CALIFORNIA COASTAL COMMISSION
CENTRAL COAST DISTRICT
725 FRONT STREET, SUITE 300
SANTA CRUZ, CA 95060
PHONE: (831) 427-4863
EMAIL: CENTRALCOAST@COASTAL.CA.GOV
WEB: WWW.COASTAL.CA.GOV

W13b

Appeal Filed: 9/23/2026
Action Deadline: 12/4/2026
Staff: Kaley Arboleda - SC
Staff Report: 10/23/2026
Hearing Date: 11/4/2026

STAFF REPORT
SUBSTANTIAL ISSUE DETERMINATION ONLY

Appeal Number:	**A-3-SLO-26-0024**
Applicant:	**Alex Benson**
Appellants:	Vincent Devine
Local Government:	San Luis Obispo County
Local Decision:	Coastal development permit application number C-DRC2024-00054 approved by the San Luis Obispo County Board of Supervisors (on local appeal) on September 1, 2026.
Location:	Vacant parcel at 1300 2nd Street in the unincorporated Baywood portion of Los Osos within San Luis Obispo County (APN 038-182-001).
Project Description:	Construction of a two-story mixed-use building including roughly 3,000 square feet of ground floor commercial retail area and three second floor residential units totaling roughly 2,000 square feet, and associated site improvements.
Staff Recommendation:	No Substantial Issue

IMPORTANT HEARING PROCEDURAL NOTE

Please note that this is a substantial issue only hearing, and testimony will be taken only on the question of whether the appeal raises a substantial issue. Such testimony is generally limited to three minutes total per side (although the Commission's Chair has the discretion to modify these time limits), so please plan your testimony accordingly. Only the Applicant, persons who opposed the application before the local government, the local government, and their proxies/representatives are allowed to testify during this substantial issue phase of the hearing. Other interested parties may submit comments

in writing. If the Commission finds that the appeal raises a substantial issue, then the Commission takes jurisdiction over the underlying coastal development permit (CDP) application and will then review that application at a future Commission meeting, at which time all persons are invited to testify. If the Commission finds that the appeal does not raise a substantial issue, then the local government CDP decision stands, and is thus final and effective.

SUMMARY OF STAFF RECOMMENDATION

San Luis Obispo County approved a CDP for the construction of a two-story mixed-use building consisting of three commercial units on the ground floor, three one-bedroom residential units on the second floor, and related improvements, including new street parking, sidewalks, and landscaping. The project is located on a vacant infill parcel several blocks inland from the shore at 1300 2nd Street with its intersection with Santa Maria Avenue within an established commercial corridor in the Baywood neighborhood of the unincorporated community of Los Osos in southern San Luis Obispo County.

The Appellant contends that the County's approval of the project is inconsistent with County LCP provisions related to 1) parking and circulation; 2) neighborhood compatibility and visual resources, 3) adequacy of public services, namely water, and 4) fire safety and ADA accessibility. After reviewing the local record, staff recommends that the Commission find that the County's CDP approval does not raise a substantial issue with respect to the project's conformance with the County's LCP.

With regard to parking and circulation, the proposed project does not appear to raise any LCP inconsistencies that would impact coastal resources, including in relation to the total number of parking spaces, their layout/configuration, the project's effects on local circulation in relation to existing adjacent commercial uses. The County-approved project provides a total of 13 parking spaces through a combination of on-site and on-street spaces, which the LCP specifically allows for, serving both the residential and commercial project components. The project also includes new sidewalk and curb/gutter systems to provide for enhanced walkability in the neighborhood.

In relation to neighborhood compatibility and visual resource protection, the project complies with applicable Baywood-specific design requirements for building height, second story residential uses, pedestrian circulation, and landscaping. The County included visual renderings of the project from various vantage points, and the project is located within an established commercial corridor in the center of town that includes other buildings with two stories. In addition, the area's straight gridded street pattern means that existing public view corridors of Morro Bay and surrounding hills along 2nd Street and Santa Maria Avenue will remain open and unaffected by the project. As such, the project appears to adequately blend in with the character and aesthetic of this commercial corridor and will not adversely affect any significant public view.

