
	065-128-022	240-A Bali		CDP22-020	ADU	R					1		11/29/2022	1					1			3/2/2023	1					1			12/12/2023		1			
	068-157-002	671 Kern		CDP22-026	ADU	R					1		11/8/2022	1					1			9/14/2023	1											0		
	065-036-006	550 Zanzibar St		CDP21-030	SFD	O						1	10/5/2021	1							1	2/7/2023	1											0		
	065-104-038	153 Rennell St		CDP22-009	SFD	O						1	9/7/2022	1							1	6/1/2023	1											0		
	068-262-077	370 Bonita		CDP22-033	ADU	R						1	1/5/2023	1																				0		
	068-262-008	466 Bonita		CDP22-040	ADU	R					1		2/9/2023	1																				0		
	066-022-009	242 Surf St		CDP22-035	ADU	R					1		3/17/2023	1																					0	
	068-382-023	2990 Ironwood		CDP22-021	SFD	O						1	3/21/2023	1																					0	
	068-275-028	2440 Laurel Ave		CDP22-025	SFD	O						1	4/26/2023	1																					0	
	068-249-013	2515 Greenwood Ave		CDP22-006	2 to 4	O						1	5/7/2023	2																					0	
	065-035-018	563 Zanzibar St		CDP21-048	SFD	O						1	5/31/2023	1																					0	
	066-124-018	501 Marina St		CDP22-044	2 to 4	R						3	8/16/2023	3																					0	
	066-162-015	550 Kern Ave		CDP22-027	2 to 4	O						2	6/22/2023	2																					0	
	065-051-020	351 Panay St		CDP22-036	ADU	R						1	8/16/2023	1																					0	
	065-106-032	3202 Beachcomber		CDP21-014	SFD	O						1	1/8/2023	1																					0	
	065-106-032	3230 Beachcomber		CDP21-024	SFD	O						1	1/8/2023	1																					0	
	065-233-039	3009 Beachcomber		CDP22-023	SFD	O						1	1/22/2023	1																						0
	066-211-031	101 Fig St		CDP21-035	SFD	O						1	1/25/2023	1																						0
	065-388-026	2285 Emerald		CDP22-041	SFD	O						1	6/26/2023	1																						0
	066-037-013	1148 Market Ave		CDP20-012	ADU	R					1	2	10/21/2020	3						1	2		5/4/2021	3											3	
	066-037-007	1156-A Market Ave		CDP21-017	ADU	R						1	7/13/2021	1							1	10/27/2021	1												1	
	068-231-055	1880-A Hill St		CDP21-016	ADU	R					1		8/2/2021	1					1			4/1/2022	1												1	
	065-034-052	556 Blanca		CDP21-033	2 to 4	O						2	10/19/2021	2							2	5/13/2022	2												2	
	065-041-020	311-A Tahiti		CDP22-005	ADU	R						1	5/18/2022	1							1	10/5/2022	1												1	
	065-221-015	3081-A Sandalwood Ave		CDP22-017	ADU	R						1	8/8/2022	1							1	12/13/2022	1												1	
	065-387-010	2784 Indigo Cir		CP0-559	SFD	O						1	2/20/2018	1							1	9/13/2019	1												1	
	066-222-072	460 Olive St		CP0-363	SFD	O						1	11/19/2012	1							1	8/13/2020	1												1	
	065-233-053	3029 Beachcomber Dr		CDP19-045	SFD	O						1	4/21/2020	1							1	12/10/2021	1												1	
	065-063-037	490 Mindoro		CDP21-001	SFD	O						1	8/25/2021	1							1	3/31/2022	1												1	
																																			0	
																																				0

Jurisdiction	Morro Bay
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This table is auto-populated once you enter your jurisdiction name and current year data. Past year information comes from previous APRs.
Please contact HCD if your data is different than the material supplied here

Table B Regional Housing Needs Allocation Progress Permitted Units Issued by Affordability														
Income Level	RHNA Allocation by Income Level	Projection Period - 01/01/2019-12/31/2020	2										3	4
			2021	2022	2023	2024	2025	2026	2027	2028	Total Units to Date (all years)	Total Remaining RHNA by Income Level		
Very Low	Deed Restricted	97	-	-	26	-	-	-	-	-	-	-	26	71
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-		
Low	Deed Restricted	60	-	-	8	-	-	-	-	-	-	-	8	52
	Non-Deed Restricted		-	-	-	-	-	-	-	-	-	-		
Moderate	Deed Restricted	70	1	-	1	-	-	-	-	-	-	-	27	43
	Non-Deed Restricted		8	6	5	6	-	-	-	-	-	-		
Above Moderate		164	41	26	14	6	-	-	-	-	-	-	87	77
Total RHNA		391												
Total Units			50	32	54	12	-	-	-	-	-	-	148	243
Progress toward extremely low-income housing need, as determined pursuant to Government Code 65583(a)(1).														
	5 Extremely low-income Need		2										6	7
			2021	2022	2023	2024	2025	2026	2027	2028	Total Units to Date	Total Units Remaining		
Extremely Low-Income Units*		49	-	4	-	-	-	-	-	-	-	-	4	45

*Extremely low-income housing need determined pursuant to Government Code 65583(a)(1). Value in Section 5 is default value, assumed to be half of the very low-income RHNA. May be overwritten.

Please Note: Table B does not currently contain data from Table F or Table F2 for prior years. You may login to the APR system to see Table B that contains this data.

Note: units serving extremely low-income households are included in the very low-income RHNA progress and must be reported as very low-income units in section 7 of Table A2. They must also be reported in the extremely low-income category (section 13) in Table A2 to be counted as progress toward meeting the extremely low-income housing need determined pursuant to Government Code 65583(a)(1).

Please note: For the last year of the 5th cycle, Table B will only include units that were permitted during the portion of the year that was in the 5th cycle. For the first year of the 6th cycle, Table B will only include units that were permitted since the start of the planning period. Projection Period units are in a separate column.

Please note: The APR form can only display data for one planning period. To view progress for a different planning period, you may login to HCD's online APR system, or contact

HCD staff at apr@hcd.ca.gov.

- VLI Deed Restricted
- VLI Non Deed Restricted
- LI Deed Restricted
- LI Non Deed Restricted
- MI Deed Restricted
- MI Non Deed Restricted
- Above Mod Income

Jurisdiction	Morro Bay	
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Note: "*" indicates an optional field
Cells in grey contain auto-calculation formulas

Table C																	
Sites Identified or Rezoned to Accommodate Shortfall Housing Need and No Net-Loss Law																	
Project Identifier				Date of Rezone	RHNA Shortfall by Household Income Category				Rezone Type	Sites Description							
1				2	3				4	5	6	7	8		9	10	11
APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Date of Rezone	Very Low-Income	Low-Income	Moderate-Income	Above Moderate-Income	Rezone Type	Parcel Size (Acres)	General Plan Designation	Zoning	Minimum Density Allowed	Maximum Density Allowed	Realistic Capacity	Vacant/Nonvacant	Description of Existing Uses
Summary Row: Start Data Entry Below																	

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Jurisdiction		Morro Bay	
Reporting Year		2023	(Jan. 1 - Dec. 31)
Table D			
Program Implementation Status pursuant to GC Section 65583			
Housing Programs Progress Report			
Describe progress of all programs including local efforts to remove governmental constraints to the maintenance, improvement, and development of housing as identified in the housing element.			
1	2	3	4
Name of Program	Objective	Timeframe in H.E	Status of Program Implementation
Program H-1.1.1	The City will make affordable housing projects the highest priority of residential development. Affordable housing projects will have priority over any limitations in the allocation of new residential growth in each year as well as the first allocation of water and other resources if availability is limited, as is consistent with the Local Coastal Plan.	Annually	The City advocates for affordable housing by providing information directly to the public about opportunities for accessory dwelling units and density bonuses. Development options are explained to prospective applicants. One 35 unit affordable housing project was presented and received planning approval in 2020 and is under construction and will open in 2023. The new zoning code has been implemented which requires more projects to comply with the affordability component and/or pay the new increased inclusionary housing fee rates.
Program H-1.1.2	To ensure there is a sufficient supply of multi-family zoned land to meet the City's Regional Housing Needs Allocation (RHNA), the City will assist developers with proposals to combine small residential lots into larger developable lots, allowing a higher density residential development and more efficient use of the available vacant land. The City will continue to meet with local developers to discuss development opportunities and incentives available for lot consolidation and/or in general to facilitate development of affordable housing units. The following incentives will be considered when required for affordable housing development feasibility on a project-by-project basis:	Ongoing	The City works with Applicants on a case-by-case basis to identify areas where affordable housing units can be accommodated and approved a fee deferral loan and allocation of inclusionary housing fees to provide financial assistance to the proposed 35 unit affordable housing project. The City's Affordable Housing Ordinance does provide incentives for density bonuses and options for development standards to be relaxed consistent with State housing law, which will be clarified in the updated general plan, local coastal plan adopted in August 2022 and zoning code approved in December 2022, which will be fully effective in the 2nd quarter 2024, following California Coastal Commissions certification of the implementation plan portions of the code.
Program H-1.1.3	To ensure affordable multifamily projects meet maximum densities, the City will continue to implement objective project reviews to promote flexibility in development standards (height, parking, and setbacks) and will continue to promote the use of density bonuses and developer incentives to increase densities. Following adoption of the comprehensive Zoning Ordinance update, the City will biannually review the multifamily development standards in the Zoning Ordinance and revise as necessary to ensure they do not act as a constraint to the development of affordable housing in the city. The City will give priority to deed-restricted, rental or for-sale, affordable housing projects that provide housing for extremely low-, very low-, and low-income persons.	Case-by-case	The City completed the comprehensive update of our General Plan, Local Coastal Plan (LCP), and Zoning Ordinance (2022) to better accommodate this goal. The draft GP/LCP known as Plan Morro Bay was completed in 2018 and a draft was submitted for review to the Coastal Commission, comments were received in early 2020. The updated documents were approved and went into effect in August 2022. The draft documents include new standards which would allow for residential uses in commercial districts (above or behind commercial), specifically to assist with providing additional affordable-by-design housing opportunities while also maintaining the commercial core of the downtown area. In addition, the City's Zoning Ordinance was updated and recently approved and forwarded for certification by the Coastal Commission. One provision is to require minimum density criterion be met in higher density zoning districts to prohibit single family residential development in high density zones
Program H-1.1.4	In order to create a vibrant pedestrian- and bicycle-friendly small-town urban atmosphere in the downtown area and ensure optimal access to services and public transportation, the City will encourage the development of new high-density housing in and adjacent to the downtown commercial district. To facilitate this goal, the City will inventory vacant and underutilized lots in and adjacent to the downtown business district, identify sites or areas where rezoning to high-density residential or mixed use categories might be desirable, and modify the City's zoning map as appropriate.	6/1/2023	The City expects to conduct inventory by July 2023. A Downtown Design District subcommittee was created to further discuss this issue and present recommendations to City Council in mid June 2024.

