



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, October 15, 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:

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➤ *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 Planning Information Update

Staff Recommendation: Receive and file.

A-2 Approval of the minutes from the Planning Commission meeting of June 4, 2024.

Staff Recommendation: Approve minutes as submitted.

A-3 Approval of the minutes from the Planning Commission meeting of August 6, 2024.

Staff Recommendation: Approve minutes as submitted.

B. PUBLIC HEARINGS

C. NEW BUSINESS

C-1 Housing Policy Overview

Staff Recommendation: Receive and file.

D. UNFINISHED BUSINESS

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS

G. ADJOURNMENT

Adjourn to the Special Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on November 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
955 Shasta Avenue
Morro Bay, CA 93442

AGENDA NO: A-1

MEETING DATE: Oct. 15, 2024

Memorandum

TO: Chairperson Roschen and Members of the Planning Commission

FROM: Kim Fowler, Planning Manager, Planning Division

SUBJECT: Planning Information Update

Planning staff have been working hard over the last several months to improve the way the Community Development Department does business. To provide more information to the community at-large, the previously submitted Planning and Building Project Tracking Spreadsheets will now be available on the city's website and updated monthly.

The permanent website link is:

<https://www.morrobayca.gov/1087/Current-Planning-and-Building-Permit-App>

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Current Planning and Building Permit Applications

Climate Action

Current Planning Projects

Planning Commission

Plan Morro Bay (GP / LCP)

Morro Bay Permit Portal Help Page

Archived Files

Supplemental Permit Information

Completed Projects

Home » Your Government » Departments & Divisions » Community Development » Planning Division » Current Planning and Building Permit Applications

Current Planning and Building Permit Applications

List of Current Planning Permit Applications

- [Last updated October 14, 2024](#)

List of Current Building Permit Applications

- [Last updated October 14, 2024](#)

How to view the tracking sheet. Each permit includes a set of rows and columns. The information includes the permit number, permit type, applicant name and address, permit status, assigned staff planner, and a brief project description. Below this set of rows and columns are 1) current status, and 2) background with key dates. See below example for CDP22-015, which is an administrative CDP for a shed conversion into an ADU.

CDP22-015	Admin Coastal Dev Permit (Admin CDP)	Sandra Vanderbyl	531 Yerba Buena, Morro Bay, CA 93442
OPEN	stoner		

Shed Conversion into 468 sf Detached ADU.

***Applicant to schedule meeting with Planning staff October 2024 to discuss next steps.

Background: First Incomplete Letter sent 5/12/2022. Resubmittal received 7/21/2022. Second Incomplete Letter sent 8/6/2022. Resubmittal received and Third Incomplete Letter sent 10/24/2022. Letter of intent sent 7/1/2024 asking for a resubmittal or an update on the project.

Current projects that have had recent activity include three (3) asterisks*** and/or are **highlighted in red**.

Please contact individual Planning staff with questions or comments related to an open planning permit:

- asingewald = Airlin Singewald, asingewald@morrobayca.gov, (805) 772-6291
- evalentine = Erik Valentine, evalentine@morrobayca.gov, (805) 772-6511
- kfowler = Kim Fowler, kfowler@morrobayca.gov, (805) 772-6277
- stoner = Susana Toner, stoner@morrobayca.gov, (805) 772-6270

AGENDA ITEM: A-2

DATE: 10/15/2024

ACTION: DRAFT-REVISED

ACTION MINUTES – MORRO BAY PLANNING COMMISSION
REGULAR MEETING – JUNE 4, 2024
VETERANS MEMORIAL HALL – 6:00 PM

PRESENT:	Mike Rodriguez Joe Ingraffia Asia King	Vice-Chairperson Commissioner Commissioner
ABSENT:	Bill Roschen Eric Meyer	Chairperson Commissioner
STAFF:	Michael Codron Kim Fowler	Interim Community Development Director Interim Planning Manager

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE

<https://youtu.be/nLZeUmOVByY?t=41>

PLANNING COMMISSIONER ANNOUNCEMENTS

<https://youtu.be/nLZeUmOVByY?t=73>

Vice-Chairperson Rodriguez announced that Chairperson Roschen was absent due to being in Washington D.C. fundraising for a historical site there.