With regard to adequacy of water, the Commission has repeatedly found that there is adequate water to serve some new development in Los Osos, including because the best available science shows the groundwater basin to be within its safe extraction yield, which is the LCP test for this community. In addition, the project has a will-serve

letter from the applicable water provider, and is required to participate in the County's water retrofit program to offset its expected demand.

Lastly, with respect to public safety and accessibility, the County's CDP requires evidence of approval by the local fire department before construction. The department has already conducted a preliminary review of the project, offered their recommendations, and did not identify any concerns of particular note. And the project also includes the LCP required ADA parking space, and otherwise will be made available for those with potential accessibility needs.

In sum, the County-approved project is relatively modestly sized and appears consistent with the LCP, and furthers statewide efforts to support infill, mixed-use, and pedestrian-oriented development within existing areas able to accommodate it. As a result, staff recommends that the Commission determine that the appeal contentions do not raise a substantial LCP (and/or Coastal Act access, to the extent applicable) conformance issue, and that the Commission decline to take jurisdiction over the CDP application for this project. The single motion necessary to implement this recommendation is found on **page 4** below.

TABLE OF CONTENTS

1. MOTION AND RESOLUTION 4
2. FINDINGS AND DECLARATIONS 4
A. Project Description and Location 4
B. San Luis Obispo County CDP Approval 5
C. Appeal Procedures 5
D. Summary of Appeal Contentions 7
E. Substantial Issue Determination 7
F. Conclusion 13
3. APPENDICES 14
A. Substantive File Documents 14
B. Staff Contacts with Agencies and Groups 14

EXHIBITS
Exhibit 1 – Project Site Map
Exhibit 2 – Project Area Photos
Exhibit 3 – County-Approved Project Plans
Exhibit 4 – County Final Local CDP Action Notice
Exhibit 5 – Appeal Contentions

1. MOTION AND RESOLUTION

Staff recommends that the Commission determine that no substantial issue exists with respect to the grounds on which the appeal was filed. A finding of no substantial issue would mean that the Commission would not take jurisdiction over the underlying CDP application for the proposed project and would not conduct further hearings on this matter, and that the local government CDP decision stands and is thus final and effective. To implement this recommendation, staff recommends a yes vote on the following motion which, if passed, will result in the recommended no substantial issue finding. If the motion fails, then the Commission will have instead found a substantial issue and will instead take jurisdiction over the subject CDP application for future hearing and action. The motion passes only by an affirmative vote of a majority of the Commissioners present.

> ***Motion:*** *I move that the Commission determine that Appeal Number A-3-SLO-26-0024* ***raises no substantial issue*** *with respect to the grounds on which the appeal has been filed under Section 30603, and I recommend a* ***yes*** *vote.*
>
> ***Resolution to Find No Substantial Issue.*** *The Commission finds that Appeal Number A-3-SLO-26-0024 does not present a substantial issue with respect to the grounds on which the appeal has been filed under Section 30603 of the Coastal Act regarding consistency with the certified Local Coastal Program and/or the public access policies of the Coastal Act.*

2. FINDINGS AND DECLARATIONS

A. Project Description and Location

The project is located on a vacant parcel at 1300 2nd Street at the southeast corner of its intersection with Santa Maria Avenue in the Baywood area of unincorporated Los Osos in southern San Luis Obispo County. 2nd Street is the community's commercial area lined with visitor-serving restaurants, shops, and hotels, and is about a block inland from the wetlands and mudflats of Morro Bay. The parcel is designated in the LCP as Commercial Retail. The undeveloped parcel totals 9,375 square feet and is located three blocks inland from Baywood Park Beach, and approximately half a mile north of Morro Coast Audubon Society's Sweet Springs Nature Preserve.

The Applicant proposes to construct a two-story mixed-use project of approximately 3,018 square feet of commercial retail space located on the ground floor and three residential units totaling some 1,983 square feet on the second floor. The second-floor residential area will consist of three one-bedroom residential units ranging in size from 600-713 square feet with 310 square feet of deck areas and 198 square feet of shared entry area. The project provides 13 on- and off-site parking spaces for the combination of residential and commercial retail uses (six on-site parking spaces and seven on-street parking spaces along the project frontages). The project will also provide on- and off-site improvements including landscaping and infrastructure improvements.