Program H-1.1.5	In order to comply with recently adopted state law and further housing development opportunities, the City will make the changes detailed in the 2020-2028 adopted Housing Element to zoning as part of the comprehensive Zoning Ordinance update that is currently in progress.	3/1/2024	The City was awarded funding through the SB2 planning grant and the REAP Jurisdictional and Regional grant allocations to achieve these changes. The majority of the consultant work on the implementation policies is completed, expect to finalize the residential by right in 2023, new ordinances were approved by the city in December 2023 and are waiting on Coastal Commission certification, expected in March 2024.
Program H-1.1.6	The City will, to the extent feasible, allocate water resources to allow maximum growth to full buildout consistent with limitations contained in the certified Local Coastal Plan, General Plan, and Ordinance 266 (Measure F) as amended. At least annually, the Community Development Department will provide an update to the City Council on available water supplies, projected demand under the General Plan, and the status of projects to ensure adequate supply to meet the needs of the community in accordance with the OneWater Plan, the General Plan, and this Housing Element.	Annually	The City planning efforts for water supply, wastewater, and stormwater infrastructure. The Community Development Department gives annual updates to the City Council. This includes identifying annual water allocations as required. Additionally, the City continues to identify areas that require upgraded sewer and water line infrastructure to accommodate the higher capacity service necessary to serve a higher density development. The City continues to work with affordable housing developers to determine options that will address the capacity shortfall issues short term or long term without a delay in the project approvals.
Program H-1.1.7	The City will continue to work with the private sector and nonprofit agencies and to secure funds and be supportive of developers or sponsors pursuing funds through state and federal programs for development of new lower-income housing and rehabilitation of existing lower-income housing units (including mobile homes). As funding becomes available, the City will prioritize a portion of the funds to encourage the development of housing for extremely low-income households. The City continues to monitor opportunities and will pursue funds as appropriate to further the housing goals of this Housing Element.	Annually	The City continues to apply for funding as available and promote the funding opportunities to qualified local project sponsors.
Program H-1.1.9	Prior to 2014, housing developments in Morro Bay were not required to maximize densities allowed by zoning. Recovery from the recession, market conditions, availability of bank financing, and insurance requirements favored the construction of single-family detached houses. However, the economy has strengthened, allowing the City to strongly encourage and support higher densities to assist in an increase in the housing supply and further support the goal to obtain densities closer to those envisioned by zoning policies.	Dec-22	To further this goal, the City will review specific sites for higher density mixed residential projects and will review and update the zoning code to support mixed use/mixed income housing communities.
Program H-1.1.16	The City affordable housing in-lieu fee fund will be used to assist nonprofit and for-profit developers to construct lower-income housing, including assistance with land acquisition, deferred entitlement fees, help with financing costs, costs to rehabilitate or preserve existing affordable units, prepare other implementation measures consistent with this Housing Element, and/or monitor housing policies and programs on an ongoing basis.	Annually allocation of available funds to qualified projects	Assuming that market conditions continue to be strong during the eight-year Housing Element time frame, the City estimates that it will assist the creation of from two to seven new affordable units.

Program H-1.1.19	<p>The City will continue to permit accessory dwelling units (including Junior ADUs) through a primarily ministerial review process (by right) in compliance with State law. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new accessory dwelling units in or outside the coastal appeals jurisdiction. The zoning regulations will be updated to address the recent changes to state accessory dwelling unit law as part of the comprehensive Zoning Ordinance update. As part of the activities included in the City's SB 2 grant work plan, the City will explore additional ADU regulations that are less strict than what is allowed under State law. This will include exploration of allowing tiny homes or microhomes and developing a brochure on how ADUs can be built in Morro Bay.</p>	12/1/2021 (updated to July 2022)	<p>The City was awarded funding through the SB2 planning grant and the REAP Jurisdictional and Regional grant allocations to achieve these changes. Update 2022: The contract was granted for assistance in the HE implementation measures. The updated zoning code, which includes the new section on ADU's and JADU's has been approved by the City and is currently under review by the California Coastal Commission and expected to be certified by March 2024.</p>
Adaptive Reuse/Supportive Housing	<p>Policy H-2.2: Adaptive Reuse. Encourage adaptive reuse of existing homes, hotels, and other types of buildings to creatively maximize housing opportunities allowed in the zoning/land use plan POLICY H-4.3:Community Involvement. Encourage supportive housing and transitional housing operators to assist homeless people to get the help they need to become contributing members of the community. Community involvement includes finding temporary housing opportunities in under-utilized existing housing stock or empty commercial buildings.</p>	Project approved 2021, working on facility upgrades required for state licensing	<p>The city is currently processing an application for a change in use from a motel to supportive housing. The project will provide 24-27 new residential rooms to assist the clients to overcome their addictions and become a contributing member of the community. 2022 update: This project was approved in 2022.</p>
ADU, JADU and Secondary Units	<p>Program H-1.1.19: The City will continue to permit accessory dwelling units (including Junior ADUs) through a primarily ministerial review process (by right) in compliance with State law. An administrative coastal development permit, which does not require approval at a Planning Commission hearing but does require noticing, is required for new accessory dwelling units in or outside the coastal appeals jurisdiction. The zoning regulations will be updated to address the recent changes to state accessory dwelling unit law as part of the comprehensive Zoning Ordinance update. As part of the activities included in the City's SB 2 grant work plan, the City will explore additional ADU regulations that are less strict than what is allowed under State law. This will include exploration of allowing tiny homes or microhomes and developing a brochure on how ADUs can be built in Morro Bay.</p>	Ongoing	<p>The City implements State law as it continues to update with regards to Accessory Dwelling Units. Because the City is located in the coastal zone, an ADU does require an Administrative Coastal Development Permit but which does not require Planning Commission approval. The City also encourages accessory dwelling units when communicating to the public or providing guidance on potential housing projects. The City is also in the process of implementing a pre-approved ADU program.</p>
Section 8 Subsidies	<p>POLICY H-2.1: Section 8 Subsidies. Enforce the State requirement that property owners consider Section 8 vouchers for rental housing.</p>	Ongoing	<p>The City supports Section 8 housing subsidies and coordinates with the Housing Authority of San Luis Obispo (HASLO) which is the local agency that manages the local Section 8 program.</p>
Mobile Home Park Upkeep	<p>Policy H2.4: Mobile Home Park Preservation. Support improvements to existing mobile home parks to preserve affordability</p>	Ongoing	<p>The City engaged a mobile and manufactured home study as part of the Housing Element 2020-2028 update and will use the data received to promote the continued use and upkeep of economically viable mobile home parks by keeping park residents and owners informed of opportunities through HCD and other funding sources to maintain mobile home parks through energy retrofits, housing rehabilitation, new types of mobile housing (park units, tiny homes, etc.), and weatherization programs.</p>

At-Risk Units	<p>Program H2.1.5: The City will monitor the list of all dwellings in the city that are subsidized by government funding or low-income housing developed through local regulations or incentives. The list will include, at least, the number of units, the type of government program, and the date on which the units are at risk to convert to market-rate dwellings. No units have been identified as at risk of converting to market rate within 10 years of the beginning of the 6th-round Housing Element planning period. The City will continue to monitor the status of affordable housing projects, and as their funding sources near expiration, will inform and work with owners and other agencies to consider options, including available funding sources, to preserve such units as affordable.</p>	Ongoing	<p>The City maintains a list of subsidized housing units. This information regarding those properties at risk of conversion is included in the Housing Element. Those properties those are closest to affordability expiration have been in contact with the City and are attempting to submit for tax credit applications to finance project renovations.</p>
Conversion to Condominiums	<p>Program H-2.1.6</p> <p>The City will continue to comply with Government Code Section 65590 et seq. that sets forth the requirements for conversions, demolitions, and replacement housing in the coastal zone.</p>	Ongoing	<p>The City currently implements Government Code Section 65590.</p>
Demolished & Delapitated Units	<p>Program H-2.1.6: The City will continue to comply with Government Code Sections 65590 et seq. that set forth the requirements for conversions, demolitions, and replacement housing in the coastal zone.</p>	Ongoing	<p>The City will continue the code enforcement program to address a variety of issues, including unsafe or dilapidated housing units. When violations are cited code enforcement will offer to provide homeowners with a list of potential resources.</p>
Senior and Special needs Housing	<p>Program H-3.1.2</p> <p>The City will work with housing providers to ensure that special housing needs and the needs of lower-income households are addressed for seniors, large families, single parent-headed households with children, persons with disabilities and developmental disabilities, extremely low-income households, and homeless individuals and families. The City will seek to meet these special housing needs through a combination of regulatory incentives, zoning standards, new housing construction programs, and supportive services programs. This will include promotion of the City's existing reasonable accommodation procedure through creation of a handout that will be available at the City and on the City's website.</p>	Ongoing	<p>The City will promote market-rate and affordable housing sites, housing programs, and financial assistance available from the City, County, state, and federal governments. In addition, as appropriate, the City will assist and/or provide support for applications for funding under state and federal programs designated specifically for special needs groups.</p>
City of MB local housing goals	<p>GOAL STATEMENT: (1)Identify low-income housing opportunities, (2) explore achievable options for unhoused residents, and (3) speed up processing of ADU permits to increase the availability of affordable housing.</p>	Through 2025	<ul style="list-style-type: none"> • Implement Housing element (including reviewing housing by right and objective design guidelines) • Review possible upzone of Seashell Estates property for proposed housing project •Explore achievable options at the City level (emergency warming shelters, pallet homes, etc.) •Continue participation in County's 5-year Housing& Infrastructure Plan •Continue participation in the County-wide 5-year Strategic Plan to address homelessness (Homeless OUtread Case Manager) •Identify affordable housing incentive program •Speed up processing of ADU permits to increase the availability of affordable housing

Jurisdiction	Morro Bay	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	01/01/2021 - 12/31/2028

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

(CCR Title 25 §6202)

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

Table E									
Commercial Development Bonus Approved pursuant to GC Section 65915.7									
Project Identifier				Units Constructed as Part of Agreement				Description of Commercial Development Bonus	Commercial Development Bonus Date Approved
1				2				3	4
APN	Street Address	Project Name ⁺	Local Jurisdiction Tracking ID ⁺	Very Low Income	Low Income	Moderate Income	Above Moderate Income	Description of Commercial Development Bonus	Commercial Development Bonus Date Approved
Summary Row: Start Data Entry Below									

Jurisdiction	Morro Bay	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	01/01/2021 - 12/31/2028

ANNUAL ELEMENT PROGRESS REPORT Housing Element Implementation

Note: "+" indicates an optional field

Cells in grey contain auto-calculation formulas

Table F

Units Rehabilitated, Preserved and Acquired for Alternative Adequate Sites pursuant to Government Code section 65583.1(c)

Please note this table is optional: The jurisdiction can use this table to report units that have been substantially rehabilitated, converted from non-affordable to affordable by acquisition, and preserved, including mobilehome park preservation, consistent with the standards set forth in Government Code section 65583.1, subdivision (c). Please note, motel, hotel, hostel rooms or other structures that are converted from non-residential to residential units pursuant to Government Code section 65583.1(c)(1)(D) are considered net-new housing units and must be reported in Table A2 and not reported in Table F.

Activity Type	Units that Do Not Count Towards RHNA ⁺ Listed for Informational Purposes Only				Units that Count Towards RHNA ⁺ Note - Because the statutory requirements severely limit what can be counted, please contact HCD at apr@hcd.ca.gov and we will unlock the form which enable you to populate these fields.				The description should adequately document how each unit complies with subsection (c) of Government Code Section 65583.1 ⁺ . For detailed reporting requirements, see the checklist here: https://www.hcd.ca.gov/community-development/docs/adequate-sites-checklist.pdf
	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	Extremely Low-Income ⁺	Very Low-Income ⁺	Low-Income ⁺	TOTAL UNITS ⁺	
Rehabilitation Activity									
Preservation of Units At-Risk									
Acquisition of Units									
Mobilehome Park Preservation									
Total Units by Income									

Jurisdiction	Morro Bay	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	01/01/2021 - 12/31/2028

NOTE: This table must only be filled out if the housing element sites inventory contains a site which is or was owned by the reporting jurisdiction, and has been sold, leased, or otherwise disposed of during the reporting year.

