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Date: August 22, 2024

To: **COMMISSIONERS AND INTERESTED PERSONS**

From: **KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT
KANANI LESLIE, COASTAL PROGRAM MANAGER, SAN DIEGO DISTRICT**

Subject: **STAFF RECOMMENDATION ON CITY OF OCEANSIDE MAJOR
AMENDMENT NO. LCP-6-OCN-23-0054-2 (Downtown Density) for
Commission Meeting of September 12, 2024**

SYNOPSIS

The subject LCP Implementation Plan (IP) amendment was filed as complete on March 19, 2024. A one-year time extension was granted on May 8, 2024. As such, the last date for Commission action on this item is June 13, 2025. This report addresses the entire submittal.

SUMMARY OF AMENDMENT REQUEST

The City of Oceanside proposes to update Article 12 (D–Downtown District) of the certified Implementation Plan to establish a maximum density of 86 dwelling units per acre (du/acre) for mixed-use projects in the Downtown District. The amendment would maintain the existing overall cap of 5,500 total units in the Downtown District included in the City's Redevelopment Plan.

SUMMARY OF STAFF RECOMMENDATION

Staff is recommending approval of the amendment request, as submitted. The Commission may reject IP amendments only if the amendment would be inconsistent with or inadequate to carry out the certified Land Use Plan (LUP).

The City previously had a density cap of 43 du/acre for mixed-use projects in downtown Oceanside, but approved LCP Amendment No. [LCP-6-OCN-19-0146-3](#) in August 2019 to remove the density cap and allow unlimited density as long as the overall cap of 5,500 total units in the City's Redevelopment Plan was not exceeded. This amendment was subsequently approved by the Commission with a suggestion modification requiring a Traffic Monitoring and Mitigation Plan to mitigate any coastal access impacts and accepted by the City on November 17, 2021.

According to the City, when the density cap was removed in 2019 it was assumed projects would still be subject to other development standards, including building height, setbacks, open space/landscaping, and parking requirements, which would effectively regulate density; however, subsequent changes to California's density bonus law since then (i.e., increased maximum density bonuses, reduced parking requirements, and additional criteria for concessions and incentives) have limited the City's ability to apply development standards on density bonus projects, thereby resulting in projects that were denser than envisioned. One such example cited by the City is a mixed-use density bonus project approved in 2022 at 712 Seagaze Drive for an eight-story building with 115 units and 64 hotel rooms that received waivers or reductions of development standards, which resulted in a density of 321 du/acre – far exceeding any project in downtown, where the average density is approximately 175 du/acre. In response to the concerns regarding unanticipated consequences of unlimited densities paired with State density bonus law, the City approved the subject amendment to reestablish a density cap of 86 du/acre.

The City has also noted the reestablishment of the proposed density cap could encourage the construction of more affordable housing by incentivizing developers to take advantage of density bonus provisions to exceed the maximum base density of 86 du/acre. For example, State Density Bonus Law (Govt. Code Section 65915) updated as of January 1, 2024 by Assembly Bill 1287 would allow up to a 100% density bonus to projects that reserve at least 15% of the base units for very low income households, 24% for lower income households, or 44% for moderate income households. Based on the City's analysis, a one-acre site with the proposed base density of 86 du/acre could potentially yield a maximum density of 172 du/acre if affordable units were reserved per the requirements of State Density Bonus Law.

Although the proposed maximum density would be a reduction from the existing unlimited density, it would be a 100% increase from the previous maximum density cap of 43 du/acre and would still support high density development. According to the City, the proposed density cap is more than double that of other coastal cities in San Diego County (e.g., 40 du/acre in Carlsbad, 20 du/acre in Solana Beach, 25 du/acre in Del Mar, and 48 du/acre in National City), with the exception of Chula Vista, which has a small portion of its coastal zone that allows density up to 105 du/acre.

Given the importance of increasing housing in California, Commission staff coordinated with the California Department of Housing and Community Development (HCD) on the proposed amendment to confirm that the City is in compliance with State housing law and that the proposed density cap would not adversely affect the City's housing obligations. Based on review of the City's HCD certified Housing Element, none of the identified sites the City is relying on to meet their Regional Housing Needs Assessment obligations for 2021-2029 are located in the Downtown District. Additionally, the City confirmed that the currently pending housing development projects in the Downtown District will be reviewed by the City under the prior standard of no maximum density.

Finally, the proposed density cap is consistent with the applicable policies in the City's certified Land Use Plan (LUP), which require the provision and maintenance of adequate access to the coast. Oceanside is unique in that the Downtown District includes some of the highest-visited beaches and coastal amenities, including the Oceanside Pier, the

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Junior Seau Beach Community Center, the Band Shell, sunset market, farmers' markets, and the Oceanside Transit Center, as well as hotels and restaurants. Overly dense projects have the potential to result in adverse impacts to public access and recreation to these coastal amenities through increased traffic and reduced parking. The proposed density cap of 86 du/acre would still allow for higher density development in the Downtown District, especially if density bonuses allowing up to 172 du/acre are taken into consideration, while ensuring adequate public access to the coast is maintained, per the requirements of the City's certified LUP.