See **Exhibit 1** for a site map, **Exhibit 2** for site area photos, and **Exhibit 3** for the County-approved project plans.

B. San Luis Obispo County CDP Approval

On April 17, 2026 the San Luis Obispo County Planning Department Hearing Officer approved a CDP for the proposed project. The Hearing Officer's approval was appealed by several Appellants, including the current Appellant, to the Board of Supervisors, which, after deliberation, upheld the approval, as modified by the Applicant, and denied the appeal on September 1, 2026, thus finalizing the CDP decision as the County's final decision. The County's Final Local CDP Action Notice (see **Exhibit 4**) was received in the Coastal Commission's Central Coast District Office on September 15, 2026, and the Coastal Commission's ten-working-day appeal period for this action began on September 15, 2026 and concluded at 5 p.m. on September 29, 2026. One valid appeal (discussed below) was received during the appeal period.

C. Appeal Procedures

Coastal Act Section 30603 provides for the appeal to the Coastal Commission of certain CDP decisions in jurisdictions with certified LCPs. The following categories of local CDP decisions are appealable: (a) approval of CDPs for development that is located (1) between the sea and the first public road paralleling the sea or within 300 feet of the inland extent of any beach or of the mean high tide line of the sea where there is no beach, whichever is the greater distance, (2) on tidelands, submerged lands, public trust lands, within 100 feet of any wetland, estuary, or stream, or within 300 feet of the top of the seaward face of any coastal bluff, and (3) in a sensitive coastal resource area; or (b) for counties, approval of CDPs for development that is not designated as the principal permitted use under the LCP. In addition, any local action (approval or denial) on a CDP for a major public works project (including a publicly financed recreational facility and/or a special district development) or an energy facility is appealable to the Commission. This County CDP decision is appealable to the Commission because the project does not constitute a principal permitted use under the LCP for this site and because the site is located within a sensitive coastal resource area under the LCP (i.e., the Baywood Commercial Area is categorized as a 'special community' that is listed as a sensitive coastal resource area for CDP appeal purposes).

For appeals of a CDP approval, grounds for appeal are limited to allegations that the approved development does not conform to the LCP and/or to Coastal Act public access provisions. For appeals of a CDP denial, where allowed (i.e., such appeals are only allowed in extremely limited circumstances – see description of appealable actions, above), the grounds for appeal are limited to allegations that the development conforms to the LCP and to Coastal Act public access provisions.

The Commission's consideration of appeals is a two-step process. The first step is determining whether the appeal raises a substantial issue that the Commission, in the exercise of its discretion, finds to be significant enough to warrant the Commission taking jurisdiction over the CDP application. This step is often referred to as the "substantial issue" phase of an appeal. The Commission is required to begin its hearing on an appeal, addressing at least the substantial issue question, within 49-working days of the filing of the appeal unless the applicant has waived that requirement, in which case there is no deadline. In this case, the Applicant has <u>not</u> waived the 49-working day requirement, and the 49-working day deadline is December 4, 2026, meaning that the

Commission must take action on the substantial issue question at the November 2026 Commission meeting in San Francisco in order to meet this deadline.

The Coastal Act and the Commission's implementing regulations are structured such that there is a presumption of a substantial issue when the Commission acts on this question, and the Commission generally considers a number of factors in making that determination.[1] At this stage, the Commission may only consider issues brought up by the appeal. At the substantial issue hearing, staff will make a recommendation for the Commission to find either substantial issue or no substantial issue. If staff makes the former recommendation, the Commission will not take testimony at the hearing on the substantial issue recommendation unless at least three Commissioners request it, and, if no such hearing is requested, a substantial issue is automatically found. In both cases, when the Commission does take testimony, it is generally (and at the discretion of the Commission Chair) limited to three minutes total per side, and only the Applicant, persons who opposed the application before the local government, the local government, and their proxies/representatives are allowed to testify, while others may submit comments in writing.

