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To: Commissioners and Interested Persons

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**Subject: City of Grover Beach LCP Amendment Number LCP-3-GRB-22-0030-1
(IP Housing Update)**

SUMMARY OF STAFF RECOMMENDATION

The City of Grover Beach proposes a variety of housing-related amendments to the Local Coastal Program's (LCP) Implementation Plan (IP) that are needed to ensure consistency with the City's recent General Plan Housing Element update, and that generally seek to help increase affordable and market rate housing stock in the City. These changes include everything from rezonings of specific parcels of land, to increasing heights along key mixed-use corridors, to providing for density bonuses for projects that include affordable housing. The particular geography of Grover Beach's coastal zone, where there is very little development seaward of Highway 1 along the coast (and no single-family residentially-zoned areas), along with existing LCP tools to address core coastal resource concerns means that such housing generally can be accommodated in a manner that does not raise any significant coastal resources concerns. In fact, there is little vacant land, and essentially all new residential development would be located within existing developed areas well inland of the shoreline. As a result, potential coastal resource issues can largely and generally be appropriately addressed by the existing LCP's policies and requirements and applied to proposed development.

The amendment also seeks to implement the provisions of Senate Bill (SB) 9 in the coastal zone. Broadly speaking, SB 9 seeks to intensify the amount of allowed residential development within urbanized areas zoned for single-family residential use in California as a means of helping to address the state's housing – particularly affordable housing – crisis, a crisis that is particularly acute in the coastal zone. Specifically, lots that previously allowed only one single-family residence may now be subdivided into two lots and each subsequent lot built with up to two single-family residences per SB 9, thereby potentially increasing the amount of development on a particular lot from its current limit of one residence to up to four residences if applicable criteria are met. In general, the expected outcome of such a program is residential densification and intensification of use in such single-family residential areas. Such an approach is not so different from the Coastal Act's (and by extension local government LCP) direction to

funnel new development into existing developed areas (per Coastal Act Section 30250). As a general rule, existing developed areas are less likely to raise significant coastal resource concerns. And it also attempts to make better use of the coastal zone's single-family residential areas, recognizing that conventional single-family residential land use practices and development, especially as it relates to large lot single-family development, limits the amount of housing stock. Absent changes to that kind of conventional approach, such as SB 9 (and others, such as increasing allowed unit density, allowing multi-family development in such areas, modifying incentives/disincentives to foster affordable housing, etc.), coastal zone areas are hard-pressed to help contribute significantly to housing growth or affordability in the coastal zone. Thus, SB 9 goals are generally in harmony with Coastal Act/LCP goals that foster infill development, and in particular it attempts to do so by providing tools that can help to change long-standing attitudes and practices associated with single-family residential development, and to make better use of such residential areas in a way that can possibly accommodate more housing. And in the state's current housing crisis, providing more housing opportunities in already developed communities is key to carrying out the goals and direction of the Coastal Act because without denser infill in developed area of the coastal zone, communities are pressured to build housing in outlying/peripheral areas that could lead to concerns regarding more sensitive rural, agricultural, and natural lands.

That said, the Coastal Act doesn't give carte blanche approval for all urban infill development; there are rules to protect important coastal resources such as bluffs and beaches (e.g., by being set back appropriately so as not to need coastal armoring), wetlands and sensitive habitats (e.g., prohibiting residential development within these areas), public views and public access (e.g., ensuring that both are protected in development proposals), and resources affected by public service limitations (e.g., limiting development in areas where water and/or wastewater inadequacies are leading to adverse coastal resource impacts). The Coastal Act and corresponding LCP policies protect these resources, and thus all development, including SB 9 development,¹ must be consistent with those policies. While in most cases existing LCP requirements should be able to address these coastal resource issues for SB 9 development in the same manner that LCP's protect such resources when any development is proposed, in some cases it may be appropriate and/or necessary to include specific prescriptions for SB 9 development (e.g., requiring off-street parking in areas where residential parking competes with coastal access, or even prohibitions on SB 9 development, including in areas with known public service capacity constraints or on eroding blufftop parcels fronting the ocean, etc.). And in all LCP cases, it requires an evaluation of the particular single-family residential context and issues to be able to draw such conclusions in a CDP context.