Vice-Chairperson also stated that he and council members Barton and Ford attended a tour of the BESS facility at Moss Landing on May 30, 2024. He then thanked Michael Codron, Interim Community Development Director for helping the City.

Commissioner Ingraffia mentioned the Friends of the Library will be losing their storage room at the library, it is used for their donations to sell, and if anyone can help, to reach out to elected officials.

PUBLIC COMMENT PERIOD

<https://youtu.be/nLZeUmOVByY?t=287>

Rachel Wilson, Cayucos, presented a PowerPoint presentation on tourism and how it helps Morro Bay, versus having a BESS located on the waterfront possibly catching on fire like the Otay Mesa BESS in San Diego County.

Norm Williams, Morro Bay, commented on the fire at Otay Mesa BESS, and the risk of lithium batteries.

Jeanne Marie Colby, Morro Bay, commented on the Otay Mesa BESS fire, and the threat to life that was announced there.

Steve Ray, Morro Bay, commented on Assembly Bill AB205, California Energy Commission and how Morro Bay is exempt, and the California Coastal Commission has jurisdiction on decisions.

Sechelle Cann, commented on the storage room at the library, and which elected officials to contact.

Commissioner Ingraffia addressed the library concern again and recommended contacting county supervisors, assemblymen, etc.

Betty Winholtz, Morro Bay, commented on the bike path connecting Morro Bay and Cayucos. She didn't recall the project coming before the Planning Commission, since part of it will be within the city's jurisdiction.

Staff reminded the commissioners that the bike path project lead is Public Works, and not aware if it had been on a planning commission agenda. Staff will look into it.

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Password: 135692

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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 May 7, 2024.
Staff Recommendation: Approve minutes as submitted.

MOTION: Commissioner King moved to approve minutes and receive and file current and advanced planning processing list. Commissioner Ingraffia seconded, and the motion passes 3-0, with King, Ingraffia, and Rodriguez voting yes.

B. PUBLIC HEARING
None.

C. NEW BUSINESS

C-1 Case No.: CUP23-04

Site Location: 431, 451 and 495 Embarcadero / City lease sites 49 L 49 W, 50 L 50 W, 51 L 51 W and 52 L 52 W

Proposal: Conceptual Review of a potential new development and redevelopment of City lease sites 49 L 49 W, 50 L 50 W, 51 L 51 W and 52 L 52 W at 431, 451 and 495 Embarcadero to include the renovation of the Associated Pacific Constructors, Inc. (APC) building to remove existing stairs, relocate the front entry, include a public restroom, two retail units on the east and west sides, delicatessen, food service, takeout window, and new observation/view deck. The existing vacation rental buildings will be demolished, and a new two-story building with eight (8) vacation rentals will be constructed. A new water area will include one (1) new floating dock, (3) new finger slips, and one (1) finger dock space with a low floating dock for a kayak rental business. A new Harborwalk connection is proposed to connect pedestrians along the Embarcadero to Tidelands Park.

Staff Recommendation: Review and provide comments.

Staff Contact: Kim Fowler, Planning Manager, (805) 772-6577

Kim Fowler, Interim Planning Manager, presented the staff report.

Commissioners presented questions to staff.

Vice-Chairperson Rodriguez opened the Public Comment Period.

<https://youtu.be/nLZeUmOVByY?t=2057>

Paul Gillen, Leaseholder of 495 Embarcadero, spoke about the time he took with the project, including the public benefits, economic feasibility, and architecture of the development being over the water.

Gene Doughty, Architect, spoke about the project.

Ted Schiafone, Harbor Director, addressed that the harbor's revenue comes from rents, and this project will generate more revenue for their department.

Sean Green, Morro Bay, commented on the applicant and how he's been on the waterfront many years, and stated some suggestions he would like to see implemented.