Note: "+" indicates an optional field
Cells in grey contain auto-calculation formulas

**ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation**

Table G						
Locally Owned Lands Included in the Housing Element Sites Inventory that have been sold, leased, or otherwise disposed of						
Project Identifier						
1				2	3	4
APN	Street Address	Project Name⁺	Local Jurisdiction Tracking ID⁺	Realistic Capacity Identified in the Housing Element	Entity to whom the site transferred	Intended Use for Site
Summary Row: Start Data Entry Below						

Jurisdiction	Morro Bay	NOTE: This table must contain an inventory of ALL surplus/excess lands the reporting jurisdiction owns	Note: "+" indicates an optional field Cells in grey contain auto-calculation formulas
Reporting Period	2023 (Jan. 1 - Dec. 31)		

**ANNUAL ELEMENT PROGRESS REPORT
Housing Element Implementation**

For San Luis Obispo County jurisdictions, please format the APN's as follows:999-999-999

Table H Locally Owned Surplus Sites						
Parcel Identifier				Designation	Size	Notes
1	2	3	4	5	6	7
APN	Street Address/Intersection	Existing Use	Number of Units	Surplus Designation	Parcel Size (in acres)	Notes
Summary Row: Start Data Entry Below						

Jurisdiction	Morro Bay	
Reporting Period	2023	(Jan. 1 - Dec. 31)
Planning Period	6th Cycle	01/01/2021 - 12/31/2028

NOTE: STUDENT HOUSING WITH DENSITY BONUS ONLY. This table only needs to be completed if there were student housing projects WITH a density bonus approved pursuant to Government Code 65915(b)(1)(F)

ANNUAL ELEMENT PROGRESS REPORT

Housing Element Implementation

Note: "*" indicates an optional field
Cells in grey contain auto-calculation formulas

Table J														
Student housing development for lower income students for which was granted a density bonus pursuant to subparagraph (F) of paragraph (1) of subdivision (b) of Section 65915														
Project Identifier				Project Type	Date	Units (Beds/Student Capacity) Approved							Units (Beds/Student Capacity) Granted Density Bonus	Notes
1				2	3	4							5	6
APN	Street Address	Project Name*	Local Jurisdiction Tracking ID*	Unit Category (SH - Student Housing)	Date	Very Low- Income Deed Restricted	Very Low- Income Non Deed Restricted	Low- Income Deed Restricted	Low- Income Non Deed Restricted	Moderate- Income Deed Restricted	Moderate- Income Non Deed Restricted	Above Moderate- Income	Total Additional Beds Created Due to Density Bonus	Notes
Summary Row: Start Data Entry Below														

Jurisdiction	Morro Bay
Reporting Period	2023 (Jan. 1 - Dec. 31)
Planning Period	6th Cycle 01/01/2021 - 12/31/2028

ANNUAL ELEMENT PROGRESS REPORT

**Table K
Tenent Preference Policy**

Local governments are required to inform HCD about any local tenant preference ordinance the local government maintains when the jurisdiction submits their annual progress report on housing approvals and production, per Government Code 7061 (SB 649, 2022, Cortese). Effective January 1, 2023, local governments adopting a tenant preference are required to create a webpage on their internet website containing authorizing local ordinance and supporting materials, no more than 90 days after the ordinance becomes operational.

Does the Jurisdiction have a local tenant preference policy?	No
If the jurisdiction has a local tenant preference policy, provide a link to the jurisdiction's webpage on their internet website containing authorizing local ordinance and supporting materials.	
Notes	



Working With the Market:

Understanding and Supporting
Affordable-by-Design Housing
in San Luis Obispo County

Prepared for
San Luis Obispo Council of Governments

July 12, 2023

| *PUBLIC REVIEW DRAFT*

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- Ambient Communities
- Midland Pacific Homes
- People's Self-Help Housing
- Housing Authority of SLO (HASLO)
- Paso Robles Housing Authority
- North San Luis Obispo County Association of Realtors
- California Association of Realtors Region 31
- Compass Real Estate
- San Luis Obispo County Housing Trust Fund
- Habitat for Humanity
- Home Builders Association
- YIMBY
- SLO Chamber of Commerce
- South County Chamber of Commerce
- Morro Bay Chamber of Commerce
- Paso Robles Chamber of Commerce
- League of Women Voters
- Kovesdi Consulting
- Covelop
- Specialty Construction
- Wallace Group
- The HRM Corp.
- Ten Over Studio
- People's Self-Help Housing
- RRM Design Group
- Vivian Hanover Ventures Real Estate
- California Polytechnic University
- First American Title Company, San Luis Obispo
- Omni Design Group
- Midland Pacific Homes
- NKT Commercial
- San Luis Obispo County Housing Trust Fund

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EXECUTIVE SUMMARY

Purpose

This study, prepared for the San Luis Obispo Council of Governments (SLOCOG) by ECONorthwest, considers what types of housing could be “affordable-by-design” (ABD) in San Luis Obispo County and how jurisdictions in the county could support this type of development. ABD housing is defined for this study as housing that is affordable to low- or moderate-income households (earning less than 120% of area median income [AMI]) without subsidies or price/rent restrictions. ABD housing is one potential component of an overall strategy to meet jurisdictions’ regional housing need allocation (RHNA) targets; this study does not address other strategies to meet housing needs for low- or moderate-income households or to meet housing needs for other income categories.

What housing is, or could be, affordable-by-design in San Luis Obispo County?

Based on a review of housing market data from CoStar and Redfin, ECONorthwest identified recent developments within San Luis Obispo (SLO) County that appear to meet the ABD criteria for this study. Few recent market-rate developments (built within the last five years) in SLO County appear to have rents or sales prices that are affordable to households earning less than 120% of AMI.

- **Rental housing examples:** The available data suggests a few newer apartment buildings may meet the affordability criteria for some or all units.¹ Among these example apartments, many of the unit types that met the affordability criteria were for smaller units (e.g., relatively small studios and one-bedroom units). In some cases, larger units within the same development did not meet affordability criteria even when smaller units did. The example developments all were three-story walk-up apartments, but other three-story apartment developments built around the same time did not meet the affordability criteria.
- **For-sale housing examples:** The only recently built for-sale housing identified as meeting ABD criteria in SLO County were newer manufactured homes in manufactured home parks.² Although there have been some recent for-sale housing developments that were intended and marketed as “affordable by design,” their sales prices exceeded the limit set by SLO County for moderate income households.

¹ Due to data limitations, some of the identified examples may reflect lower average rents due to rent-restricted units provided to meet inclusionary housing requirements.

² After accounting for the space rent that these homes would pay in a manufactured home park, even these examples may not all meet affordability criteria for moderate-income households.

ECONorthwest also interviewed several local housing developers. These interviews helped identify barriers to developing ABD housing in SLO County. Several interviewees, upon reviewing the target sales prices, noted that it would be difficult or impossible to meet the sales price targets with any type of new market-rate for-sale housing in SLO County.

ECONorthwest also looked to other regions in California and the United States for examples of market-rate housing developments that offered lower rents or sales prices than typical for that market. This search yielded several examples of developments with small units, simple design and construction, and/or lower-cost locations that allowed them to achieve lower prices or rents than most new construction in their area.

Based on the local and national market research and input from local developers, ECONorthwest selected three illustrative example developments most likely to meet ABD criteria in SLO County for further analysis of how affordability and development feasibility could vary in different parts of SLO County:

- A 3-story walk-up apartment with typical unit sizes (roughly 880 sq. ft. per unit on average) and typical site layout for the region
- A more compact 3-story walk-up apartment with smaller unit sizes (roughly 620 sq. ft. per unit on average), less parking, and less landscaping/setbacks
- A 4-story microunit development with very small units (roughly 300 sq. ft. per unit on average) and no parking

Given local market conditions and developer input, the for-sale examples from other regions were unlikely to be viable or affordable in SLO County and were not further analyzed.

This analysis suggested that microunits can help achieve affordability for moderate-income households in the most expensive parts of the county and could be viable to develop in dense, walkable areas where potential renters would be willing to forego owning a car or having convenient parking. Compact walk-up apartments appear to offer a balance that could be both affordable and potentially feasible in some parts of the county. In lower-cost parts of the county, market rents may be affordable to moderate-income households even for larger units but may not be high enough to cover the cost of new construction. Overall, the rental market may be able to produce ABD housing in at least some parts of the County and is likely within a range where regulatory changes could make a difference. However, on the for-sale side, the gap between market sales prices and the target sales prices for moderate-income households is likely too large to overcome through design and regulatory measures alone.

How can jurisdictions in San Luis Obispo County support affordable-by-design housing?

For jurisdictions that identify ABD housing as a way to meet part of their RHNA obligations and local housing needs, there are a variety of ways to facilitate this type of development without providing direct financial subsidy or imposing rent/price limits. Based on stakeholder feedback, ECONorthwest and SLOCOG identified six policy areas for further evaluation:

1. Objective Design Standards
2. Ministerial Approvals and Streamlined Approval Processes
3. Density Limits and Parking Requirements
4. Zoning Vacant Land for Multifamily Housing
5. Aligning Infrastructure Investments with Land for Multifamily Housing
6. Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

Based on current planning practices among the SLOCOG jurisdictions and research on how other jurisdictions outside SLOCOG have approached these policy areas, ECONorthwest developed recommendations for SLOCOG jurisdictions to consider in support of ABD housing within each of these six policy areas:

Objective Design Standards

- **Adopt simple objective design standards (ODS):** Avoid overly detailed requirements when adopting ODS, and provide flexibility where possible (e.g., through a menu-based approach).
- **Simplify minor adjustments:** Offer a process for minor deviations from the ODS that can still be reviewed by staff.

Ministerial Approvals and Streamlined Approval Processes

- **Expand eligibility for Ministerial Approvals:** For jurisdictions that currently limit availability of ministerial approvals based on the number of units, this threshold could be increased (e.g., to 150 units) or eliminated for multifamily developments in medium and high-density residential zones.
- **Have staff review projects using ODS:** Even if the review is not considered truly ministerial, avoiding having a body accustomed to doing discretionary reviews serve as the approval body for projects subject to ODS could help streamline the process and avoid raising concerns that cannot be addressed.

Density Limits and Parking Requirements

- **Adjust density limits in high-density residential and mixed-use zones:** This could take several different forms:
 - For density limits expressed in dwelling units per acre, increase the maximum density allowed by-right. Allowing at least 35 units per acre will generally allow for three-story walk-up apartment development, which may meet ABD criteria. Higher densities may be appropriate for downtown areas and mixed-use development.
 - Use floor area ratio (FAR) or other physical form limits (e.g., height) to regulate the amount of development. This can serve as an incentive for building smaller units.
 - Use fractional density or a density bonus to encourage smaller units.
- **Reduce or eliminate parking minimum requirements for smaller units:** Require less than one space per unit for small units and/or exempt microunits in downtown or mixed-use areas from parking requirements.

Zoning Vacant Land for Multifamily Housing

- **Zone vacant buildable sites large enough to accommodate multifamily development:** Zone buildable sites to allow by-right at an appropriate density. Ideally, this would include sites over an acre with access to infrastructure.

Align Infrastructure Investments with Land for Multifamily Housing

- **Use the ongoing HIP process to prioritize infrastructure investments:** Use the HIP process and prioritize investments that can unlock multifamily development in appropriate areas.

Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

- **Scale by unit size:** Wherever reasonable, adjust impact fees by unit size to reflect lower impacts from smaller units. This could also mean increasing fees for larger units so that the change is revenue neutral.
- **Defer collection:** Allow deferral of the impact fee until occupancy for multifamily development regardless of whether it includes affordable units.
- **Adjust for infill locations:** Set fee rates lower where infrastructure needs are lower due to proximity to existing facilities. This can offset some of the higher cost of building in close-in, more developed areas.

These recommendations should be considered alongside other housing strategies to meet local housing needs and RHNA targets based on each jurisdiction's needs, market conditions, and existing policy context.

INTRODUCTION

The intention of the Affordable-by-Design (ABD) Study is to determine whether certain types of market-rate housing units are likely to be affordable to low- or moderate-income households in San Luis Obispo County “by design” and what jurisdictions in San Luis Obispo County can do to support this type of housing. Identifying physical characteristics that are commonly associated with the targeted level(s) of affordability could allow the jurisdictions to count these developments toward RHNA requirements in annual reports to Housing and Community Development (HCD) and align local policies to support this type of housing production.

For the purposes of this study, “affordable by design” is defined as new housing that is not income or rent restricted, but where typical market rents or sales prices would be affordable to low or moderate-income households (earning 50-120% of San Luis Obispo County’s AMI). The study encompasses the seven incorporated Cities and unincorporated San Luis Obispo (SLO) County.

The study included the following components:

Part 1: Understanding ABD Housing in San Luis Obispo County

- Identify common physical characteristics for ABD housing based on a review of market data and development examples from SLO County as well as other regions.
- Market and financial feasibility analysis to determine whether housing built with the identified physical characteristics would meet ABD criteria and be financially feasible for a market-rate developer to build in the different parts of the county.

Part 2: Supporting ABD housing in San Luis Obispo County

- Identification of barriers to ABD development and a range of potential policy measures that could help support ABD housing based on interviews with local housing developers and ECONorthwest’s analysis.
- Stakeholder feedback on the study’s findings and on priorities for policy measures to explore further through this study, resulting in selection of six policy measures for further evaluation.
- Additional analysis of the selected policy measures, including a survey of current planning practices among the SLOCOG jurisdictions related to these policies and research on how other jurisdictions outside SLOCOG have implemented the selected policy measures.
- Draft recommendations for SLOCOG jurisdictions to consider in support of ABD housing.

The balance of this report summarizes the results of this analysis and the recommended policy measures for consideration.