In Grover Beach's coastal zone, however, such additional prescriptions are not necessary. Specifically, there are no single-family residential areas seaward of Highway 1 or near the City's shoreline/beaches, and thus any SB 9 development would be inland and away from the immediate shoreline area, and thus would generally be located in

¹ SB 9 includes what is often referred to as a Coastal Act 'savings clause', whereby it is required to be implemented in a way that is consistent with the Coastal Act and, by extension, LCPs.

areas where such intensification/densification of residential use isn't going to raise coastal resource concerns (e.g., related to coastal hazards and armoring, public access parking, key public views, etc.). In fact, the particular location of the City's single-family residential zones in the coastal zone is a rather small and more inland area located within a developed 'grid' pattern of urban development away from any of the coastal zone's more sensitive areas. Thus, to the extent that proposed SB 9 development would raise any coastal resource issues, the LCP includes appropriate tools to address them. Therefore, implementation of SB 9 in Grover Beach is not expected to have direct or indirect impacts to coastal resources such as public coastal access, views to and along the shoreline, sensitive habitat areas, or significant/imminent coastal hazards risk.

In conclusion, and in the Grover Beach LCP and coastal zone context, these proposed housing-related LCP provisions should not raise any LCP conformance or coastal resource protection issues and can be found consistent with and adequate to carry out the LUP. Therefore, staff recommends that the Commission approve the amendment as submitted. The required motion and resolution to do so is found on page 5 below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on July 25, 2022. The proposed amendment affects the LCP's IP, and the 60-working-day action deadline was October 18, 2022. On October 14, 2022, the Commission voted to extend the action deadline by one year, to October 18, 2023. Thus, the Commission has until October 18, 2023 to take a final action on this LCP amendment.

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EXHIBITS

Exhibit 1: Proposed IP Amendment

1. MOTIONS AND RESOLUTIONS

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, and staff recommends a **NO** vote on the motion below. Failure of this motion will result in certification of the Implementation Plan amendment as submitted and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion to Certify: *I move that the Commission reject Implementation Plan Amendment LCP-3-GRB-22-0030-1 as submitted by the City of Grover Beach, and I recommend a **no** vote.*

Resolution to Certify: *The Commission hereby certifies Implementation Plan Amendment LCP-3-GRB-22-0030-1 for the City of Grover Beach and adopts the findings set forth below on the grounds that the amended Implementation Plan conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the amended Implementation Plan 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 amended Implementation Plan on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment.*

2. FINDINGS AND DECLARATIONS

A. Description of Proposed LCP amendment

The City of Grover Beach proposes a variety of housing-related amendments to the Local Coastal Program's (LCP) Implementation Plan (IP) emanating from recent changes to the City's 2020-2028 General Plan Housing Element as well as changes in State housing law, all of which have been as a means to help encourage and facilitate housing production in the City. The proposed changes include new regulations pertaining to zoning, housing density, and objective design standards, as well as a multitude of general clean-up and clarifications for internal consistency. These changes include everything from eliminating the Office Professional zone and rezoning the three properties currently zoned as such to the Central Business-Open zone (since this zoning district allows for varied housing types and thus the opportunity for more housing), to modifying certain site development standards for residential uses (e.g., eliminating minimum residence size standards and increasing allowed heights for mixed-use projects along the West Grand Avenue corridor), to allowing for density bonuses for residential and mixed-use projects that provide affordable housing in conformance with State density bonus law. The amendment also includes a series of residential design standards related to issues such as building massing (e.g., requiring second stories to be no more than 80% of the square footage of the first floor), front, side, and rear articulation requirements (e.g., requiring a front porch with a minimum depth of five feet, or a recess or stoop measuring four feet by four feet), and landscaping and fencing standards. These changes were added in response to the

State Housing Accountability Act (HAA), which is intended primarily to streamline housing development by making housing standards more objective and easier to apply and enforce. While projects in the coastal zone will be subject to these modified design standards, the amendment makes clear that all other applicable LCP policies and standards governing residential siting and design, including in terms of sensitive habitats and their buffers, public views, public access, and coastal hazards, continue to apply.

The proposed changes also include new provisions to implement Senate Bill 9 (SB 9).² Broadly speaking, SB 9 seeks to intensify the amount of allowed residential development within urbanized areas zoned for single-family residential use in California as a means of helping to address the state's housing – particularly affordable housing – crisis, a crisis that is particularly acute in the coastal zone. Specifically, lots that previously allowed only one single-family residence may now be subdivided into two lots and each subsequent lot can be built with up to two single-family residences per SB 9, thereby potentially increasing the amount of development on a particular lot from its current limit of one residence to up to four, if applicable criteria are met. The intent is to facilitate additional housing opportunities in areas previously zoned solely for one residential unit. In many coastal jurisdictions, such single-family zoning comprises the bulk of its coastal zone area, and thus these areas represent places of opportunity for residential densification to help meet affordable and market rate housing goals.