Terry Simons, Morro Bay, spoke in favor of the project, and hoped the waterfront master plan would be updated.

Betty Winholtz, Morro Bay, stated she objected to the categorical exempt status of the CEQA since the project is going over the water, the proposed building height and how it could affect the hotel across the street.

Vice-Chairperson Rodriguez closed the Public Comment Period.
<https://youtu.be/nLZeUmOVByY?t=3594>

Commissioners discussed concerns and provided comments.

Paul Gillen, Leaseholder, answered questions to the commissioners.

Staff answered questions to the commissioners and recommended the commissioners to direct staff to obtain a finalized copy of the public benefits report to bring back to the Planning Commission at a future date.

Gene Doughty, Architect, asked if another Conceptual Review or CUP (Conditional Use Permit) was needed.

Staff answered concerns and questions.

MOTION: Commissioner Ingraffia moved to approve staff recommendation to bring back the public benefits report and conceptual review if the applicant was willing, to a future meeting. **Commissioner Ingraffia's motion is based on needing adequate time to review the historical report and would like to request a joint meeting with the Harbor Advisory Board to learn about the complexities involved in a new lease or renewal, and the report, regarding restoring the two apartments at the end of the Embarcadero, stated it was not economically feasible and he would like to see convincing facts regarding the infeasibility claim.**

Vice-Chairperson Rodriguez seconded the motion, and the motion passes 3-0, with Ingraffia, Rodriguez and King voting yes.

Mayor Wixom thanked Michael Codron for being our Interim Community Development Director.

D. UNFINISHED BUSINESS
None.

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS
<https://youtu.be/nLZeUmOVByY?t=6216>

Vice-Chairperson Rodriguez mentioned the Community Benefits coming the first meeting of July.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS
<https://youtu.be/nLZeUmOVByY?t=6232>

Interim Director reminded everyone that the new Community Development Director will be starting June 24th.

G. ADJOURNMENT

The meeting was adjourned at 7:46 pm to the next regular Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on June 18, 2024, at 6:00 p.m.

AGENDA ITEM: A-3

DATE: 10-15-2024

ACTION: DRAFT

**ACTION MINUTES – MORRO BAY PLANNING COMMISSION
REGULAR MEETING – AUGUST 6, 2024
VETERANS MEMORIAL HALL – 6:00 PM**

PRESENT:	Bill Roschen Mike Rodriguez Joe Ingraffia Eric Meyer	Chairperson Vice-Chairperson Commissioner Commissioner
ABSENT:	Asia King	Commissioner
STAFF:	Airlin Singewald Kim Fowler Susana Toner	Community Development Director Interim Planning Manager Assistant Planner

ESTABLISH QUORUM AND CALL TO ORDER

MOMENT OF SILENCE / PLEDGE OF ALLEGIANCE

<https://youtu.be/NfvnlpLhNqI?t=103>

PLANNING COMMISSIONER ANNOUNCEMENTS

<https://youtu.be/NfvnlpLhNqI?t=138>

Chairperson Roschen introduced and welcomed the new Community Development Director, Airlin Singewald.

Director Singewald gave a summary of his previous career with the County of San Luis Obispo.

Commissioners Ingraffia and Rodriguez showed appreciation for Director Singewald's experience here on the coast.

Mayor Wixom welcomed Director Singewald to the City, and then reminded those present of the City's 60th anniversary this year and celebrations will take place the first week of September.

PUBLIC COMMENT PERIOD

<https://youtu.be/NfvnlpLhNqI?t=592>

Betty Winholtz, Morro Bay, mentioned a letter the City received from the Coastal Commission and would like someone to comment on the content of it.

Jeff Eckels, Morro Bay, formally announced his candidacy for City Council, his platform; Respecting our Past and Protecting our Future.