If, following testimony and a public hearing, the Commission determines that the appeal does not raise a substantial issue, then the first step is the only step, and the local government's CDP decision stands. However, if the Commission finds a substantial issue, the Commission takes jurisdiction over the underlying CDP application for the proposed project, and the appeal heads to the second phase of the hearing on the appeal.

In the second phase of the appeal, the Commission must determine whether the proposed development is consistent with the applicable LCP (and in certain circumstances the Coastal Act's public access and recreation provisions). This step is often referred to as the "de novo" review phase of an appeal, and it entails reviewing the proposed project in total. There is no legal deadline for the Commission to act on the de novo phase of an appeal. Staff will make a CDP decision recommendation to the Commission, and the Commission will conduct a public hearing to decide whether to approve, approve with conditions, or deny the subject CDP. Any person may testify during the de novo phase of an appeal hearing (if applicable).

[1] The term substantial issue is not defined in the Coastal Act. The Commission's regulations simply indicate that the Commission will hear an appeal unless it "finds that the appeal raises no substantial issue…" (California Code of Regulations, Title 14, Section 13115(b)). Section 13115(c) of the Commission regulations provides, along with past Commission practice, that the Commission may consider the following five factors when determining if a local action raises a significant issue: (1) the degree of factual and legal support for the local government's decision that the development is consistent or inconsistent with the certified LCP and the Coastal Act's public access provisions; (2) the extent and scope of the development; (3) the significance of the coastal resources affected by the decision; (4) the precedential value of the local government's decision for future interpretation of its LCP; and (5) whether the appeal raises only local issues, or those of regional or statewide significance. The Commission may, but need not, assign a particular weight to a factor, and may make a substantial issue determination for other reasons as well.

D. Summary of Appeal Contentions

The Appellant contends that the County's CDP approval raises LCP consistency questions relating to parking and circulation, public views and neighborhood compatibility, and adequacy of public and emergency services. Specifically, the Appellant contends that the approved project would violate applicable LCP provisions because: 1) the project introduces additional demand for cars and pedestrians without enough analysis of the overall circulation pattern; 2) the project is inconsistent with community character and would negatively impact visual resources, 3) Los Osos has limited service capability for water; and 4) the project is inconsistent with emergency services and ADA requirements.

Please see **Exhibit 5** for the appeal contentions.

E. Substantial Issue Determination

Applicable LCP Provisions

The LCP's Land Use Plan (LUP) is comprised of three components: the Framework for Planning document, which serves as a type of "roadmap" describing the County's coastal zone and how the rest of the LCP functionally works to regulate development; the Coastal Plan Policies document, which identifies the overarching coastal resource protection provisions governing development throughout the coastal zone; and four area plans that identify additional provisions specific to each of the LCP's four geographic areas (i.e., North Coast, Estero, San Luis Bay, and South County Area Plans), where Los Osos is subject to the LUP's Estero Area Plan (EAP). In addition to the LUP, the Coastal Zone Land Use Ordinance (CZLUO), also known as the LCP's Implementation Plan (IP), is also a part of the LCP and provides additional details to carry out certain LUP requirements.

Parking and Circulation[2]

With regard to the parking and circulation contentions, the LCP requires that adequate parking be provided for each development, and in the Baywood Commercial Area (in which this project is located), provides for flexibility in where such parking is to be located, including on- or off-site so as to provide for a walkable neighborhood and less vehicle-centric urban form:

> ***CZLUO 23.04.166 - Required Number of Parking Spaces.***[3]
> *All land uses requiring a permit under this Title shall be provided off-street parking spaces as follows:…*

USE	*PARKING SPACES REQUIRED*

[2] The Appellant did not specifically cite any LCP provisions in support of their appeal contentions.

[3] Note: CZLUO Section 23.04.166(b)(1)(i) requires one ADA space for every 40 total parking spaces, and Section 23.04.166(c) requires a minimum of two spaces for each use/tenancy for retail trade and service uses.