For the Grover Beach LCP, the proposed amendment would allow SB 9 development within the LCP's two single-family residential zones: the Coastal Low Density Residential (CR1) and Coastal Planned Low Density Residential (CPR1) zones. The City's proposed SB 9-related provisions largely track the requirements specified in the State law itself, including prohibiting SB 9 development within historic properties and high fire and flood hazard zones; protections for existing affordable housing units; a minimum of one parking space per dwelling unit except within a half mile of a major transit stop or a transit corridor; prohibiting use of SB 9-related units as short-term vacation rentals; prohibiting ADUs on lots already densified by SB 9-related development; and a minimum 1,200 square-foot lot size for new parcels. The amendment also provides additional specificity related to development standards, including a 1,200 square-foot maximum floor area for all new units and a requirement to comply with the new proposed objective design standards. And finally, the amendment makes clear that, within the coastal zone, such development must still comply with the Coastal Act and applicable LCP policies, including in terms of CDP requirements.³

See **Exhibit 1** for the proposed IP amendment text.

² SB 9, which went into effect January 1, 2022, amends Government Code Section 66452.6 and adds Government Code Sections 65852.21 and 66411.7. The two proposed new sections of the IP that implement SB 9 are 4.25.060 and 8.160.

³ With the exception that public hearings on CDP decisions are not required, as specified in SB 9.

B. Evaluation of Proposed LCP Amendment

Standard of Review

The proposed amendment affects the LCP's IP only, and the standard of review for IP amendments is that they must be consistent with and adequate to carry out the policies of the certified Land Use Plan (LUP).

Applicable Land Use Plan Policies

In conformance with the Coastal Act, the City's LUP contains objectives and policies designed to accommodate residential, commercial, and industrial development in a manner protective of coastal resources, with a focus on public view, public access and habitat protection, including:

LUP Policy 2.2.4.B.1 (Area 2): Landscaping which incorporates native vegetation and vegetative camouflage shall be required for any dwellings constructed below the ridgeline and visible from North Fourth Street.

LUP Policy 2.2.4.B.2 (Area 2): As this visual area encompasses lands zoned Coastal Single Family Residential (C-R-1), Coastal Multiple Residential (C-R-3), and Coastal Planned Single Family Residential (C-P-R-1) there will be differing height, bulk and coverage requirements. These specific limitations shall be addressed in respective zoning component sections. However, in each case, the scenic and visual qualities shall be considered and protected; development in any of these zoned districts shall be sited and designed to protect views and the general visual quality.

LUP Policy 2.2.4.C.4 (Area 3): As the areas east of Highway 1 in this area develop or redevelop, the scenic and visual qualities of the dunes, shoreline and ocean shall be addressed in the siting and designing of the projects. The viewshed over this area and to the shoreline environs are of major importance. Where feasible visually degraded areas shall be enhanced.

LUP Policy 2.2.4.D.2 (Area 4): All new structures in this area shall utilize designs and materials which are compatible with the character of existing single-family homes.

LUP Policy 2.2.4.E.1 (Area 5): Future developments along this commercial strip shall be limited to structures which are visually appealing to beach visitors and tourists. Design, material and landscaping requirements shall promote imaginative development compatible with the adopted City architectural guidelines.

LUP Policy 2.2.4.F.1 (Area 6)- Action: Building code enforcement in this area should be given high priority to ensure that the visual and structural quality of marginal and substandard dwellings is upgraded. Assistance from community volunteers in identification of visually degraded structures and grounds could be encouraged for this purpose.