Chair Roschen closed Public Comment Period
<https://youtu.be/NfvnlpLhNqI?t=732>

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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 the minutes from the Planning Commission meeting of May 21, 2024.
Staff Recommendation: Approve minutes as submitted.
- A-3** Approval of the minutes from the Planning Commission meeting of June 4, 2024.
Staff Recommendation: Approve minutes as submitted.
- A-4** Approval of excused absences request for Chairman William (Bill) Roschen.
Staff Recommendation: Staff recommends the Planning Commission approve the request submitted by Chairman Bill Roschen to excuse his absence from the June 4, 2024, Regular Planning Commission meetings.

Commissioner Ingraffia requested corrections to the 6/04/24 minutes, he would like his comments clarified more.

MOTION: Commissioner Meyer moved to approve A-2 May 21, 2024 minutes and A-1 receive and file current and advanced planning processing list. Commissioner Rodriguez

seconded, and the motion passes 5-0, with King, Roschen, Rodriguez, Ingraffia, Meyer voting yes.

Interim Planning Manager, Fowler, polled the commissioners to approve item A-4. Motion passes 3-1, with Rodriguez, Ingraffia, Meyer voting yes, Roschen abstained

B. PUBLIC HEARING

B-1 Case No: Coastal Development Permit CDP24-018 and Conditional Use Permit CUP24-01

Site Location: 1108 Front St, Morro Bay, CA

Proposal: Coastal Development Permit and Conditional Use Permit for the expansion of an existing second floor short-term rental unit from 970 sf to 1285 sf with an 86 sf west-facing deck. The increase represents a 32% increase in the size of the conditioned space in this unit. Total retail on the lower level is 2500 sf and following completion of this addition, the short-term rental units will be 2681 sf of interior living space. The site is located in a VSC/RM zone zoning district, the portion of the property that the project is located on is in the VSC zone. The property is within the Coastal Appeals Jurisdiction.

CEQA: Exempt under Section 15301, Class 1e for small additions to existing buildings.

Staff Recommendation: Conditionally Approve

Staff Contact: Susana Toner, Assistant Planner, stoner@morrobayca.gov

Susana Toner, Assistant Planner, presented the staff report.

Commissioners presented questions to staff.

Staff answered the Commissioners questions.

Dick Kelter, Property owner of 1108 Front St, spoke briefly on the project.

Chairperson Roschen opened the Public Comment Period.

<https://youtu.be/NfvnlpLhNqI?t=2469>

Jeff Eckels, Morro Bay, commented on the project and how the Kelters have been improving the corner of that property, and supports the project.

Chairperson Roschen closed the Public Comment period.

<https://youtu.be/NfvnlpLhNqI?t=2585>

MOTION: Vice-Chairperson Rodriguez moved to approve staff recommendation to conditionally approve the project. Commissioner Meyer seconded the motion, and the motion passes 4-0, with Ingraffia, Rodriguez, Meyer and Roschen voting yes

C. NEW BUSINESS

<https://youtu.be/NfvnlpLhNqI?t=2808>

None.

D. UNFINISHED BUSINESS

<https://youtu.be/NfvnlpLhNqI?t=2826>

Vice-Chairperson Rodriguez addressed Director Singewald about Community Benefits Memo coming back to the Commission for a formal presentation and final approval by Council, and state housing legislation

Director Singewald stated the Community Benefits is on his list of things to address and he is aware of the housing legislation issue.

Chairperson Roschen asked Director Singewald about the Downtown Design District, City Council has reviewed it, and they would like to initiate a final meeting.

Director Singewald answered Chairperson Roschen's question.

Commissioner Ingraffia asked about stair access at Surf Street.

Director Singewald informed the Commissioners that he has set up a monthly meeting with the Coastal Commission and will address the coastal access at Surf Street.

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

<https://youtu.be/NfvnlpLhNqI?t=3311>

Commissioners Meyer and Ingraffia mentioned having a joint meeting with the Harbor Advisory Board and Planning Commission, to better educate the commissioners on how the harbor leases work, when it affects the Planning Commission.