Multi-Family Dwellings (Including for the purpose of parking calculation, condominiums & other attached ownership dwellings.)	*<u>Resident Parking:</u>* *1 per one bedroom or studio unit* *<u>Guest Parking:</u>* *1 space*

Estero Area Plan Commercial Retail Land Use Category Standard 3, Baywood Commercial Area: *…Community parking areas within ¼-mile radius and on-street parking within the same block may be used to satisfy parking requirements.*

Analysis

The Appellants make broad contentions related to parking and circulation in that the project intensifies use at this site without an adequate review of overall circulation function. The appeal contentions state that the project introduces the formalization of seven defined public parking spaces along the site frontage on both 2nd Street and Santa Maria Avenue along with sidewalk improvements and landscaping, and such activity should be understood in relation to the existing commercial activity in this area, including the weekly farmer's market on Santa Maria Avenue between 2nd and 3rd Streets, as well as driveway and fire access.

As noted, the LCP requires a total of four parking spaces for the residential units (one for each unit plus one for guests), at least six for the three commercial spaces (two for each of the three spaces), and one of these required spaces must be ADA compliant. The project will provide for 13 total spaces, with the four residential spaces on site in the rear of the building, two commercial parking spaces similarly on site (one of which will be the ADA space), and seven other commercial parking spaces provided on street. The project is also conditioned to ensure that future commercial tenants/businesses use no more than nine total parking spaces to match the project's available supply. The project also includes requirements for new sidewalks, curbs, and gutters along the entirety of the project frontage, and is also conditioned for evidence of compliance with all applicable fire codes prior to construction.

The County-approved project satisfies the LCP's parking and requirements for the site, including by providing some of the spaces to be located on newly created/formalized street parking spaces. The site is currently a vacant lot adjacent to other commercial uses, and is currently informally used by the community for event parking, including the local farmer's market. The County found that the size, location, and overall configuration of parking and the provision of newly built sidewalk space would not adversely affect the local farmer's market or general commercial activity of the area. In fact, it should be a welcome addition to this commercial stretch, which is specifically envisioned for the type of mixed-use commercial and residential development provided here.

While the Appellant and some members of the community raise concern about losing this informal parking, the County found there is sufficient parking elsewhere in the neighborhood, that the project will formalize the street/sidewalk space to aid in better overall mobility in this commercial corridor, and that there is no requirement to maintain

this lot undeveloped, including because the site has a Commercial Retail land use designation specifically targeted for this type of mixed-use development per the LCP.

In sum, the County appears to have adequately addressed this project's parking and circulation patterns, and it appears to be a welcome addition to this existing commercial corridor. As such, the project does not raise a substantial issue with respect to parking and circulation.

Visual resources and community character
With regard to visual resources and community character, the LCP requires that new development protect views to and along the ocean and scenic coastal areas, and, within special communities, to be visually compatible with its defined character. The Estero Area Plan specifically identifies the Baywood Commercial Area along 2nd Street as a special community, and specifies a 25-foot height limit for new development, including mixed-use projects such as this one:

> ***Coastal Plan Policies Visual and Scenic Resources Policy 1:*** *Unique and attractive features of the landscape, including but not limited to unusual landforms, scenic vistas and sensitive habitats are to be preserved protected, and in visually degraded areas restored where feasible.*
>
> ***Coastal Plan Policies Visual and Scenic Resources Policy 2:*** *Permitted development shall be sited so as to protect views to and along the ocean and scenic coastal areas….*
>
> ***Coastal Plan Policies Visual and Scenic Resources Policy 6:*** *Within the urbanized areas defined as small-scale neighborhoods or special communities, new development shall be designed and sited to complement and be visually compatible with existing characteristics of the community which may include concerns for the scale of new structures, compatibility with unique or distinguished architectural historical style, or natural features that add to the overall attractiveness of the community.*
>
> ***Estero Area Plan Communitywide Standard D, Public Views.*** *Development shall only be approved if it ensures that public views are not significantly impacted, and if it does not adversely affect significant public views.*
>
> ***Estero Area Plan Commercial Retail Land Use Category Standard 5, Baywood Commercial Area (Special Community)*** *…b. Height. Maximum building height shall be 25 feet…. h. Mixed Use. Single-family and multi-family dwellings are allowable on the same site as non-residential development as follows…(i) Location. Residential development shall be located on the upper floor(s) above a non-residential use or in the rear of the site behind a non-residential use.*