LUP Policy 2.2.4.G.1 (Area 7): *Future industrial developments here shall be required to meet precise landscaping and design requirements.*

LUP Policy 2.2.4.G.2 (Area 7): *Future developments shall not be permitted to further obstruct views of the dunes from adjacent inland areas.*

LUP Policy 2.2.4.H.1 (Area 8): *Future developments shall conform in design, height, and bulk to the light industrial character of existing development.*

LUP Policy 2.2.4.I.1 (Area 9): *Future developments in this area shall be residential uses which are visually compatible with adjacent residential uses.*

LUP Policy 16 (Water Quality). *All new development shall protect the quality of water bodies and drainage systems through adaptive site design, stormwater management, and the implementation of Best Management Practices (BMPs) for stormwater management, including, but not necessarily limited to, those identified in the California Storm Water Best Management Practice Handbooks (March 1993).*

LUP Policy 6 (Inland Resource Areas). *Environmentally Sensitive Habitat Areas shall be buffered by a minimum of 50 feet. Development in areas adjacent to ESHA shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.*

LUP Policy 7 (Inland Resources Areas). *New public or private developments adjacent to creeks, oak woodlands and wetlands must respect the natural environment and incorporate the natural features as project amenities, provided doing so does not diminish natural values. Developments along creeks should include public access across the development sites to the creek and along the creek, provided that wildlife habitat, public safety, and reasonable privacy and security of the development can be maintained.*

LUP Policy 5.7.A.1a. (Maximize Access). *No future development shall be permitted which obstructs access to the dunes, beach and shoreline from Highway 1 within the City limits. New development west of Highway 1 shall provide access to the dunes, beach and shoreline if adequate access does not already exist nearby*

LUP Policy 6.7.3.5. (Circulation). *All development shall be sited and designed to maximize public recreational access opportunities, including through providing meaningful and useful connections to and from roads, trails, and other such facilities and areas that provide access to and through the City's coastal zone and along the shoreline. Development shall accommodate all modes of circulation (including vehicular, pedestrian, bicycle, etc.) in a way that facilitates and enhances public recreational access to and along the shoreline.*

LUP Policy 5.7.F.1.a.9. (Visitor-Serving and Recreational Facilities- Parking).
Public recreational access parking (including for day use of the beach) shall be provided at a volume commensurate with such demand and free of charge.

And finally, the LUP includes policies addressing coastal hazards risk, including mirroring Coastal Act Sections 30235 and 30253 requiring new development to minimize risk and not to require shoreline protective devices. The LUP also requires the recordation of a deed restriction for development within potential flood hazard areas acknowledging and assuming the risks of developing in that location.

LUP Policy 2.1.5.A.1: *All new development shall minimize risks to life and property in area of high geologic, flood and fire hazard and assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms.*

LUP Policy 2.1.5.A.3: *As a condition of any development in a known coastal hazard zone, the property owner shall be required to acknowledge and assume all risks from coastal hazards (including but not limited to hazards from episodic and long-term shoreline retreat and coastal erosion, high seas, ocean waves, storms, tsunami, tidal scour, flooding, and the interaction of same) associated with development on the property, waive any claims of damage or liability against the permitting agency, and agree to indemnify the permitting agency against any liability, claims, damages or expenses arising from any injury or damage due to such hazards. Prior to issuance of a Coastal Development Permit, any private property owner shall execute and record a deed restriction against the property that explicitly assumes these risks, on behalf of themselves and any successors or assigns.*

Consistency Analysis

The City's coastal zone is essentially comprised of two distinct areas divided by Highway 1. The area west/seaward of Highway 1 includes a mostly undeveloped shoreline area that includes the beaches and dunes of Pismo State Beach, the 9-hole Pismo Beach Golf Course, and some limited recreational vehicle and mobile home park uses. To the east/inland of Highway 1 is the City's developed core centered around its main thoroughfare, West Grand Avenue. This eastern, inland area is largely built out and includes the vast majority of the City's commercial, residential, and industrial development. Such coastal zone geography, along with existing LCP tools to address core coastal resource concerns, means that the type of housing that the proposed amendment would facilitate can and should be undertaken in a manner that does not raise any significant coastal resources concerns. In fact, there is little vacant land, and essentially all new residential development would be located within existing developed areas well inland of the shoreline. As a result, potential coastal resource issues can largely and generally be appropriately addressed by the existing LCP's policies and requirements and applied to proposed development.