Director Singewald commented on the possibility of planning that meeting.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS

<https://youtu.be/NfvnlpLhNqI?t=3636>

Director Singewald spoke about the letter received from Coastal Commission addressing the BESS project. He informed the commission and public that Public Hearing notices had been issued in The Tribune and will now be posted in the New Times.

Touched briefly on the Libertine, 801 Embarcadero project, and is planning to cancel the next two planning commission meetings, August 20th and September 3rd due to nothing needing to be presented.

Planning Department has a new Planning Intern, Lee Ackerman, and a new Assistant Planner, name withheld, and currently seeking a new Building Inspector since Eric Vincent has left the City.

G. ADJOURNMENT

The meeting was adjourned at 7:12 pm to the next regular Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on September 17, 2024, at 6:00 p.m.



Staff Report

TO: Chairperson Roschen and Members of the Planning Commission
FROM: Susana Toner, Assistant Planner, Planning Division
SUBJECT: Housing Policy Overview

I. RECOMMENDED ACTION:

REVIEW NEW STATE HOUSING LAWS AND THEIR APPLICABILITY IN MORRO BAY.

II. OVERVIEW

The Planning Commission asked city Planning staff to provide a series of presentations on housing-related topics. Planning staff kicked off this series on April 16, 2024, with a “Housing in Morro Bay” agenda item. The focus of the April item was the city’s 2023 Annual Housing Element Progress Report demonstrating the city’s progress in achieving its Regional Housing Needs Allocation (RHNA) for the 6th Cycle (2020-2028) Housing Element.

This item is the second presentation in the housing series. The focus of the item is a summary of recent and pending state laws that strive to increase California’s housing supply by requiring local agencies to streamline the permitting of certain types of housing.

RHNA

The overarching goal of the state housing laws discussed in this report is to increase housing supply and encourage products, such as ADUs, that tend to be more affordable. The city’s 2020-2028 Housing Element provides the roadmap for the city to meet its RHNA for the 10-year planning period beginning on January 1, 2019, through December 31, 2028.

The city is required to report its RHNA progress to the State Housing and Community Development Department (HCD) each year in April. The city’s last Housing Element Progress Report marked the mid-point in the city’s 10-year RHNA cycle. As shown in Table 1 below, new housing in the city has only achieved 32% of the RHNA target. The greatest shortfall is in the moderate-income category with only 9% of units produced.

Income Level	RHNA Allocation	Permit Date Range 01/01/19 – 12/31/23	Remaining RHNA	Percent RHNA Achieved
Very Low (0-50% AMI)	97	26	71	27%
Low (50-80% AMI)	60	8	82	13%
Moderate (80-120% AMI)	70	6	64	9%
Above Mod. (>120% AMI)	164	87	77	53%
Total	391	127	264	32%

Table 1 – New Housing Data

The affordable income levels are defined based on a percentage of the Area Median Income (AMI), which varies by household size. The affordable housing rents and prices are based on what an income-eligible household can afford to pay while spending no more than 30% of their income on housing.

As an example, the current AMI for a household of 3 is \$113,000. To qualify as moderate-income, a household of 3 can earn a maximum of \$135,650 (120% of \$113,000). The affordable sales price for a 2-bedroom house at the moderate-income level is \$454,000. The affordable rent for a 2-bedroom at the moderate-income level is \$3,109 per month.

For the city to count a unit towards meeting its RHNA, applicable affordability definitions must be verified. This can be done through deed restrictions or data showing the unit entered the market at affordable sales prices or rents. The city previously participated in a market study that determined ADUs are generally affordable and therefore can count towards the city’s RHNA goals. ADUs that do not exceed 500 square feet are assumed to be affordable at the low-income level and ADUs over 500 square feet are assumed to be affordable at the moderate-income level.

Deed restricted affordable housing units are usually developed by non-profit housing developers, such as the Housing Authority of the City of San Luis Obispo (HASLO) and People’s Self-Help Housing. These non-profit developers will rely on a combination of state and federal tax credits, grants, and private financing to develop 100% affordable housing, typically (but not always) apartments. These types of developments will include 45- or 55-year deed restrictions as a requirement of their state and federal funding sources. The most recent example of this type of housing in Morro Bay is HASLO’s Rockview at Sunset, which provides 35 very low- and low-income apartment units.