The appropriate motion and resolution begin on page 5. The findings for approval of the Implementation Plan Amendment as submitted begin on page 6.

ADDITIONAL INFORMATION

Further information on the City of Oceanside LCP amendment No. LCP-6-OCN-23-0054-2 may be obtained from Kanani Leslie, Coastal Program Manager, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

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EXHIBITS

[Exhibit 1 – Resolution No. 23-R0718-1](#)

[Exhibit 2 – Ordinance No. 23-OR0749-1 with strikeout/underline](#)

I. OVERVIEW

A. LCP HISTORY

The City of Oceanside first submitted its Land Use Plan (LUP) to the Commission in July 1980, and it was certified with suggested modifications on February 19, 1981. This action, however, deferred certification on a portion of the San Luis Rey River valley where an extension of State Route 76 was proposed. On January 25, 1985, the Commission approved with suggested modifications the resubmitted LUP and Implementing Ordinances. The suggested modifications for this approval were related to the guaranteed provision of recreation and visitor-serving facilities, assurance of the safety of shorefront structures, and the provision of an environmentally sensitive routing of the proposed Route 76 east of Interstate 5. The suggested modifications to the Zoning/Implementation phase resulted in ordinances and other implementation measures that were consistent with the conditionally certified LUP policies.

With one exception, the conditionally certified LUP and Implementing Ordinances were reviewed and approved by the City on May 8, 1985. The City requested that certification be deferred on one parcel adjacent to Buena Vista Lagoon designated by the City for "Commercial" use; the Commission's suggested modification designated it as "Open Space." On July 10, 1985, the Commission certified the City's LCP as resubmitted by the City, including deferred certification on the above parcel.

B. STANDARD OF REVIEW

Pursuant to Section 30513 of the Coastal Act, the Commission may only reject zoning ordinances or other implementing actions, as well as their amendments, on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan. The Commission shall take action by a majority vote of the Commissioners present.

C. PUBLIC PARTICIPATION

The City has held Planning Commission and City Council meetings with regard to the subject amendment request. All of those local hearings were duly noticed to the public. Notice of the subject amendment has been distributed to all known interested parties.

II. MOTION AND RESOLUTION

MOTION:

I move that the Commission reject the Implementation Program Amendment for the City of Oceanside as submitted.

STAFF RECOMMENDATION OF CERTIFICATION AS SUBMITTED:

Staff recommends a NO vote. Failure of this motion will result in certification of the Implementation Program 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.

RESOLUTION TO CERTIFY IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby certifies the Implementation Program Amendment for the City of Oceanside as submitted and adopts the findings set forth below on grounds that the Implementation Program Amendment conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan, and certification of the Implementation Program Amendment will meet the requirements of 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 Implementation Program Amendment on the environment, or 2) there are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts on the environment that will result from certification of the Implementation Program.

III. FINDINGS FOR APPROVAL OF THE OCEANSIDE IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED**A. AMENDMENT DESCRIPTION**

The City of Oceanside proposes to update Article 12 (D–Downtown District) of the certified Implementation Plan to establish a maximum density of 86 dwelling units per acre (du/acre) for mixed-use projects in the Downtown District. The amendment would maintain the existing overall cap of 5,500 total units allowed in the Downtown District by the City’s Redevelopment Plan.

B. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN

The standard of review for LCP implementation plan submittals or amendments is their consistency with and ability to carry out the provisions of the certified LUP. The certified LUP has a number of goals and policies relevant to the proposed amendment; the most applicable LUP standards are as follows:

I. Coastal Access

Objective: Adequate access to and along the coast shall be provided and maintained.

II. Recreation and Visitor Serving Facilities

7. In granting approvals for new development within the Coastal Zone, the City shall give priority to visitor serving commercial recreation facilities over private residential, general industrial or general commercial uses.

VII. New Development and Public Works

1. The City shall deny any project which diminishes public access to the shoreline, degrades coastal aesthetics, or precludes adequate urban services for coastal-dependent, recreation, or visitor serving uses.

C. FINDINGS FOR APPROVAL

The City previously had a density cap of 43 du/acre for mixed-used developments in the Downtown District, but on August 21, 2019, the City approved an LCP amendment to remove the density cap, but maintained the 5,500 maximum number of total units allowed in the Downtown District by the City's Redevelopment Plan. This amendment ([LCP-6-OCN-19-0146-3](#)) was subsequently approved by the Commission on September 10, 2021 with a suggested modification requiring the City to develop a Traffic Monitoring and Mitigation Plan to mitigate any adverse impacts to coastal access, and accepted by the City on November 17, 2021. There are approximately 2,300 existing units in the Downtown District. Furthermore, an additional 637 units have either been approved or are currently under construction.