PART 1: UNDERSTANDING ABD HOUSING IN SLO COUNTY

Identifying Examples and Characteristics of ABD Housing

Rent and Sales Price Limits for ABD Housing in SLO County

San Luis Obispo County's published rent and sale price limits by income level define the rent and price range affordable at this income level (see Figure 1).³

Figure 1: San Luis Obispo County's Rent and Sale Price Limits (May 2022)

Source: San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022⁴

Maximum rents: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	\$287	\$573	\$956	\$1,147	\$2,102	\$2,867
1	\$328	\$655	\$1,092	\$1,310	\$2,402	\$3,276
2	\$369	\$737	\$1,229	\$1,475	\$2,703	\$3,686
3	\$410	\$819	\$1,365	\$1,638	\$3,003	\$4,095
4	\$442	\$885	\$1,474	\$1,769	\$3,244	\$4,423

Note 1: The maximum rent limits shown above do not include adjustments for utilities. Refer to the utility allowance bulletin posted on the website of the Housing Authority of the City of San Luis Obispo.

Note 2: Rent limits are updated when the State issues its annual update to median incomes, generally in April of each year.

Sample maximum sales prices: (see footnotes)

Unit Size (Bedrooms)	Acutely Low	Extremely Low Income	Very Low Income	Low Income	Moderate Income	Workforce
Studio	17,000	\$54,000	\$100,000	\$151,000	\$292,000	\$406,000
1	23,000	\$64,000	\$120,000	\$175,000	\$337,000	\$466,000
2	28,000	\$75,000	\$137,000	\$199,000	\$381,000	\$527,000
3	33,000	\$85,000	\$154,000	\$224,000	\$426,000	\$587,000
4	37,000	\$93,000	\$168,000	\$243,000	\$461,000	\$636,000

Note 1: Homeowner association due (HOA) assumption per month is 150.00

Note 2: Mortgage financing assumed at a fixed rate for 30 years (HSH Associates) is 6.43%

Note 3: Prices shown are preliminary estimates and may be revised. Round to the nearest 1000th.

³ The City of San Luis Obispo has its own way of calculating maximum sale prices for its inclusionary housing program, which results in somewhat higher maximum sales prices. However, for consistency across the County, this analysis uses the County's price limits.

⁴ "Affordable Housing Standards." San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf).

Examples of ABD Rental Housing

Rental Housing Examples from SLO County

ECONorthwest used data from CoStar, a proprietary market data service, to identify recently constructed (within the last five years) market-rate multifamily rental housing in SLO County where rents appear to meet the rent limits shown in Figure 1 by unit type (number of bedrooms). This search yielded five properties where at least some unit sizes appear to meet moderate-income rent limits.⁵ Properties were included as examples even if some unit sizes did not meet affordability criteria. These example properties are shown in Figure 2 below, and their characteristics are summarized in Figure 3.

Figure 2: Examples of Rental Housing in SLO County that May Meet or Partially Meet ABD Criteria

Source: CoStar



⁵ Note that CoStar reports rents on average by unit type and does not separate rents for affordable units from those for market-rate units within mixed-income buildings.

Figure 3: Characteristics of Rental Housing Examples in SLO County that May Meet or Partially Meet ABD Criteria

Source: ECONorthwest analysis of CoStar data, February 2023.

	Connect SLO	La Plaza	Laurel Lane	Ramona Gardens	The Junction
Jurisdiction	San Luis Obispo	Atascadero	San Luis Obispo	Grover Beach	San Luis Obispo
Land Area (AC)	Not Available	1.83	Not Available	0.51	1.58
# Units	78	42	22	19	69
# Stories	3	3	3	3	3
Studio Affordability	Above Moderate	Moderate	N/A	Moderate	Above Moderate
Studio Unit Count	45	1	0	1	43
Studio Unit Size	477 sf	534 sf	N/A	400 sf	531 sf
1 BR Affordability	Moderate*	Moderate	Low/Moderate*	Moderate	Moderate*
1 BR Unit Count	26	27	1	4	17
1 BR Unit Size	664 sf	721 sf	514 sf	800 sf	568 sf
2 BR Affordability	Above Moderate	Above Moderate	Moderate*	Moderate	Above Moderate
2 BR Unit Count	7	12	3	14	9
2 BR Unit Size	1,032 sf	1,537 sf	877 sf	800 sf	799 sf
3 BR Affordability	N/A	Above Moderate	Above Moderate	N/A	N/A
3 BR Unit Count	0	2	18	0	0
3 BR Unit Size	N/A	2,808 sf	1,288 sf	N/A	N/A

*CoStar does not isolate market rents in mixed-income buildings. Reported average rents may be artificially low due to some units being below market rate, particularly where inclusionary housing regulations apply.

This analysis suggests that some new apartments offer units that are affordable at moderate-income rents in at least some parts of the County. In communities with inclusionary housing policies, this may be skewed by mixed-income buildings. Among these examples, one-bedroom units were most likely to be affordable and no three-bedroom units met affordability criteria.

This suggests that even for developments that do include some units affordable to moderate-income households, the largest units are unlikely to meet affordability targets.

A review of the physical characteristics of these developments shows that design plays a role in making them affordable, but it does not guarantee affordability. Most of the examples are three-story buildings, and most have small average unit sizes; however, many other apartments built in the County are also three stories and not all small units are affordable to moderate-income households.

ABD Rental Housing from Other Regions

ECONorthwest looked at examples of other types of rental housing recently developed in other housing markets for housing types that could potentially meet ABD criteria if built in SLO County. The primary type of housing that consistently achieved moderate-income affordability (or below) in similar housing markets is microunits. These typically have:

- Unit sizes between 150 and 350 sq. ft. with individual kitchenettes and shared kitchens⁶
- No vehicle parking but onsite bike storage
- Generally four or more stories, high density, with minimal setbacks/landscaping
- Highly walkable and desirable locations

Figure 4: Examples of Microunit Developments

Image credits: Alcove PDX (<https://pdxalcove.com>); Stenberg Hart (<https://www.stenberghart.com/design/projects/mccadden-place-micro-units/>)



⁶ Because of the shared kitchens, groups of four to eight microunits are often regulated as a single-dwelling unit under the zoning codes where these developments have been permitted.

Examples of ABD For-Sale Housing

ABD For-Sale Housing Examples from SLO County

ECONorthwest used sales transaction data from Redfin to identify sales within the last year of recently constructed housing units that sold for less than the sales price threshold listed in Figure 1. Only manufactured housing in manufactured home parks met these target price points (see examples in Figure 5).⁷

Figure 5: Examples of ABD For-Sale Housing in SLO County

Source: Redfin



A few small detached homes (such as the examples shown in Figure 6) came close to meeting the County's affordability standards and would meet the County's workforce housing price limits, but they exceeded the County's moderate-income sales price limits.

Figure 6: Examples of Small Detached Homes Close to ABD Sales Limits

Source: Redfin



⁷ Because these manufactured homes must pay space rent for the manufactured home park, when this space rent is accounted for, even these units may not be affordable for moderate-income households.

ABD For-Sale Housing from Other Regions

Looking at examples from other regions, ECONorthwest identified three types of for-sale housing that tended to offer the lowest price points in other relatively high-cost housing markets. These include the following:

- **Very small detached units** (roughly 350-800 sq. ft.) with shared yards and clustered parking. The smallest units may be affordable at close to 120% of AMI in that market, but the most comparable units in SLO County exceed the target price. It is possible that the smallest detached units (e.g., under 800 sq. ft.) could meet the affordability targets in some cases.

Figure 7: Examples of Very Small Detached Units from Other Markets

Image credits: Redfin⁸; Connect Architecture⁹; South Park Cottages¹⁰



- **Small condo units** (roughly 325-600 sq. ft.) with little or no onsite parking. These can be affordable for moderate-income households in portions of some high-cost regions, but may not be viable in SLO County's market given the small size and lack of parking.

Figure 8: Examples of Small Condo Units from Other Markets

Image Credits: Portland's Best Real Estate¹¹; Redfin¹²



⁸ <https://www.redfin.com/OR/Bend/61301-Benham-Rd-97702/unit-1/home/167021238>

⁹ <https://www.connectarchitecture.us/posh-pockets>

¹⁰ <https://southparkcottages.com/>

¹¹ <https://www.portlandsbestrealestate.com/division-43-studio-condo>

¹² <https://www.redfin.com/OR/Portland/7360-N-Atlantic-Ave-97217/unit-3/home/185141446>

- **Simple condo development** with simple design, medium-sized units (roughly 600-1000 sq. ft.), little or no onsite parking, and few shared amenities. These units can be affordable to moderate-income households in portions of some high-cost regions but may not be viable in SLO County's market given high development costs.

Figure 9: Examples of Simple Condo Developments from Other Markets

Image Credits: Redfin¹³



- **Small town house units** (roughly 1,000-1,600 sq. ft.). These can be affordable to moderate-income households in portions of some high-cost regions, but comparable units in SLO County exceed the target price.

Figure 10: Examples of Small Town House Units from Other Markets

Image Credits: Redfin¹⁴



¹³ <https://www.redfin.com/CO/Federal-Heights/1401-W-85th-Ave-80260/unit-B101/home/176995897>;
<https://www.redfin.com/OR/Portland/1801-N-Rosa-Parks-Way-97217/unit-303/home/172577477>;
<https://www.redfin.com/OR/Portland/5025-N-Minnesota-Ave-97217/unit-102/home/185246763>

¹⁴ <https://www.redfin.com/CO/Denver/2206-E-38th-Ave-80205/home/185222737>;
<https://www.redfin.com/OR/Portland/7308-NE-11th-Ave-97211/home/185109359>

- **Smaller single-family detached homes** (“starter homes”) that are typically three-bedroom units roughly 1,200-1,500 sq. ft. These can be affordable to moderate-income households in moderate-cost areas (e.g., California’s Central Valley), but comparable units in SLO County exceed the target price.

Figure 11: Examples of Small Single-Family Detached Homes from Other Markets

Image Credits: Redfin¹⁵



Based on developer interviews and review of market data from SLO County, none of the examples of ABD for-sale housing from other markets seemed likely to be viable as a way to deliver ABD for-sale housing in SLO County, and they were not further evaluated.

Overall, the data suggests that SLO County market conditions are unlikely to support new for-sale housing at prices affordable to moderate-income households, with the possible exception of manufactured housing in parks. A few developments have attempted to produce ABD for-sale housing, but even with very small homes, prices are still too high for the moderate-income target price range. In addition, even if jurisdictions were to change policies, factors that make for-sale housing more affordable in other areas may not translate to the SLO County market (e.g., lower land cost, no parking, few amenities, microunits).

¹⁵ <https://www.redfin.com/CA/King-City/611-Cecily-St-93930/home/167240703>;
<https://www.redfin.com/CA/Shafter/9710-Amberdale-Way-93263/home/178358767>

Market and Development Feasibility Analysis

Potential ABD Housing Types Selected for Analysis

Based on the review of ABD examples from SLO County and other market areas, ECONorthwest selected three development “prototypes” that typify the physical characteristics that showed potential viability and affordability to moderate-income households in the San Luis Obispo market:

- A 3-story walk-up apartment with typical unit sizes and site layout for the region
- A more compact 3-story walk-up apartment with smaller unit sizes, less parking, and less landscaping/setbacks
- A 4-story microunit development with very small units and no parking

Additional characteristics and physical features assumed for these prototypes are listed in Figure 12.

Figure 12: ABD Prototype Assumptions

Source: ECONorthwest

Description	3-story walk-up - standard	3-story walk-up - compact	4-story microunits
Site Size (sf)	65,340	65,340	8,000
# of Units	51	91	71
Density (DU/Ac)	34.0	60.7	386.6
Parking location	surface	surface	none
Parking ratio	1.54	1.00	0.00
Unit Mix (% of units)			
Studio	5%	30%	100%
1-bed	40%	40%	0%
2-bed	50%	30%	0%
3-bed	10%	0%	0%
Unit Size (net sf)			
Studio	500	425	300
1-bed	675	575	
2-bed	1,000	875	
3-bed	1,350		
Average Unit Size	880	620	300

Note: This analysis treats each microunit as its own unit, although under many codes they would not be considered stand-alone units because of their shared kitchens.