And with respect to SB 9-related changes, in general the expected outcome of such a program is residential densification and intensification of use in such single-family residential areas. Such an approach is not so different from the Coastal Act's (and by extension local government LCP) direction to funnel new development into existing developed areas (per Coastal Act Section 30250). Generally, existing developed areas are less likely to raise significant coastal resource concerns. And it also attempts to make better use of the coastal zone's single-family residential areas, recognizing that conventional single-family residential land use practices and development, especially as it relates to large lot single-family development, limits the amount of housing stock that can be developed. Absent changes to that kind of conventional approach, such as SB 9 (and others, such as increasing allowed unit density, allowing multi-family development in such areas, modifying incentives/disincentives to foster affordable housing, etc.), coastal zone areas are hard-pressed to help contribute significantly to housing growth or affordability in the coastal zone. Thus, SB 9 goals are generally in harmony with Coastal Act/LCP goals that foster infill development, and in particular it attempts to do so by providing tools that can help to change long-standing attitudes and practices associated with single-family residential development, and to make better use of such residential areas in a way that can possibly accommodate more housing. And in the state's current housing crisis, providing more housing opportunities in already developed communities is key, because in the coastal zone not doing so may put more pressure to build housing in outlying/peripheral areas that could lead to concerns regarding more sensitive rural, agricultural, and natural lands.

That said, the Coastal Act doesn't give carte blanche approval for all urban infill development; there are rules to protect important coastal resources such as bluffs and beaches (e.g., by being set back appropriately so as not to need coastal armoring), wetlands and sensitive habitats (e.g., prohibiting residential development within these areas), public views and public access (e.g., ensuring that both are protected in development proposals), and resources affected by public service limitations (e.g., limiting development in areas where water and/or sewer inadequacies are having adverse coastal resources impacts). The Coastal Act and corresponding LCP policies protect these resources, and thus all development, including SB 9 development,⁴ must be consistent with them. While in most cases existing LCP requirements (such as the LUP provisions cited above) should be able to address these coastal resource issues for SB 9 development in the same manner that LCP's protect such resources when any development is proposed, in some cases it may be appropriate and/or necessary to include specific prescriptions for SB 9 development (e.g., requiring off-street parking in areas where residential parking competes with coastal access, or even prohibitions on SB 9 development, including in areas with known public service capacity constraints or on eroding blufftop parcels fronting the ocean, etc.). And in all LCP cases, it requires an evaluation of the particular single-family residential context and issues to be able to draw such conclusions in a CDP context.

In Grover Beach's coastal zone, however, such additional prescriptions are not necessary. Specifically, there are no single-family residential areas seaward of Highway

⁴ SB 9 includes what is often referred to as a Coastal Act 'savings clause', whereby it is required to be implemented in a way that is consistent with the Coastal Act and, by extension, LCPs.

1 or near the City's shoreline/beaches, and thus SB 9 development would be inland and away from the immediate shoreline area, and thus in areas as a general rule where such intensification/densification of residential use isn't going to raise coastal resource concerns (e.g., related to coastal hazards and armoring, public access parking, key public views, etc.). In fact, the particular location of the City's single-family residential zones in the coastal zone is a rather small and more inland area located within a developed 'grid' pattern of urban development away from any of the coastal zone's more sensitive areas. Thus, to the extent that proposed SB 9 development would raise any coastal resource issues, the LCP includes appropriate tools to address them. In this sense, implementation of SB 9 in Grover Beach is not expected to have direct or indirect impacts to coastal resources such as public coastal access, views to and along the shoreline, sensitive habitat areas, or significant/imminent coastal hazards risk.

With respect to coastal hazards specifically, as sea levels rise, tidal and groundwater inundation, flooding, wave impacts, bluff and beach erosion, saltwater intrusion, and other impacts are projected to worsen and further threaten residential development and coastal resources in the coastal zone. In Grover Beach, current projections indicate coastal flooding and inundation aren't expected to occur in the affected CR1 and CPR1 zones for more than a century.⁵ Again, the existing LCP is equipped to handle such issues as they arise. More importantly, LCPs – including for Grover Beach – will require regular updates (well before 100 years) to be able to remain nimble and relevant in terms of sea level rise and related adaptation over time, and such updates provide the appropriate backstop in terms of both changing contexts and uncertainties over such a long time frame.

In conclusion, and in the Grover Beach LCP and coastal zone context, these proposed housing-related LCP provisions should not raise any LCP conformance or coastal resource protection issues and can be found consistent with and adequate to carry out the certified LUP.

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 Initial Study and Negative Declaration pursuant to CEQA.

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,

⁵ According to the USGS Coastal Storm Modeling System (CoSMoS: <https://ourcoastourfuture.org/hazard-map/>) it is estimated that 9.8 feet of sea level rise could occur by the year 2130 under a medium-high sea-level rise scenario, where that amount of sea level rise could mean that some five properties on the fringe of the CR1 and CPR1 zones might be affected at that time.

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, 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).