According to the City, when the density cap was removed in 2019, it was assumed projects would be subject to other development standards, including building height, setbacks, open space/landscaping, and parking requirements, which would effectively regulate density based on a project's ability to meet these standards; however, subsequent changes to California's density bonus law (i.e., increased maximum density bonuses, reduced parking requirements, and additional criteria for concessions and incentives) have limited the City's ability to apply development standards on density bonus projects, thereby resulting in projects that were denser than envisioned. One such example cited by the City is a mixed-use density bonus project that was approved in 2022 at 712 Seagaze Drive for an eight-story building with 115 units and 64 hotel rooms. The project received waivers or reductions of several development standards, including setbacks, open space and landscaping requirements, parking space size, and building height. The developer was able to significantly increase the overall unit count; the realized density on the 15,589 sq. ft. site was 321 du/acre, which far exceeded any project in the Downtown District, where the average density is approximately 175 du/acre. Thus, in response to the City's concerns regarding unanticipated consequences of unlimited densities paired with State density bonus law, on October 4, 2023 the City approved the subject amendment to their certified IP to reestablish a density cap of 86 du/acre.

The City has also noted the reestablishment of the proposed density cap could encourage the construction of more affordable housing by incentivizing developers to take advantage of density bonus provisions to exceed the maximum base density of 86 du/acre. For example, State Density Bonus Law (Govt. Code Section 65915) updated as of January 1, 2024 by Assembly Bill 1287 would allow up to a 100% density bonus to projects that reserve at least 15% of the base units for very low income households, 24% for lower income households, or 44% for moderate income households. Based on the City's

analysis, a one-acre site with the proposed base density of 86 du/acre could potentially yield a maximum density of 172 du/acre if affordable units were reserved per the requirements of State Density Bonus Law.

Although the proposed maximum density of 86 du/acre would be a reduction from the existing unlimited density, it would be a 100% increase from the previous maximum density cap of 43 du/acre and would still support high density development relative to other jurisdictions. According to information provided by the City, the proposed density cap is more than double the maximum density provisions of other coastal cities in San Diego County (40 du/acre in Carlsbad, 20 du/acre in Solana Beach, 25 du/acre in Del Mar, and 48 du/acre in National City), with the exception of the City of Chula Vista, which has a small portion of its coastal zone that allows density up to 105 du/acre.

Given the importance of increasing housing in California, Commission staff coordinated with the California Department of Housing and Community Development (HCD) on the proposed LCP amendment to confirm that the City is in compliance with state housing laws¹ and the proposed density cap would not adversely affect the City's housing obligations. Based on review of Appendix B, Land Inventory, from the City's HCD certified Housing Element, none of the identified sites that the City is relying on to meet their Regional Housing Needs Assessment (RHNA) obligations for 2021-2029 are located in the Downtown District. Additionally, the City confirmed that the currently pending housing development projects in the Downtown District will be reviewed by the City under the prior standard of no maximum density.

Finally, the proposed density cap is consistent with the applicable policies in the City's certified Land Use Plan (LUP), which require the provision and maintenance of adequate access to the coast. The City of Oceanside is unique in that the Downtown District includes some of the highest-visited beaches and coastal amenities, including the Oceanside Pier, the Junior Seau Beach Community Center, the Band Shell – a popular outdoor amphitheater, sunset market, farmers' markets, and the Oceanside Transit Center, as well as a number of hotels and restaurants. Overly dense projects have the potential to result in adverse impacts to public access and recreation to these coastal amenities through the generation of increased traffic and reduced parking. The proposed density cap of 86 du/acre would still allow for higher density development, especially if density bonuses allowing up to 172 du/acre are taken into consideration, while ensuring adequate access to the coast is maintained, per the requirements of the City's certified LUP.

Therefore, the Commission finds that the proposed amendment conforms with and is adequate to carry out the certified LUP.

¹ The Housing Crisis Act of 2019 prohibits affected cities from enacting a development policy, standard, or condition that has the effect of reducing the intensity of land use below what was allowed on January 1, 2018, among other prohibitions (Government Code Section 66300(b)). The maximum density of 43 du/acre was in effect on January 1, 2018, and so the 86 du/acre maximum density proposed here does not violate this provision of the Housing Crisis Act.

IV. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 21080.9 of the California Environmental Quality Act (CEQA) exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its local coastal program. Instead, the Coastal Commission acts as lead agency for the purposes of fulfilling CEQA. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP submission. The City found the proposal to be exempt from CEQA. (See Cal. Code of Regs., tit. 14, sec. 15061(b)(3) [definition of a project].)

Nevertheless, the Commission is required in an LCP submittal or, as in this case, an LCP amendment submittal, to find that the LCP, or LCP, as amended, does conform with CEQA provisions. In the case of the subject LCP amendment request, the Commission finds that approval of the LCP amendment, as submitted, would not result in any significant adverse environmental impacts under the meaning of the California Environmental Quality Act.