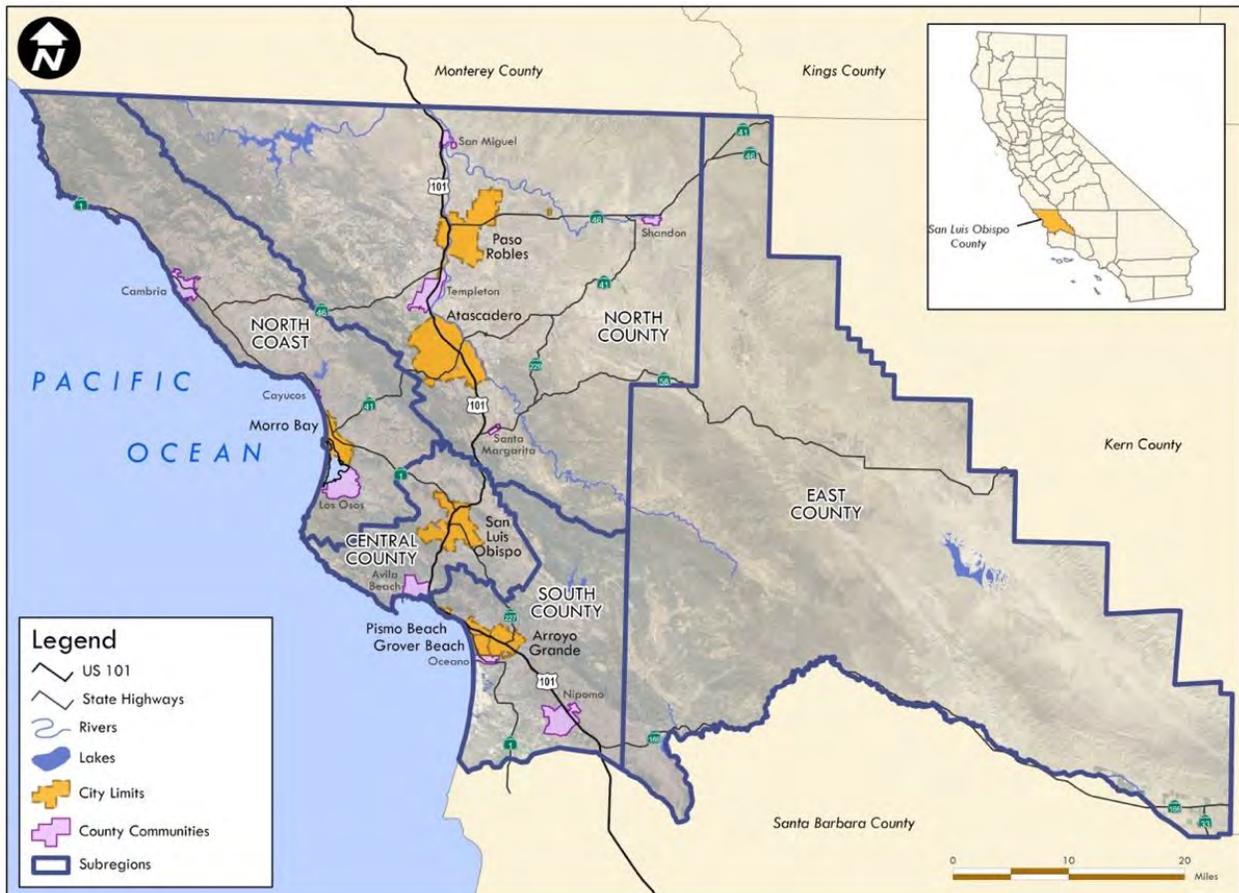
Market Conditions

While the affordability targets and AMI are set countywide, the market conditions vary across the county. The analysis addresses this by dividing the county into different market areas for purposes of the analysis (see Figure 13). The analysis focuses on four market areas:

- North Coast (Los Osos, Morro Bay, Cayucos, Cambria, San Simeon)
- North County (Santa Margarita, Atascadero, Templeton, Paso Robles, San Miguel)
- South County (Pismo Beach, Grover Beach, Arroyo Grande, Oceano, Nipomo)
- Central County (San Luis Obispo, Avila Beach)

East County is not included in the analysis because there is little development or development opportunity in that area.

Figure 13: SLO County Market Areas



ECONorthwest estimated the market rents in each market area for each prototype based on the most comparable developments and adjusted to reflect differences between market areas and prototypes. The estimated market rents for each area are listed in Figure 14, along with the relevant moderate-income rent limit by unit type.

Figure 14: Estimated Market Rents by Market Area and Prototype

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁶

Region - Bedroom Size	3-story walk-up - standard	3-story walk-up - compact	4-story microunits	Moderate-Income Rent Limit
Central County	\$2,750	\$2,327	\$1,470	\$0
Studio	\$2,250	\$2,083	\$1,470	\$2,047
1-bed	\$2,430	\$2,156	-	\$2,329
2-bed	\$2,950	\$2,800	-	\$2,597
3-bed	\$3,375	-	-	\$2,877
North Coast	\$1,925	\$1,513	\$956	\$0
Studio	\$1,575	\$1,354	\$956	\$2,047
1-bed	\$1,701	\$1,402	-	\$2,329
2-bed	\$2,065	\$1,820	-	\$2,597
3-bed	\$2,363	-	-	\$2,877
North County	\$2,465	\$1,972	\$1,176	\$0
Studio	\$1,800	\$1,594	\$1,176	\$2,047
1-bed	\$2,147	\$1,898	-	\$2,329
2-bed	\$2,650	\$2,450	-	\$2,597
3-bed	\$3,240	-	-	\$2,877
South County	\$2,289	\$1,747	\$956	\$0
Studio	\$1,450	\$1,275	\$956	\$2,047
1-bed	\$1,856	\$1,639	-	\$2,329
2-bed	\$2,600	\$2,363	-	\$2,597
3-bed	\$3,038	-	-	\$2,877

Note: market rents reflect 2023 market conditions with an estimated 3% annual escalation prior to opening.

These rents are shown graphically in comparison to the moderate-income threshold in Figure 15.

¹⁶ "Affordable Housing Standards." San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

Figure 15: Estimated Market Rents by Market Area and Prototype Compared to Moderate-Income Rent Limit

Source: ECONorthwest analysis based on CoStar data; San Luis Obispo County Department of Planning and Building, Affordable Housing Standards, May 2022¹⁷

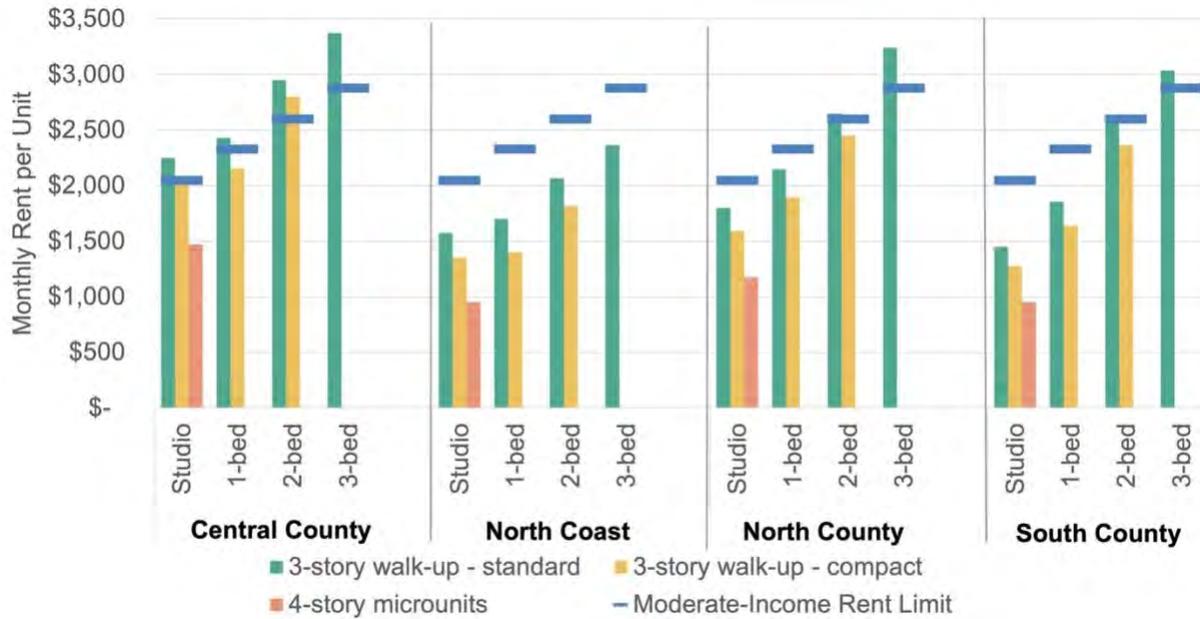


Figure 15 displays the expected rents for each potential ABD housing type against the rent limits for moderate housing. If a bar is above the blue line, that means the monthly rent is predicted to be above the moderate-income rent limit. This highlights that while many of the prototypes are estimated to offer market rents below the moderate-income threshold, this may not be the case for all prototypes/unit sizes in all market areas.

Development Feasibility Analysis

ECONorthwest’s financial feasibility analysis uses a metric called “return on cost” (ROC), which reflects the income potential of the completed development divided by the total cost of development.¹⁸ This ratio is often used as an initial indicator of development feasibility for rental developments, as it provides a preliminary indication of whether the completed property will provide competitive financial returns that could attract investors and meet loan underwriting requirements. Because both lenders and investors will expect higher returns for riskier investments, market areas that have stronger demand fundamentals will likely have a lower threshold for ROC to make development viable. Thus, the target ROC is assumed to be

¹⁷ “Affordable Housing Standards.” San Luis Obispo County Department of Planning and Building, June 1, 2022. [https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-\(Post-2009\).pdf](https://www.slocounty.ca.gov/Departments/Planning-Building/Forms-Documents/Housing-Forms-and-Documents/Informational-Documents/Affordable-Housing-Standard-(Post-2009).pdf)

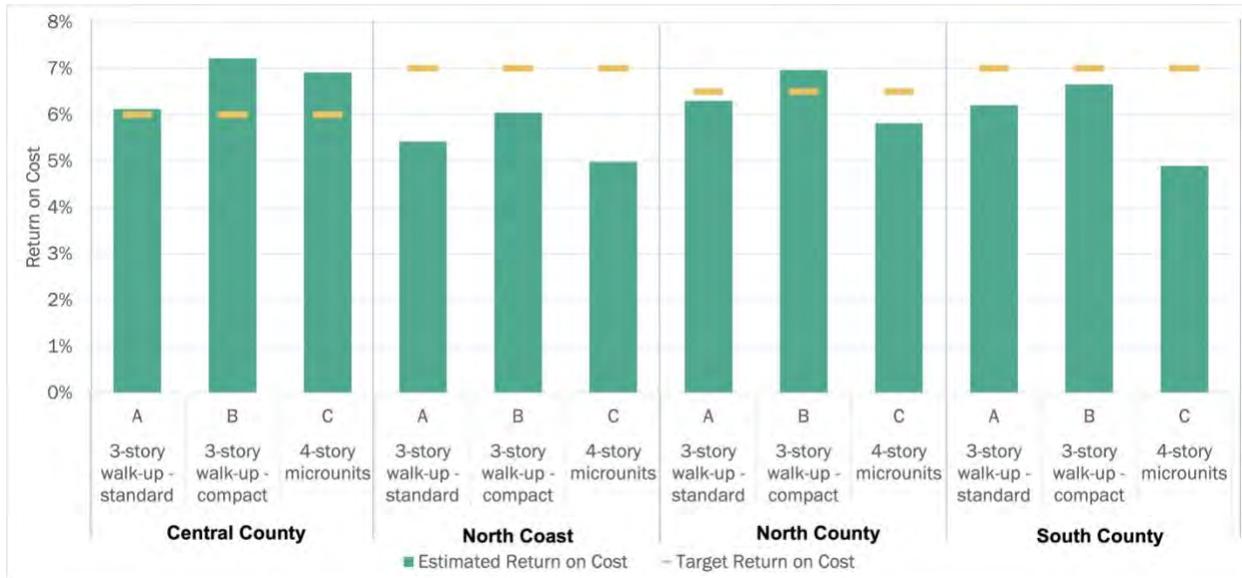
¹⁸ Net operating income (NOI), the revenue after accounting for vacancy and operating expenses.

higher in smaller markets (North County and South County) than in Central County (North County is estimated to fall between these bookends).

ECONorthwest used cost information calibrated based on interviews with local developers and research on average local fee amounts in SLO County to estimate development costs by prototype.