The city is also able to generate deed-restricted affordable housing through implementation of the city’s Density Bonus Ordinance and Inclusionary Housing Ordinance.

Objective Design Standards

The city's comprehensive zoning code update (adopted and certified March 2024) includes objective design standards for residential and mixed-use development (Morro Bay Municipal Code (MBMC) Section 17.31). The purpose of these design standards is to retain local control over housing projects that are eligible for streamlined approval under state housing law. This is important because the state housing laws remove the ability of local agencies to apply any discretion when considering how to address the impacts of an eligible project. The objective design standards address topics such as landscaping, parking, and open area requirements. Section 17.31 also specifies that objective design standards apply (but are not limited) to projects proposed under SB 35, SB330, AB2011, AB 2162, and SB 6.

Coastal Zone

Many of the state laws passed have larger cities in mind and are not applicable in the Coastal Zone. Most of Morro Bay is comprised of the Coastal Zone; only 13.5 acres in city limits are not within the Coastal Zone. This staff report aims to discuss the Senate and Assembly Bills passed that are applicable in the Coastal Zone and therefore in most of Morro Bay.

As described in the following analysis, the applicability of the Coastal Act and the city's Local Coastal Program (LCP) adds complexity to the implementation of state housing laws.

III. ANALYSIS OF STATE EXISTING HOUSING LAWS

State ADU Laws - Assembly Bill (AB) 345, AB 3182, AB 68, AB 881, AB 587, AB 670, AB 671, Senate Bill (SB) 13

Overview

Accessory Dwelling Units (ADUs) and Junior Accessory Dwelling Units (JADUs) were introduced by State Law to provide more housing during the State recognized housing crisis. ADUs/JADUs are independent living units on the same lot as a single-family home.

Single family homes may add up to one ADU and one JADU on the parcel. A JADU must be created from existing space within the primary home. An ADU can be a conversion of existing space, or the creation of space attached or detached from the primary dwelling unit. Multi-family parcels can create two detached ADUs and up to 25% of the number of units within a multi-unit structure, with a minimum of one ADU, constructed within portions of the structure that are not used as livable space.

City Municipal Code

ADUs shall comply with all provisions of the base, overlay, or specific plan district, except as modified by Section 17.30.040 of the city's zoning code and subsequent applicable state Laws.

Analysis

ADUs/JADUs count towards the city's progress in meeting its RHNA. When an attached ADU is under 500 sf, they are designated as affordable by design and counted in the below moderate category. The city has issued 17 building permits for ADUs and JADUs in the past 12-month period (permit search run from 10/9/2023-10/8/2024). These permits also received the required Administrative Coastal Development Permit (CDP) from the city.

ADU Process Example: 369 Shasta Ave (originally permitted as 580-A Olive Street) applied for a CDP in September 2022, went through one round of corrections. The application was deemed complete in November 2022 and received CDP approval in February 2023. The project applied for their building permit in March 2023, went through 2 rounds of corrections and was issued their building permit in December 2023. The project just finished construction, received their final inspection and certificate of occupancy in September 2024.

Pre-Designed ADU Plans: The City of Morro Bay partnered with the cities of Arroyo Grande, Atascadero, and Grover Beach to provide Pre-Designed ADU plans to assist property owners with the design, permitting, and construction of new build detached ADUs. Previews of the plans are available now on the city's website, with the final plans to come in the following weeks. For more information regarding the Pre-Designed ADU program, visit the [Pre-Designed ADU page](https://www.morrobayca.gov/1056/Pre-Designed-ADU-Program) on the City's website: <https://www.morrobayca.gov/1056/Pre-Designed-ADU-Program>

Permitting and Appealability

ADUs require Administrative CDPs as required by the Coastal Act before going through the building permit process for the creation of a dwelling unit. ADUs shall be ministerial permits per state law. Applications to create an ADU or JADU must be considered and approved ministerially within 60 days from the date the local agency receives a completed application.