Analysis
As noted, the County-approved project is located in a mapped special community, which the LCP defines as areas possessing unique, visually pleasing characteristics which serve as visitor destination points. The County found the project to be

compatible with the character of the surrounding commercial neighborhood, including being below the applicable 25-foot height limit (at just under 24 feet) and in conformance with LCP requirements to place residential units atop ground floor commercial space so as to ensure an active street level, and will be a welcome mixed-use building on what is now a vacant lot in the center of town. The Appellant disagrees, and contends the project did not include an adequate enough visual analysis, including story poles, to demonstrate that the project does indeed blend in with its surrounding aesthetic and does not adversely affect public views of Morro Bay or the surrounding hills.[4] However, the Commission respectfully disagrees. The County included visual renderings of the project from various vantage points, and the project is located in a developed area with other similar buildings of two stories. In addition, the area's straight gridded street pattern means that existing public view corridors of Morro Bay and surrounding hills along 2nd Street and Santa Maria Avenue will remain open and unaffected by the project. As such, the Commission finds the project to adequately blend in with the character and aesthetic of this commercial corridor, and will not adversely affect any significant public view. The appeal contentions do not raise a substantial LCP conformance issue.

Public Services

With regard to Appellants' contentions regarding adequacy of public services, the LCP provides:

> ***LUP Public Works Policy 1: Availability of Service Capacity.*** *New development (including divisions of land) shall demonstrate that adequate public or private service capacities are available to serve the proposed development. Priority shall be given to infilling within existing subdivided areas. Prior to permitting all new development, a finding shall be made that there are sufficient services to serve the proposed development given the already outstanding commitment to existing lots within the urban service line for which services will be needed consistent with the Resource Management System where applicable.*
>
> ***CZLUO 23.04.430 - Availability of Water Supply and Sewage Disposal Services.*** *A land use permit for new development that requires water or disposal of sewage shall not be approved unless the applicable approval body determines that there is adequate water and sewage disposal capacity available to serve the proposed development, as provided by this section. Subsections a. and b. of this section give priority to infilling development within the urban service line over development proposed between the USL and URL.*
>
> ***Estero Area Plan Communitywide Standard A (Water Supply):*** *All development within the service area boundaries of public/community water supply systems (i.e., Los Osos Community Services District, Golden State Water Company, and S&T Mutual Water Company) shall connect to such systems, with private wells within such areas prohibited and only allowed outside of such service area boundaries.* ***Development shall only be approved if it can be served by an identifiable,***

[4] The Appellant also argues the site is located within an LCP-designated Critical Viewshed, Scenic Corridor, and Sensitive Resource Area (SRA) Combining Designation that are intended to protect visual resources. However, the project is not located within any of these designations.

> ***available, adequate, and long-term sustainable water supply, where this requirement shall be deemed satisfied only if the amount of water pumped from the Los Osos Groundwater Basin is at or below the sustainable yield as defined by the best available science. … (emphasis added)***

Thus, the applicable LCP provisions require that development be served by adequate services,[5] including in terms of water supplies (LUP Public Works Policy 1), and requires development that cannot be so served to be denied (CZLUO Section 23.04.430). These general provisions are then implemented more specifically in Los Osos, where development is required to be served by a public water system if it is located within the service boundaries of such a system, which is the case here, and only when the source water is in a sustainable state, defined as when the amount of water pumped from the Los Osos groundwater basin is less than its identified sustainable yield. It is the latter question that is most implicated in this appeal, and which is discussed in further detail below.

Analysis

The Appellant argues the project cannot be served by adequate water, suggesting there are water sustainability vulnerabilities. In terms of groundwater resources and service capacity, the Commission has evaluated the community's water supply issues in depth over many years, taking a close look at the current best available science as it relates to groundwater health and any coastal resource impacts associated with community groundwater usage, and has determined that there is an adequate and sustainable water supply in Los Osos to serve new development like this County-approved project consistent with the LCP. As the Commission recently determined in its certification of the Los Osos Community Plan in 2024,[6] the current best available science shows that the groundwater basin is not in fact in overdraft and that there is adequate water to serve a modest amount of new development.[7]

---

[5] The Commission in its past LCP and CDP actions associated with the San Luis Obispo County LCP has consistently understood "adequate" services in relation to water to mean that a sustainable water supply exists to accommodate new development in a manner that will not lead to adverse coastal resource impacts and applies that understanding again in this case.

