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Prepared September 23, 2022 for October 14, 2022 Hearing

To: Commissioners and Interested Persons

From: Dan Carl, Central Coast District Director
Sarah MacGregor, Coastal Planner

Subject: City of Morro Bay LCP Amendment Number LCP-3-MRB-22-0032-1 (1260 Main Street Redesignation)

SUMMARY OF STAFF RECOMMENDATION

The City of Morro Bay (City) is proposing to amend its Local Coastal Program (LCP) Land Use Plan (LUP) to change the land use designation for the property located at 1260 Main Street (APN 066-312-017) from District Commercial to Community Commercial. The District Commercial designation provides for larger-scale development to meet both local and regional demands for that type of development, whereas the Community Commercial designation is intended to satisfy more community-oriented uses and development.

The 14,810 square-foot site currently contains a 1,409 square-foot building that is not currently occupied but that was previously used for retail purposes. The site is located about a quarter mile from the shoreline and is seaward of Highway 1. The site is located on the periphery of the District Commercial zone where it meets the Community Commercial zone, which then stretches along Main Street all the way to downtown Morro Bay. Access to the site is from Main Street while other District Commercial designated parcels to the north have access from Quintana Road, a Highway 1 frontage road.

The proposed change affects a developed, commercial area of the City, and would allow for smaller scale commercial uses including retail stores, restaurants, offices and personal services. This is in comparison to the current land use designation which allows for larger-scale development keyed to auto-oriented access. The most notable difference in the change from District Commercial to Community Commercial is that it would allow for multiple stories and more building square footage, with a floor area ratio (FAR) of 1.25 compared to the 0.5 FAR of the District Commercial designation. Therefore, the proposed change would allow for a potentially larger building on the site, but it would be more restrictive in terms of the range of allowed uses while also promoting more pedestrian access as opposed to auto-oriented access. At the same time, the change would allow for the possibility of residential elements, either above or

behind commercial use, in a mixed-use scenario. The proposed designation would be appropriate for the site given its location and frontage on Main Street as well as the adjacent mix of community-oriented commercial and higher density residential uses.

Due to the site location and the developed nature of the area, the proposed change is not expected to lead to any adverse coastal resource impacts. And the proposed intensity and range of uses should provide the City with more flexibility to meet expected needs at this inland site. As such, the proposed change would be consistent with the Coastal Act, and staff recommends that the Commission approve the amendment as submitted. The motion and resolution are found on page 4 below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on August 4, 2022. The proposed amendment affects the LCP's LUP, and the 90-working-day action deadline is December 14, 2022. Thus, unless the Commission extends the action deadline (it may be extended by up to one year), the Commission has until December 14, 2022 to take a final action on this LCP amendment.

Therefore, if the Commission fails to take a final action in this case (e.g., if the Commission instead chooses to postpone/continue LCP amendment consideration), then staff recommends that, as part of such non-final action, the Commission extend the deadline for final Commission action on the proposed amendment by one year. To do so, staff recommends a YES vote on the motion below. Passage of the motion will result in a new deadline for final Commission action on the proposed LCP amendment. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: I move that the Commission extend the time limit to act on City of Morro Bay Local Coastal Program Amendment Number LCP-3-MRB-22-0032-1 to December 14, 2023, and I recommend a yes vote.

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EXHIBITS

- Exhibit 1: Property Location
- Exhibit 2: Photo of the Site
- Exhibit 3: Resolution and Proposed Land Use Designation Map

1. MOTION AND RESOLUTION

Staff recommends that the Commission, after public hearing, **certify the proposed LCP amendment as submitted**. The Commission needs to make one motion in order to act on this recommendation. Passage of the motion will result in certification of the land use plan as submitted and adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the appointed Commissioners.

Motion to Certify: *I move that the Commission certify Land Use Plan Amendment LCP-3-MRB-22-0032-1 as submitted by the City of Morro Bay, and I recommend a yes vote.*

Resolution to Certify: *The Commission hereby certifies LCP Amendment Number LCP-3-MRB-22-0032-1 for the City of Morro Bay and adopts the findings set forth below on the grounds that the Land Use Plan Amendment conforms with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan amendment complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there are no further feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.*

2. FINDINGS AND DECLARATIONS

A. Proposed LCP Amendment Description

The amendment proposes to change the Land Use Plan (LUP) land use designation for a 14,810 square-foot site located at 1260 Main Street in the City of Morro Bay from District Commercial to Community Commercial. The parcel is located approximately a quarter mile from the shoreline and is seaward of Highway 1. The site is located at the edge of the District Commercial district where it intersects the Community Commercial district, which extends southward along Main Street to downtown Morro Bay (see **Exhibit 1**). The site is accessed from Main Street while other District Commercial designated parcels to the north have access from Quintana Road, a Highway 1 frontage road. The site currently contains a 1,409 square-foot building originally built in 1952 that is not currently in use, but that was previously used for retail purposes (see **Exhibit 2**). The current property owner owns the adjacent Masterpiece Hotel, located on the parcel to the south of the site within the Community Commercial district, and, according to the City, intends to use the subject property for an expansion of the hotel should the designation change be certified.