Administrative CDPs for ADUs are not appealable to the Planning Commission since state law precludes the city from holding public hearings on ADUs. In appealable areas of the Coastal Zone, administrative CDPs for ADUs *are* appealable to the Coastal Commission.

Senate Bill 9 (SB 9) – Urban Lot Splits and Urban Dwellings

Overview

SB 9 allows ministerial approval of up to four (4) homes on one parcel in a single-family zone and the subdivision of one parcel into two parcels that can be smaller than the city’s minimum lot size requirements. In accordance with SB 9, the applicant for an urban lot split shall sign an affidavit stating that the applicant intends to occupy one of the housing units as their principal residence for a minimum of three years from the date of the approved urban lot split. See below Table 2 for examples of maximum residential development potential:

Example Maximum Residential Development Potential				
Development Scenario for Eligible Lots	Number of Primary Dwellings	Number of ADUs	Number of JADUs	Total Number of Dwellings
Development component only	2	1	1	4
Subdivision component only	2 (1 per lot)	2 (1 per lot)	0	4
Both development and subdivision components	4 (2 per lot)	0	0	4

Table 2: Example Maximum Residential Development Potential

City Municipal Code

The city’s zoning code outlines the process and regulations for projects under SB 9 in Section 17.07.050. This section of the zoning code specifies that SB 9 applications in the Coastal Zone must be found consistent with all applicable sections of the city’s Local Coastal Program.

Analysis

The city has received one application under SB 9; this application was later withdrawn due to the applicant not being able to meet the occupancy requirement.

Permitting and Appealability

All processes for projects under SB 9 must be ministerial. Applications under SB 9 require Administrative CDPs. Lot splits are processed as an Administrative Parcel Map and Administrative CDP and are charged the administrative lot merger fee and Administrative CDP fee; a new line item to address SB 9 will be included in the next Master Fee Schedule update.

Administrative CDPs under SB 9 are not appealable to the Planning Commission since state law precludes local jurisdictions from holding public hearings on SB 9 applications. In the Coastal Appeals Jurisdiction, Administrative CDPs under SB 9 *are* appealable to the Coastal Commission.

Senate Bill 684 (SB 684) – Ministerial Map and Development Review

Overview

SB 684 allows for the ministerial approval of up to 10 single family homes or less on parcels up to five (5) acres in multi-family zones. The bill provides relief for some development standards including minimum lot size and setbacks. If the proposed project is identified as an *Opportunity Site* in the city's Housing Element, the development shall result in at least as many units as projects for that parcel, including affordable units.

City Municipal Code

The city's zoning code was adopted and certified prior to SB 684 going into effect; this bill will be included in the next zoning code update. The process for projects under this bill would be similar to the process for projects under SB 9.

Analysis

SB 684 applies to parcels zoned for multifamily housing (Residential Medium Density (RM) and Residential High Density (RH)) that are 5 acres or smaller. The city is currently processing one project under SB 684. With the updates recently signed by Governor Newsom and going into effect in July 2025, SB 684 could also apply to vacant single-family zoned parcels ; these updates are discussed further below. Since much of the city is developed; opportunities for development of parcels under SB 684 are likely to be limited.

Permitting and Appealability

Projects under SB 684 require both Administrative CDPs and Parcel Maps. This is processed as a lot merger fee and Administrative CDP fee until a new line item to address SB 684 is added to a future update of the Master Fee Schedule. All processes for projects under SB 684 must be ministerial.

Administrative CDPs for projects under SB 684 are not appealable to the Planning Commission. Since SB 684 is silent regarding applicability of the Coastal Zone; current city interpretation of a project's appealability is the same as the appealability of a project under SB 9. In the Coastal Appeals Jurisdiction, Administrative CDPs for projects under SB 684 are appealable to the Coastal Commission.