Figure 16: Estimated Return on Cost by Prototype and Market Area

Source: ECONorthwest analysis



Because costs and market conditions can vary substantially between sites even within the same market area and for the same prototype, these results should be taken as a general indication of the relative feasibility of different prototypes, not as an absolute indication that a given prototype will consistently be feasible or infeasible in a given area. To account for the inherent uncertainties associated with this type of generalized analysis, ECONorthwest summarized the results based on how likely they indicate a given prototype is to meet affordability and feasibility criteria. The most feasible housing types and locations are 4-story microunits in Central County and compact 3-story walk-ups in North County, as shown in Figure 17.

Figure 17: Summary of Affordability and Feasibility Results by Prototype and Market Area

Source: ECONorthwest analysis

Market Area	Prototype	Affordability	Feasibility
Central County	3-story walk-up - standard	Very Unlikely to Meet Criteria	Likely to Meet Criteria
	3-story walk-up - compact	Likely to Meet Criteria	Very Likely to Meet Criteria
	4-story microunits	Very Likely to Meet Criteria	Very Likely to Meet Criteria
North Coast	3-story walk-up - standard	Very Likely to Meet Criteria	Very Unlikely to Meet Criteria
	3-story walk-up - compact	Very Likely to Meet Criteria	Unlikely to Meet Criteria
	4-story microunits	Very Likely to Meet Criteria	Very Unlikely to Meet Criteria
North County	3-story walk-up - standard	Likely to Meet Criteria	May Meet Criteria
	3-story walk-up - compact	Very Likely to Meet Criteria	Very Likely to Meet Criteria
	4-story microunits	Very Likely to Meet Criteria	Unlikely to Meet Criteria
South County	3-story walk-up - standard	Likely to Meet Criteria	Unlikely to Meet Criteria
	3-story walk-up - compact	Very Likely to Meet Criteria	Unlikely to Meet Criteria
	4-story microunits	Very Likely to Meet Criteria	Very Unlikely to Meet Criteria

Key:		Very Likely to Meet Criteria
		Likely to Meet Criteria
		May Meet Criteria
		Unlikely to Meet Criteria
		Very Unlikely to Meet Criteria

Conclusions on Market and Development Conditions for ABD Housing in SLO County

The key takeaways from this analysis are summarized below by market area.

Market Area	Key Takeaways
Central County	<ul style="list-style-type: none"> Smaller units help achieve affordability Market likely to support feasibility
North Coast	<ul style="list-style-type: none"> Market rents provide affordability Feasibility is difficult
North County	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market likely to support except for the smallest units
South County	<ul style="list-style-type: none"> Market rents likely affordable except for largest units Market support is borderline

Overall, it appears that the rental market is close to being able to achieve ABD housing production in at least some parts of the County and is likely within a range where regulatory changes could make a difference. While ABD housing may not require subsidy, it may not be able to absorb inclusionary zoning requirements at the targeted moderate-income rents. Affordability through smaller unit sizes may not meet needs of larger households, and market rents may not stay within target affordability range over time, but delivering more lower-cost units to the market can help maintain the affordability of market-rate housing over time, and smaller households may benefit from greater availability of small units.

In the for-sale housing market, prices are too far above the moderate-income affordability level for the market to deliver new ABD for-sale housing with regulatory changes alone. Increasing housing production overall can help bring supply and demand into balance and potentially make ABD achievable over the longer term.

PART 2: SUPPORTING ABD HOUSING IN SLO COUNTY

Barriers to ABD Housing

To understand how to support ABD housing, it is essential to understand what makes it possible for the market to produce lower-cost housing and how the public sector can influence this. These factors are illustrated in Figure 18 and Figure 19.

Figure 18: Factors that Allow the Market to Produce Lower-Cost Housing

Source: ECONorthwest

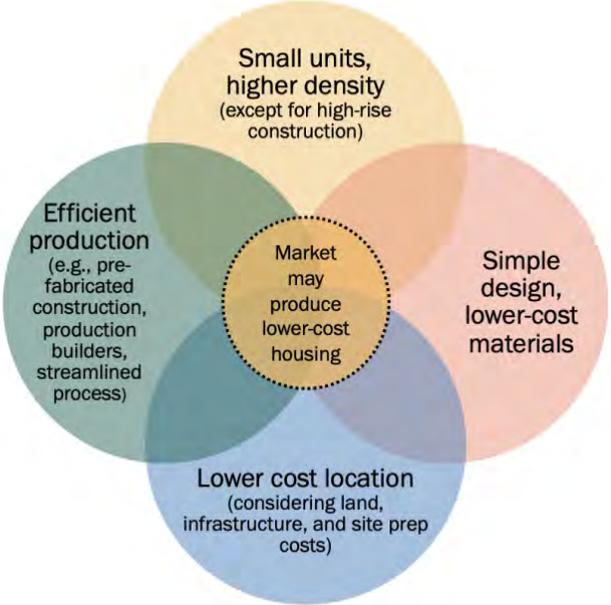
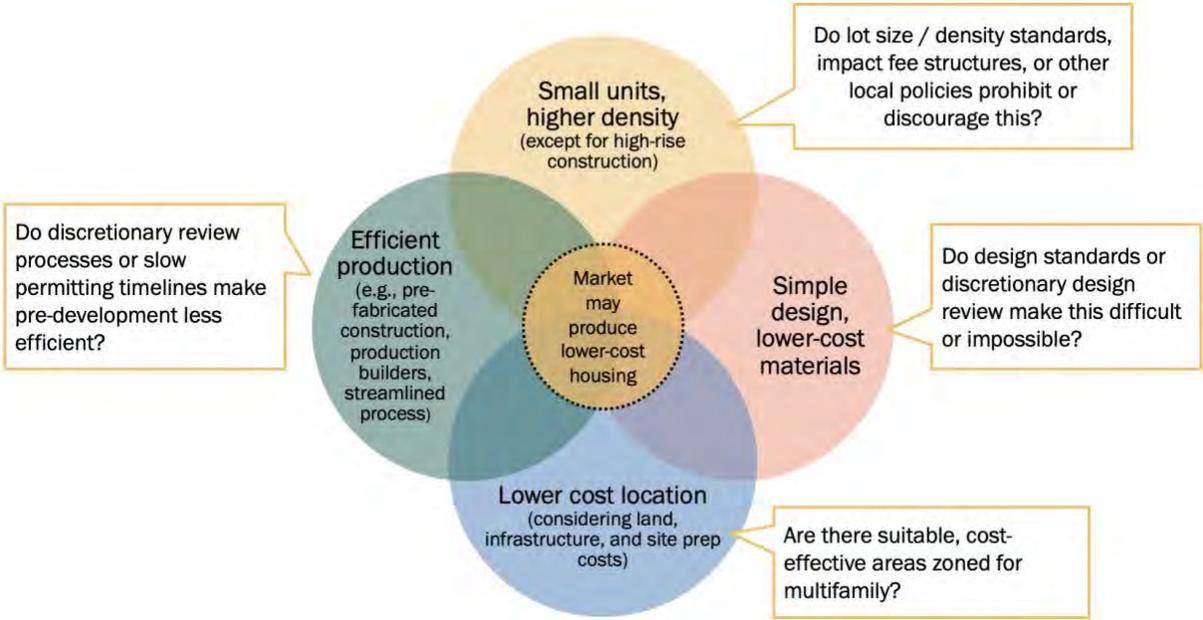


Figure 19: Public Sector Influence on Market's Ability to Produce Lower-Cost Housing

Source: ECONorthwest



In sum, it takes a confluence of multiple factors for the market to produce lower-cost housing, and local regulations and fees can have an impact on the market's ability to achieve those factors.

Looking specifically at SLO County, ECONorthwest's interviews with local housing developers, market research, and development feasibility analysis suggested the following barriers to ABD housing:

Market Barriers

- Land cost
- Demand for high-end housing
- Construction costs
- Demand for parking

Regulatory Barriers

- Discretionary review
- Density caps
- Minimum unit sizes
- Parking requirements that exceed market demand
- Impact fees, inclusionary zoning
- Required infrastructure improvements

Potential Policy Measures to Support ABD Housing

Overview

ECONorthwest identified a range of potential policy measures jurisdictions could consider to support development of ABD housing. These generally fall under the following categories:

- Streamline development review and permitting.
- Align development standards to support ABD housing.
- Allow ABD housing in cost-effective locations.
- Adjust impact fee rates and policies to incentivize ABD housing.

Based on feedback from multiple different stakeholder groups, including home builders, market-rate housing developers, affordable housing providers, other housing advocates, and local planners, SLOCOG and ECONorthwest identified the following six measures for additional research and evaluation:

7. Objective Design Standards
8. Ministerial Approvals and Streamlined Approval Processes
9. Density Limits
10. Zoning Vacant Land for Multifamily Housing
11. Aligning Infrastructure Investments with Land for Multifamily Housing
12. Adjusting Impact Fee Policies or Rate Structures to Incentivize ABD Housing

Having identified these measures as priorities, ECONorthwest distributed a survey to the planning departments of the eight jurisdictions in SLOCOG—Arroyo Grande, Atascadero, Grover Beach, Morro Bay, Paso Robles, Pismo Beach, City of San Luis Obispo, and County of San Luis Obispo—to gather information on how they currently address these topics. The results of the survey are incorporated into the sections that follow.

Finally, to illustrate how other jurisdictions have approached some of the policy measures highlighted to support ABD housing, ECONorthwest collected information on practices by jurisdictions in California and other states that were recognized as “prohousing.” These examples are also integrated into the following sections.

State Housing Laws and ABD Housing

Many state housing laws aim to remove barriers to developing affordable housing; however, these do not necessarily apply to ABD housing. Figure 20 summarizes how key state laws and recent bills relate to ABD housing as defined for this study.

Figure 20: Summary of State Housing Law Applicability to ABD Housing

Source: ECONorthwest research and state laws as noted below

Legislation	Relevant Eligibility Criteria (ABD Eligible?)	Benefits for Qualifying Housing Developments
SB 35 (2018)	<p>ABD not eligible</p> <ul style="list-style-type: none"> At least 10% or 50% of units must be affordable depending on which income categories jurisdictions have failed to produce. Affordable units must be for less than 80% AMI only, requires lasting affordability restrictions. Jurisdictions that have not met RHNA targets (applies to most SLOCOG jurisdictions) 	<ul style="list-style-type: none"> Ministerial approvals Objective design standards (ODS)
SB 330 (2019) and the Housing Accountability Act (HAA)	<p>ABD potentially eligible</p> <ul style="list-style-type: none"> Housing for very low, low-, or moderate-income households qualifies for additional protections. One option is if 100% of units are affordable to moderate-income (80-120% of AMI) or middle-income (<150% of AMI) households; units for moderate-income households must be affordable at 100% of AMI. Lasting affordability requirements apply only to units for very low or low-income households 	<ul style="list-style-type: none"> Locks in regulations and fees when a preliminary application is submitted. Burden of proof is on the jurisdiction if denying the application; limited basis for denial if application complies with objective standards. Maximum review timelines
AB 2345 (2020) and the Density Bonus Law	<p>ABD not eligible</p> <ul style="list-style-type: none"> Multiple affordability criteria: for-sale housing can qualify if at least 10% of units are affordable to moderate-income (80-120% of AMI) households. Requires lasting affordability restrictions (at least 45 years) 	<ul style="list-style-type: none"> Increased density, reduced setbacks, other zoning modifications

In sum, ABD housing may be eligible for increased protections from being denied or having density reduced under the HAA if it meets the requirements for moderate-income housing, but

it would not qualify for ministerial approvals, ODS, or zoning concessions under SB 35 or the density bonus law.

Objective Design Standards

Description

Objective design standards (ODS) are defined in California State Law as standards which “involve no personal or subjective judgment by a public official and are uniformly verifiable by reference to an external and uniform benchmark.”

While basic development standards such as lot size requirements are typically objective, many jurisdictions apply design requirements to new housing development that introduce subjectivity, considering compatibility with surrounding structures or otherwise leaving room for interpretation of whether a development has met the requirements through ambiguous language. ODS are often related to building design elements, such as window size and location, roof lines, building articulation, etc. Having objective design standards can streamline the process of getting planning approvals by establishing a common set of expectations for developers and allowing development to avoid lengthy discretionary review processes.