The existing District Commercial designation allows for retail, commercial, and service uses that meet local and regional demand, is intended for larger scale, “big box”-type development that is appropriate in an auto-oriented environment, and allows a floor area ratio (FAR) of 0.5 in a single-story building.¹ The proposed Community

¹ Floor area ratio is a planning and zoning tool used to dictate allowed intensity on a site, and it is generated by dividing the allowed square footage of development by the site’s square footage. As an

Commercial designation would allow for a maximum FAR of 1.25 in multiple stories, and allows for the development of community-oriented uses including smaller retail stores, restaurants, professional and medical offices, and personal services. Community Commercial also allows for residential uses both above and behind commercial uses with 15.1 to 27.0 dwelling units allowed per acre with discretionary approval, resulting in the potential for mixed-use development. Under the existing land use designation, based on the square footage of the site, the maximum allowable square footage for a commercial building would be 7,405 square feet. Under the proposed land use designation, the site would be allowed a commercial building of up to 18,512 square feet, with the possibility of it including five to nine residential units.² See **Exhibit 2** for the proposed LUP amendment.

B. Proposed LCP Amendment Consistency Evaluation

Standard of Review

The proposed amendment affects the LCP's LUP, and the standard of review for LUP amendments is that they must conform with Chapter 3 of the Coastal Act.

Applicable Coastal Act Provisions

The Coastal Act contains objectives and policies designed to protect, maintain, and enhance the overall quality of the coastal zone and coastal resources. This includes balancing use of the coastal zone by taking into account the social and economic needs of the state, maximizing public access and public recreational opportunities to and along the coastline, assuring priority for visitor-serving uses on and near the coast (especially low-cost visitor opportunities), and broadly requiring that coastal resources be protected through LCP planning and coastal permitting. The Coastal Act specifically requires new development to be located within existing developed areas able to accommodate it, as stated in Section 30250(a):

30250 (a). New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. ...

Consistency Analysis

The site proposed for redesignation is within an already well-developed area of the City that is largely commercial with some higher density residential uses. Coastal Act Section 30250 prescribes that development, such as that which could be facilitated by the City's proposed change, be located within, contiguous with, or in close proximity to

example, an allowed FAR of 50% (or 0.5 FAR) would translate into a maximum development of 5,000 square feet on a 10,000 square-foot site.

² The City's proposed Implementation Plan update (currently in progress) intends to rezone the site to Community Commercial, which is the zoning designation equivalent to the Community Commercial land use designation.

existing developed areas able to accommodate the development and where it will not have significant, adverse effects on coastal resources. The proposed land use designation change would allow for a greater amount of building square footage on the parcel, presumably in the form of a multi-story building(s), and a different type of commercial use that could include residential elements either above or behind the commercial use, in a mixed-use scenario. The proposed designation would be appropriate for the site given its location and frontage on Main Street as well as the adjacent mix of community-oriented commercial and higher density residential uses. In fact, given that the District Commercial designation is largely centered on Quintana Road, a highway frontage road, it appears that the Community Commercial designation would arguably be *more* appropriate for this particular site on Main Street. Even though that change would also allow multi-story development and more square footage, such development intensity would generally be compatible with the site's location and surrounding character, and the proposed change would not be expected to result in any sort of significant coastal resource impacts. In conclusion, the Commission thus finds the proposed amendment to be consistent with Chapter 3 of the Coastal Act.

C. California Environmental Quality Act (CEQA)

CEQA Section 21080.5(d)(2)(A) prohibits a proposed LCP or LCP amendment from being approved if there are feasible alternatives and/or feasible mitigation measures available that would substantially lessen any significant adverse effect that the LCP or LCP amendment may have on the environment. Although local governments are *not* required to satisfy CEQA in terms of local preparation and adoption of LCPs and LCP amendments, many local governments use the CEQA process to develop information about proposed LCPs and LCP amendments, including to help facilitate Coastal Act review. In this case, the City prepared an amendment to the 2021 General Plan/ Local Coastal Land Use Plan Environmental Impact Report which resulted in a finding of no significant environmental impact as a result of the proposed GP/LCP land use map amendment request.

The Coastal Commission is *not* exempt from satisfying CEQA requirements with respect to LCPs and LCP amendments, but the Commission's LCP/LCP amendment review, approval, and certification process has been certified by the Secretary of the Natural Resources Agency as being the functional equivalent of the environmental review required by CEQA (CCR Section 15251(f)). Accordingly, in fulfilling that review, this report has discussed the relevant coastal resource issues with the proposal, has addressed all comments received, and has concluded that approval of the proposed LCP amendment is not expected to result in any significant environmental effects, including as those terms are understood in CEQA.

Accordingly, it is unnecessary for the Commission to suggest modifications (including through alternatives and/or mitigation measures) as there are no significant adverse environmental effects that approval of the proposed amendment would necessitate. Thus, the proposed amendment will not result in any significant adverse environmental effects for which feasible mitigation measures have not been employed, consistent with CEQA Section 21080.5(d)(2)(A).