[6] See the Commission's adopted findings regarding the history, challenges, management, and science of the Los Osos groundwater basin and the reasoning for its adequacy and sustainability to support new development at: https://documents.coastal.ca.gov/reports/2024/6/Th14a/Th14a-6-2024-report.pdf. The findings of that report are hereby incorporated by reference.

[7] The Commission also affirmed the finding that there is an adequate water supply to serve new development in Los Osos in seven recent CDP/appeal actions: A-3-SLO-24-0024 (for a residential addition) in September 2024; A-3-SLO-23-0014 in March 2025 (for a 10-unit mobile home addition); A-3-SLO-25-0009 (for a new residence); A-3-SLO-25-0010 (for a new residence); A-3-SLO-25-0011 (for a three unit hotel); A-3-SLO-25-0012 (for a mixed use restaurant and four unit hotel); and A-3-SLO-25-0052 in February 2026 (for a new residence). In all these cases, the Commission declined to take jurisdiction over the CDP applications, finding there to be an adequate water supply to serve new development since the groundwater basin was within its sustainable yield. The Commission also approved two additional CDP applications for new two new single-family residences (A-3-SLO-23-0020 and A-3-SLO-24-0011) in May 2025 for similar water supply reasons.

Specifically, the Los Osos Basin Management Committee (BMC), an entity created to comprehensively manage and monitor water resources to stop overdraft and seawater intrusion, has shown that the community has used less water for several years now than the basin's calculated sustainable/safe yield, defined as the amount of water that can be used without advancing any seawater intrusion and meeting all applicable drinking water standards. In fact, the latest numbers from the BMC's annual report show the community using under 1,700 acre feet per year (AFY) for several years now, below the current identified sustainable yield of 2,000 AFY,[8] which, by LCP definition means that there is "an identifiable, available, adequate, and long-term sustainable water supply" to serve new development (see EAP Communitywide Standard A (Water Supply) above). Moreover, the record does not identify documented adverse impacts to coastal resources attributable to current groundwater extraction on Los Osos aquatic resources, such as wetlands, streams, or Morro Bay itself. The Commission applies this same understanding to this County-approved project. In short, there is no evidence that this project[9] will result in any significant adverse coastal resource impacts, and in fact the opposite is true in that the best available science, including as articulated by the BMC and affirmed by the Commission in recent LCP and CDP appeal actions, shows the groundwater basin to be within its identified sustainable yield and thus able to accommodate new development like this project consistent with the LCP. The Commission finds that this project does not raise any substantial LCP conformance issues with respect to water supply.

Public Safety/ADA Accessibility

The Appellant also makes contentions regarding emergency and public safety, in that the project does not sufficiently address fire safety concerns and that it does not include second floor ADA access to the residential units. First, with respect to fire standards, as noted previously, the County's approval was conditioned for the Applicant, at the time of application for building/construction permits, to provide evidence of Fire Department review and approval for conformance with all applicable fire codes, including those detailed in the County Fire Department's review as part of its project referral response. Put another way, the fire department already reviewed this project, and the County's conditions of approval require conformance with their recommendations and final reviews.[10]

Finally, with respect to ADA access, as noted before, the project includes an ADA accessible parking space in conformance with the LCP. The LCP does not, however,

[8] The BMC-identified sustainable yield at the time of the County's action on this LCP was 2,380 AFY, based on 2024 data, and thus use was below the sustainable yield at that time. The current BMC-identified sustainable yield is 2000 AFY. The sustainable yield is meant to change to the extent best available science suggests that it should change, which is why the number changed for 2026.

[9] The project also received a will-serve letter from the Los Osos Community Services District, which is one of the community water suppliers, that they are ready and able to provide water service to the project. The County's approval also required compliance with the County's Title 19 water retrofit program, in which the project must offset its proposed water usage.