While SB 35 does not apply to ABD housing, as noted above, jurisdictions could potentially offer ABD housing the option to use the same ODS applicable to SB 35–eligible development. HCD published an objective design standards tool kit for California jurisdictions in 2021 with guidance and examples.¹⁹

Current Practice for SLOCOG Jurisdictions

Only the City of San Luis Obispo and Grover Beach have adopted specific ODS. In the limited time since these standards were adopted, they have been used a few times in Grover Beach but have not yet been used successfully in the City of San Luis Obispo. Grover Beach allows "modification to standards" to respond to site conditions, which may make it easier for development to comply with most of the standards while seeking flexibility where needed. San Luis Obispo County uses only objective basic development and site design standards and does not have building design standards; therefore, all development uses objective development standards. Three additional jurisdictions—Atascadero, Paso Robles, and Morro Bay—are in the process of developing standards. A table of current ODS practices among SLOCOG members is included in Figure 21 below.

¹⁹ California HCD, “Approaches and Considerations for Objective Design Standards,” January 2021, <https://hcd.gov.app.box.com/s/baznxdyweq6a8txcrb22li0gogqodzz6>

Figure 21: Summary of Responses from SLOCOG Jurisdictions regarding Objective Design Standards

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	ODS Status	Eligibility for ODS	Topics Addressed	Usage of ODS
Atascadero	In progress	All multifamily and mixed-use developments	TBD	N/A
City of San Luis Obispo	Adopted (2021)	SB-35 projects only	Specific building & site design standards (materials, window trim, building length, window placement, roof design, articulation, landscaping)	None to date
County of San Luis Obispo	Adopted	Not limited	Basic development & site design standards (no building design standards)	All projects
Pismo Beach	Not Available	N/A	N/A	N/A
Paso Robles	In progress	TBD	TBD	N/A
Morro Bay	In progress	TBD	TBD	N/A
Arroyo Grande	Not Available	N/A	N/A	N/A
Grover Beach	Adopted (2022)	All single-family, multifamily, and mixed-use developments	Site & structure design (façade articulation, entrances, ground floor height, transparency, building orientation, blank walls, building materials, upper-story windows, parking and access, pedestrian circulation, etc.) Modifications to standards allowed	A few high-density projects

Other Examples

Sacramento, CA

Sacramento, CA, received the first Prohousing Designation from the California Department of Housing and Community Development in February 2022 for its housing reform efforts. These included establishing objective design standards for infill development of projects with two units or more, including additional dwelling units attached to single-unit housing.

Citrus Heights, CA

Citrus Heights was awarded a Prohousing designation from the State of CA for their use of objective design standards to spur development in their city. The designation was awarded for the city's efforts to develop the Sunrise Tomorrow Specific Plan, a plan to convert a 100-acre

mall property to a mixed-use residential property.²⁰ The plan zoned for new uses on the site, including multifamily residential, retail, and hotels, tripling the amount of development allowed on the site and providing the opportunity for 2,200 new units in a city that is 98% built out. The plan also introduced objective design standards for the Sunrise Tomorrow Specific Plan area, which will streamline future development.²¹ The city is currently experiencing challenges encouraging development on the site because it is owned by six different companies, but it is continuing to work with developers and the community to improve the site.

Oregon Model Development Codes

In Oregon, all “needed housing” (effectively all housing development that is designed to fulfill a housing need rather than a resort or short-term rental purpose) must have the option to be reviewed against only clear and objective standards. Oregon’s Department of Land Conservation and Development (DLCD) publishes a model development code for small cities to facilitate compliance with this and other state requirements and smart growth principles. The model code includes “Community Design Standards” that address building orientation and design as well as site design factors such as access and circulation, parking, and landscaping. The residential building design standards provide clear and objective standards to address building orientation, articulation, inclusion of certain design features (using a menu approach), and an option to require house plan variety in new subdivisions. While the model code was last updated in 2012, it may provide a useful example for smaller cities considering ODS.²² Oregon’s middle housing model codes, published in 2020, also include clear and objective design standards applicable to middle housing.²³

Eugene, OR

A study of multifamily development in Eugene, Oregon, evaluated whether public opposition expressed in a discretionary review process had an impact on development outcomes. It found that although the City allows most multifamily development by-right, 12% of multifamily development projects during the period analyzed (2010-2016) required a land use application. The land use applications ranged from minor adjustments to site plan reviews to planned development applications. Applications most sought adjustments to building orientation and

²⁰ Murillo, Alicia. “Six California Cities Earn State Prohousing Designation.” hcd.ca.gov. California Department of Housing and Community Development, December 15, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/six-california-cities-earn-state-prohousing-designation>.

²¹ citrusheights.net. “Sunrise Mall Specific Plan.” City of Citrus Heights, CA. Accessed June 20, 2023. <https://www.citrusheights.net/1009/Sunrise-Mall-Specific-Plan>.

²² Oregon Department of Land Conservation and Development, *Oregon Model Development Code and User's Guide for Small Cities*, 3rd Edition (2012), <https://www.oregon.gov/lcd/tgm/pages/model-code.aspx>

²³ Oregon Department of Land Conservation and Development, *Large Cities Middle Housing Model Code*, December 2020, <https://www.oregon.gov/lcd/UP/Documents/OAR660046%20EXHIBIT%20B%20-%20Large%20Cities%20Middle%20Housing%20Model%20Code%20201209.pdf>

entrance standards, parking standards, building massing and façade standards, and access/circulation standards. While opponents of the projects raised concerns, including traffic increases, pedestrian safety, and neighborhood character, there was no evidence that these concerns resulted in changes to the development or design for the projects evaluated in the study. The study concluded that offering more flexibility on the standards that most caused challenges could reduce the need for land use applications.²⁴

Preliminary Recommendations

- **Adopt simple ODS:** Avoid overly detailed requirements when adopting ODS and provide flexibility where possible (e.g., through a menu-based approach).
- **Simplify minor adjustments:** Offer a process for minor deviations from the ODS that can still be reviewed by staff.

Ministerial Approvals and Streamlined Approval Processes

Description

Ministerial approvals refer to nondiscretionary staff-level approval of development projects. Robust ministerial approval processes provide a faster process and lower fees for development review. California’s SB 35 requires cities and counties which have failed to meet their RHNA obligations to allow developments that include a certain percentage of affordable units and meet other criteria to proceed through a ministerial review process.²⁵

²⁴ Seth Thompson, “Public Opposition to Increased Housing Density in Eugene, Oregon: How Opposition to Multifamily Housing Impacts the Built Environment,” University of Oregon Department of Planning, Public Policy, and Management, Masters of Community and Regional Planning, 2018 Professional Project, June 2018. https://scholarsbank.uoregon.edu/xmlui/bitstream/handle/1794/25087/SThompson_ExitProj_Final.pdf?sequence=1&isAllowed=y

²⁵ At least 50% of the proposed residential units should be affordable to households at 80% of AMI.

The project must net two or more new residential units.

The project must be zoned in the proper parcel and two-thirds of the project must be residential.

The location of the project may not be within a coastal zone, prime farmland, wetlands, a high fire hazard severity zone, hazardous waste site, a delineated earthquake fault zone, a floodplain, a floodway, a community conservation plan area, a habitat for protected species, or under a conservation easement.

The project does not demolish a historic building, a building where housing units have been occupied for the last 10 years, or a building subject to rent control.

The project must meet all objective design standards.

If the project is a private development project, it must pay prevailing wage, and if it is more than 50 units, it must use a skilled and trained workforce.

The project must not involve the subdivision of a parcel that is subject to the California Subdivision Map Act, unless the project pays prevailing wage and receives a low-income housing tax credit or uses a skilled and trained workforce.

Current Practice for SLOCOG Jurisdictions

Most of the cities offered some form of ministerial approval for developers; two offered SB 35 ministerial approvals. The criteria or maximum number of units eligible for ministerial approvals in each jurisdiction are summarized in Figure 22 below.

Figure 22: Summary of Responses from SLOCOG Jurisdictions regarding Ministerial Approvals

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	What is the maximum number of units that can receive ministerial approvals outside of SB 35 provisions?
Atascadero	11 (unless on a designated site in the housing element)
City of San Luis Obispo	No max threshold
County of San Luis Obispo	38
Pismo Beach	No Response
Paso Robles	1 outside of State intervention; 3 when including ADUs and JADUs; 4 utilizing SB9
Morro Bay	2 dwelling units and multifamily projects of 6000 sf or less, single-family homes under 2500 sf
Arroyo Grande	No Response
Grover Beach	No cap per year, or within the jurisdiction. SB 35 unit limits are based on land use density controls.

The jurisdictions differ on processing times for ministerial approvals. The Cities of San Luis Obispo, Paso Robles, and Grover Beach gave the shortest timelines. All three gave initial review timelines of a maximum of 1 month while the County gave a minimum time period of 6 months. For nonministerial approvals the estimates differed widely, but they ranged from 3 months to 18 months.

Other Examples

Sacramento, CA

As noted previously, the City of Sacramento received recognition by the state for its housing reform efforts, which included several measures related to streamlining approvals, including allowing projects of up to 150 units to bypass the requirement for a public hearing and qualify

for ministerial approval. The city set a 90-day timeline for ministerial approval of these projects.²⁶ It also allowed single-unit, duplex, and multiunit dwelling to be built by-right.²⁷

Oakland, CA

The City of Oakland introduced a “one stop shop” for permits that coordinates between three permitting departments to streamline and simplify procedures for developers. The departments are Fire Prevention Services, Planning & Building, and Transportation. Oakland introduced the “one stop shop” in September 2021.²⁸

Grand Rapids, MI

According to a study by the Turner Center, zoning reforms in Grand Rapids, MI, (which included upzoning, allowing a wider range of housing types by-right and other changes) found a balance between opportunities for community input and streamlined project approvals. “If projects conform to zoning and design guidelines, the project is approved within approximately six weeks. Moreover, it is nearly unheard of for the city to deny a project application, largely because complying with the city’s land use regulations has proven to be straightforward for developers. City officials noted that the predictability of their approval process has resulted in more interest in development in their community.”

Preliminary Recommendations

- **Expand eligibility for ministerial approvals:** For jurisdictions that currently limit availability of ministerial approvals based on the number of units, this threshold could be increased (e.g., to 150 units) or eliminated for multifamily developments in medium and high-density residential zones.
- **Have staff review projects using ODS:** Even if the review is not considered truly ministerial, avoiding having a body accustomed to doing discretionary reviews serve as the approval body for projects subject to ODS could help streamline the process and avoid raising concerns that cannot be addressed.

²⁶ Herriges, Daniel. “Did Sacramento Just Approve the Best Local Housing Reform Yet?” Strong Towns, January 21, 2021. <https://www.strongtowns.org/journal/2021/1/21/did-sacramento-just-approve-the-best-local-housing-reform-yet>.

²⁷ “Sacramento Becomes First California Jurisdiction to Earn State Prohousing Designation.” California Department of Housing and Community Development, February 24, 2022. <https://www.hcd.ca.gov/about-hcd/newsroom/sacramento-becomes-first-california-jurisdiction-to-earn-state-prohousing-designation>.

²⁸ “One-Stop Permit Center: In-Person & Expanded Digital Services,” City of Oakland, accessed June 26, 2023, <https://www.oaklandca.gov/resources/one-stop-permit-center>.

Density Limits and Parking Requirements

Description

If an area is zoned to allow multifamily but the maximum density is too low, it can preclude efficient multifamily development. As noted above, while California jurisdictions are required to allow density bonuses and other regulatory concessions for qualifying affordable housing developments, this does not apply to ABD housing where units are market-rate but offer affordability for moderate-income households. Some jurisdictions use “fractional density,” in which small units are counted as a fraction of a unit for purposes of density calculations. This approach is more aligned with ABD housing. Other jurisdictions simply increase (or even remove) their maximum density standards for all housing to prioritize housing production.

Reducing or eliminating minimum parking requirements can also be a tool to encourage ABD development and can be an important complement to higher-density limits because achieving higher densities sometimes requires lower parking ratios (e.g., for the microunits and compact walk-up apartment prototypes analyzed in Part 1). Reducing parking requirements also eliminates a mandatory cost for developers and can lower rental costs for households in some cases. However, in areas where there is strong market demand for parking, developers may choose to build parking even if it is not required, or they may choose to build more than is required to meet market demand.

Current Practice for SLOCOG Jurisdictions

The survey asked the departments to list their jurisdictions highest-density zones and the maximum by-right density in those zones. Their answers are listed in Figure 23.