Senate Bill 330 (SB 330) – Housing Crisis Act

Overview

SB 330 seeks to expedite the approval process for eligible “housing development projects” by imposing strict time limits on project processing and by limiting the number of hearings allowed to five. Eligible “housing development projects” means residential projects, mixed-use projects with 2/3 of the square footage dedicated to residential units and transitional or supportive housing projects. SB 330 also limits the ability of local governments to impose new conditions, restrictions, or changes that could delay or increase the cost of development. It aims to provide certainty to developers by ensuring that once a project is deemed complete and meets local zoning and land-use requirements, it cannot be subjected to further changes or exactions. The city cannot disapprove a housing development project or condition the project to develop at a lower density, unless it makes written findings, based on a preponderance of the evidence, that the project would specific, adverse impacts on public health or safety and there are no feasible means to mitigate those impacts other than to deny approval.

City Municipal Code

The city’s Objective Design Standards (MBMC Section 17.31) apply to SB330 projects. The city has not yet received any SB 330 project applications.

Permitting and Appealability

SB 330 streamlines housing development projects by limiting hearings, narrowing the standard of review for a project denial, and providing certain vesting rights. SB 330 does not, however, change the permit requirement for a housing development project. This means an SB 330 project could require a ministerial or discretionary permit, depending on the requirements of the zoning code.

An SB 330 project is subject to the same appealability as provided in the zoning code for the applicable permit type.

Assembly Bill 2011 (AB 2011) – Affordable Housing and High Road Jobs Act

Overview

AB 2011 establishes eligible 100 percent affordable residential and mixed-use development along commercial corridors (where office, retail, or parking is the principal use), subject to affordability, labor, and environmental criteria. AB 2011 projects are subject to a ministerial, streamlined approval process.

City Municipal Code

Projects under AB 2011 are required to comply with the city's Objective Design Standards (MBMC Section 17.31).

Permitting and Appealability

Applications under AB 2011 requires Administrative CDPs.

Administrative CDPs for projects under AB 2011 are not appealable to the Planning Commission. In the Coastal Appeals Jurisdiction, administrative CDPs for projects under AB 2011 are appealable to the Coastal Commission.

IV. UPCOMING AND POTENTIAL LEGISLATION

SB 1211 – ADU Law Revision – Effective July 2025

This bill will change the allowance for detached ADUs on multi-family parcels from no more than two (2) detached ADUs to no more than eight (8) detached ADUs. The number of ADUs on the property cannot outweigh the number of primary units on the property. For example, if a multi-family property had 5 existing units on the property, no more than 5 detached ADUs would be allowed ministerially.

SB 1123 – Subdivision Law Revision – Effective July 2025

This bill expands on SB 684 and will require jurisdictions to ministerially subdivide vacant parcels zoned for single family and allow for up to 10 units. The standards for parcels zoned single-family will be slightly different from the standards for parcels zoned multi-family. For example, the minimum lot size for parcels zoned multifamily is 600 square feet and the minimum lot size for parcels zoned single-family is 1,200 square feet.

AB 2560 – Density Bonus Law Revision – Currently Not Effective

This was a bill that was discussed but has not passed. This bill would require density bonus laws passed by the state to be applicable in the Coastal Zone. While this bill has not yet passed, it is expected to be revised and passed in upcoming legislation.

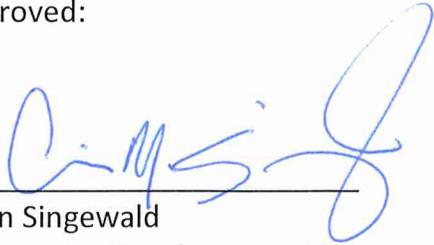
The city monitors legislative activity at the state level and will share potential impacts to the community on a regular basis.

V. PLANNING COMMISSION ACTION:

Receive and File.

If any member of the Planning Commission or other interested party has any questions or comments regarding this matter prior to the October 15, 2024, meeting, please contact Susana Toner, Assistant Planner, at 805-772-6270, or by email at stoner@morrobayca.gov.

Approved:



Airlin Singewald
Community Development Director