[10] The Appellant notes a discrepancy in the Fire Department's review, namely that it lists the wrong APN. However, it appears clear that the department was looking at the correct site and project, and is a simple inadvertent error. In any event, the CDP's conditions of approval still require Fire Department signoff prior to construction, which should adequately address any potential issues.

include any provisions specifically addressing/requiring second story residential accessibility. The County indicates that California Building Code does not require an elevator or lift in projects of three or fewer units,[11] but that future modifications could be made in the future as needed. Thus, while not technically an explicit LCP concern, the project does not preclude ADA accessibility improvements as the residences are constructed and used.

In sum, the County's approval does not raise any significant coastal resource impacts or LCP compliance issues.

F. Conclusion

When considering a local government's CDP approval for a project on appeal, the Commission must first determine whether the local government's decision raises a substantial issue related to conformance with the LCP and/or the public access provisions of the Coastal Act such that the Commission should assert jurisdiction over the CDP application for such development and review the CDP application itself de novo. At this stage, the Commission has the discretion to find that the project does or does not raise a substantial issue of Coastal Act public access and/or LCP conformance. Section 13115(c) of the Commission regulations provides that the Commission may consider the following five factors when determining if a local action raises a substantial issue: the degree of factual and legal support for the local government's decision; the extent and scope of the development as approved or denied by the local government; the significance of the coastal resources affected by the decision; the precedential value of the local government's decision for future interpretations of its LCP; and, whether the appeal raises only local issues as opposed to those of regional or statewide significance. The Commission may, but need not, assign a particular weight to a factor, and may make a substantial issue determination for other reasons as well.

Regarding the first factor (the degree of factual and legal support for the County's decision), the County based its CDP decision on facts and evidence, including through application of site design standards, water supply data and science, and visual renderings. The project was also reviewed at appropriately noticed public forums, including at the Board of Supervisors. Such facts and evidence support the County's ultimate findings, conclusion, and decision, and this factor suggests a finding of no substantial issue.

When considering the second factor (the extent and scope of the development as approved by the County), the extent/scope of the County's approval is relatively minor since the project is limited to a modestly sized two-story, mixed-use building containing three residential units and three commercial tenants on an infill, vacant lot within an already developed urban area. As discussed, the proposed development includes adequate parking and pedestrian spaces to serve the proposed uses, generally blends in with its surrounding aesthetic, and provides new commercial and residential units in a mixed use corridor. Thus, this factor suggests a finding of no substantial issue.

[11] Specifically, the County cited California Building Code Chapter 11B, which specifies accessibility requirements for multifamily residential projects of four or more units.

Regarding the third factor (the significance of coastal resources affected by the decision), for similar reasons as stated above, the County-approved project does not appear to raise any significant coastal resource concerns, and should be a welcome addition to an already established urban neighborhood. The third factor suggests no substantial issue.

Regarding the fourth factor (the precedential value of the County's approval), although any one case is decided on its specific facts and merits, there is the potential that the County (and/or potential future applicants) might see the County's action as precedential. In this case, as discussed and repeated above, the proposed development is in an urban service area and does not appear to raise any significant LCP inconsistencies that would impact coastal resources. The fourth factor also suggests no substantial issue.

Finally, regarding the fifth factor (whether the appeal raises only local, or regional or statewide, issues of significance), again, the project is modestly sized, provides adequate parking on- and off-site, a pedestrian-oriented design, and increases local housing and commercial stock. This too suggests a finding of no substantial issue.

Thus, for the reasons stated above, the Commission finds that Appeal Number A-3-SLO-26-0024 does not present a substantial issue with respect to the grounds on which the appeal has been filed under Section 30603 of the Coastal Act.

3. APPENDICES

A. Substantive File Documents[12]

- San Luis Obispo County CDP/Minor Use Permit File C-DRC2024-00054
- CDP Appeal A-3-SLO-26-0024
- LCP-3-SLO-21-0028-1-Part G (Los Osos Community Plan)

B. Staff Contacts with Agencies and Groups

- San Luis Obispo County Department of Planning and Building

[12] These documents are available for review from the Commission's Central Coast District office.