Figure 23: Summary of Responses from SLOCOG Jurisdictions regarding Multifamily Density

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Which zones in your jurisdiction allow the highest residential density? What is your maximum by-right density in these zones?
Atascadero	RMF-24 - 24 units per acre
City of San Luis Obispo	C-D - 36DU/acre, C-C 36DU/acre
County of San Luis Obispo	Residential Multifamily (<i>density not specified</i>)
Pismo Beach	Our Residential Very High Density overlay zone. Once a property is rezoned with the overlay, it is 50 units per acre.
Paso Robles	T4-N, T4-F, T4-NC, TC-1, TC-2, and RSC all allow up to 30 units/acre
Morro Bay	RH (Residential High Density). Currently 2 units by-right or Multifamily projects with total sf of 6,000 or less.
Arroyo Grande	Multifamily Very High Density and mixed-use zones allow up to 25 du/acre
Grover Beach	No Response

The City of San Luis Obispo also utilizes fractional density for all zones outside the AG, C/OS, and R-1 zones. The City of Paso Robles also allows fractional density in some of its zones. The details are included in Figure 24 below.

Figure 24 Summary of Responses from SLOCOG Jurisdictions regarding Fractional Density

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Housing Type	Fractional Density
City of San Luis Obispo	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings between 601–1,000 sq. ft.	.66
	Two-bedroom dwelling	1
	Three-bedroom dwelling	1.5
	Dwellings with four or more bedrooms	2
Paso Robles	Studio and one-bedroom dwellings less than 600 sq. ft.	.5
	One-bedroom dwellings 600–1,000 sq. ft.	.66
	Dwellings with two or more units	1

Other Examples

San Diego, CA

The City of San Diego introduced several changes to its density bonus program in 2018. The new program language included several provisions that offer bonuses for smaller units:²⁹

- A 10 percent density bonus for developments that do not go beyond the maximum permitted building footprint.
- A 100 percent density bonus for microunit production for developments that do not go beyond the permitted building footprint.

Cottage Grove, Oregon

The small city of Cottage Grove, Oregon, recently eliminated maximum density limits in its residential zones. Minimum lot size standards apply but do not scale with the number of units, meaning they are primarily a constraint on density for single-unit detached development. Multifamily development is limited only by height and building coverage standards.³⁰

²⁹ “City of San Diego Density Bonus Regulations for Affordable Housing,” San Diego Housing Commission, accessed June 20, 2023, <https://www.sdhc.org/doing-business-with-us/developers/density-bonus/>.

³⁰ City of Cottage Grove Municipal Code, Chapter 14.22 Residential Districts: <https://www.codepublishing.com/OR/CottageGrove/#!/CottageGrove14/CottageGrove1422.html#14.22.120>

San Jose, CA

The City of San Jose (along with Sacramento, San Diego, and San Francisco) eliminated their parking minimum requirements in December 2022. In the same ordinance that repealed the parking minimums, the city council also included requirements for bicycle parking to encourage other forms of transportation.³¹

Preliminary Recommendations

- **Adjust density limits in high-density residential and mixed-use zones:** This could take several different forms:
 - For density limits expressed in dwelling units per acre, increase the maximum density allowed by-right. Allowing at least 35 units per acre will generally allow for three-story walk-up apartment development, which may meet ABD criteria. Higher densities may be appropriate for downtown areas and mixed-use development.
 - Use floor area ratio (FAR) or other physical form limits (e.g., height) to regulate the amount of development. This can serve as an incentive for building smaller units.
 - Use fractional density or a density bonus to encourage smaller units.
- **Reduce or eliminate minimum parking requirements for smaller units:** Require less than one space per unit for small units and/or exempt microunits in downtown or mixed-use areas from parking requirements.

Zoning Vacant Land for Multifamily Housing

Description

Many jurisdictions seek to focus higher-density development in core areas, downtown, or near transit. However, these areas are often largely developed already, and redevelopment means higher land costs along with demolition and sometimes environmental remediation costs. Zoning vacant land for multifamily housing can offer a lower-cost development opportunity, particularly if the land has or is near the necessary infrastructure to support development. This makes it easier for ABD multifamily housing projects to be economically viable.

Current Practice for SLOCOG Jurisdictions

All but two jurisdictions noted that they had vacant sites listed on their Housing Element in their densest zones. Atascadero noted the vacant sites are very small and Arroyo Grande and County of San Luis Obispo did not list any vacant sites. Figure 25 below lists all the responses.

³¹ Kamisher, Elyahu. "Bye-Bye Parking Requirements: San Jose Becomes Largest City in U.S. to Abolish Minimum Parking." The Mercury News, December 7, 2022. <https://www.mercurynews.com/2022/12/07/bye-bye-parking-requirements-san-jose-becomes-largest-city-to-abolish-minimum-parking/>.

Figure 25: Summary of Responses from SLOCOG Jurisdictions regarding Vacant Land Zoned for High-Density Housing

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	Are there vacant sites listed on your Housing Element in your highest-density zones?
Atascadero	yes...with a caveat that they are small, since the original colony subdivided in 1913
City of San Luis Obispo	Yes
County of San Luis Obispo	None listed
Pismo Beach	Yes
Paso Robles	Yes
Morro Bay	Yes
Arroyo Grande	No
Grover Beach	Yes

Other Examples

Study on Upzoning in Portland, OR

A recent study on the impact of upzoning and higher-density zoning on development and housing production in Portland, OR, found that “both upzoning and higher density zoning led to significantly greater development probabilities, higher development densities, and more housing supply,” suggesting that “upzoning could be an effective policy tool for increasing housing supply, particularly when it is applied to vacant and underutilized parcels.”³²

Preliminary Recommendations

- Zone vacant buildable sites large enough to accommodate multifamily development to allow it by-right at an appropriate density. Ideally, this would include sites over an acre with access to infrastructure.

Aligning Infrastructure Investments

Description

The cost of extending or upgrading infrastructure (e.g., roads, sewer, and water lines) to serve a site can be cost prohibitive for ABD housing. It also adds significant time and uncertainty to the development process. To the extent that jurisdictions can invest in the infrastructure upgrades and extensions needed to make ABD housing development possible, this can mean substantial cost savings and a major increase to development feasibility.

³² Hongwei Dong, “Exploring the Impacts of Zoning and Upzoning on Housing Development: A Quasi-Experimental Analysis at the Parcel Level,” *Journal of Planning Education and Research*. February 1, 2021. <https://doi.org/10.1177/0739456X21990728>

Current Practice for SLOCOG Jurisdictions

The Regional Housing & Infrastructure Plan (HIP) is a collaborative action plan between the seven Cities, County of San Luis Obispo, and SLOCOG in response to the region's growing housing and infrastructure shortage. The HIP is intended to help accelerate housing development where it makes the most sense given regional conditions and readiness. The HIP inventories infrastructure barriers to housing, identifies funding to implement infrastructure needs, and develops foundational information for the future 2027 Regional Housing Needs Assessment (RHNA). The 2023 HIP identified 80 water, wastewater, and transportation infrastructure projects and possible grant funding sources.

Other Examples

Bend, OR

The City of Bend, Oregon, conducted a study in 2018 to evaluate infrastructure and planning needs to make land development-ready in various areas of the city, including areas on the edge that had been recently authorized for development with complete communities, a range of housing types, and commercial services and infill/redevelopment "opportunity areas." The study analyzed the type and amount of development that each area was expected to yield (including affordable housing); the cost of providing needed water, sewer, and/or transportation improvements; other factors that could inhibit development; and estimated revenues from impact fees and property taxes from each area. The analysis informed decisions about where to focus staff time, political will, planning energy, and infrastructure investments.³³

Preliminary Recommendations

- Use the ongoing HIP process to prioritize infrastructure investments that can unlock multifamily development in appropriate areas.

Adjusting Impact Fee Policies or Rate Structures

Description

While impact fees are a vital source of funding for local infrastructure needs, they tend to disproportionately affect the feasibility of building smaller and lower-cost housing units.³⁴ This is particularly true when the fee structures do not account for differences in impact based on

³³Bend Growth Management Department in collaboration with Angelo Planning Group, ECONorthwest, Cascadia Partners, DKS Associates, and MURRAYSMITH, "Bend Urban Growth Boundary Implementation Return on Investment Analysis and Next Steps," April 26, 2018.

<https://www.bendoregon.gov/home/showpublisheddocument/36542/636637940683270000>

³⁴ ECONorthwest on behalf of Oregon Housing and Community Services, "Oregon System Development Charges Study: Why SDCs Matter and How They Affect Housing," December 2022.

https://www.oregon.gov/ohcs/development/Documents/Oregon%20SDC%20Study_FinalReport_121422.pdf

unit size or location-efficient developments. While many localities in California waive impact fees for affordable housing, this does not apply to ABD housing. A full waiver of impact fees is not necessarily an appropriate policy measure for ABD housing; however, there are other adjustments that jurisdictions can make to reduce the effects of impact fees on ABD housing. For example, impact fees can be deferred until later in the construction process or financed over a period of years. Rate structures can also be adjusted to account for reduced demand from smaller units while keeping the overall average rates constant to minimize the impact to revenue collections.

Current Practice for SLOCOG Jurisdictions

Impact fee policies vary across the jurisdictions. Three jurisdictions—Morro Bay, Arroyo Grande, and Grover Beach—do not offer any impact fee deferrals. Most other jurisdictions allow deferral or exemptions for affordable housing projects. Atascadero indicated that all impact fees are deferred for all developments.

All the jurisdictions indicate that their impact fees vary by housing type/unit size. Some vary by unit type, lot size, or zoning. Some are lower for affordable units. Others vary based on square footage. Specific answers are listed in Figure 26 below.

Figure 26: Summary of Responses from SLOCOG Jurisdictions regarding Impact Fee Variables

Source: ECONorthwest based on survey of SLOCOG jurisdictions

Jurisdiction	If your impact fees vary by housing type and/or unit size, please describe which fees and what the variables are (e.g., housing type / ITE code, square footage, number of bedrooms, etc.).
Atascadero	Vary by lot size, zoning
City of San Luis Obispo	Transportation, water, wastewater, are reduced for smaller units (based on square footage).
County of San Luis Obispo	Certain building types may qualify for fees based on square footage of project
Pismo Beach	By unit type, yes. Not by unit size.
Paso Robles	They vary by "Transportation Area" within the City and the fee can vary by size/sf
Morro Bay	Size and cost of project.
Arroyo Grande	Fees are lower for low and very low income units
Grover Beach	Housing type, square footage, etc.

Other Examples

Fontana, CA

The city of Fontana, CA, reduced its impact fees for infill development by 50% as part of their Housing Element update in June 2021. City officials defined infill development as development

in the central third of Fontana.³⁵ Projects located in that zone were eligible for this impact fee reduction. Impact fees can range from “approximately 9.3% to 10.3% of the direct cost of development for a single-family residential project and 4.3% to 4.4% for a multi-family residential project” which can represent a significant cost for the developer.³⁶

Preliminary Recommendations

- **Scale by unit size:** Wherever reasonable, adjust impact fees by unit size to reflect lower impacts from smaller units. This could also mean increasing fees for larger units so that the change is revenue neutral.
- **Defer collection:** Allow deferral of the impact fee until occupancy for multifamily development regardless of whether it includes affordable units.
- **Adjust for infill locations:** Set fee rates lower where infrastructure needs are lower due to proximity to existing facilities. This can offset some of the higher cost of building in close-in, more developed areas.

CONCLUSION

This study suggests that affordable-by-design housing can potentially help meet the needs of some moderate-income households in SLO County without public financial support. While it cannot meet the housing needs of all low- or moderate-income households, and lasting affordability is not guaranteed, it can leverage the market to meet one segment of housing needs and allow public and philanthropic financial resources to focus on deeper affordability and more challenging housing needs.

Although there are substantial challenges to developing ABD housing in SLO County, jurisdictions can implement a variety of regulatory and planning measures to remove barriers to this type of development and support housing production at a moderate price point. This study is intended to offer recommendations for SLOCOG members, policymakers, developers, and advocates to consider as part of their affordable housing strategies.

³⁵ “City of Fontana 2021-2029 6th Cycle Housing Element” (City of Fontana, CA, June 25, 2021), 4–6, <https://www.hcd.ca.gov/housing-elements/docs/fontana-6th-draft062521.pdf>.

³⁶ “City of Fontana 2021-2029 6th Cycle Housing Element,” 3–27.