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Date: January 22, 2026

To: COMMISSIONERS AND INTERESTED PERSONS

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**Subject: STAFF RECOMMENDATION ON CITY OF OCEANSIDE MAJOR
AMENDMENT NO. LCP-6-OCN-25-0030-2 (Inclusionary Housing) for
Commission Meeting of February 5, 2026**

SYNOPSIS

The subject LCP implementation plan (IP) amendment was filed as complete on October 2, 2025. A one-year time extension was granted on December 10, 2025. As such, the last date for Commission action on this item is the December 2026 meeting. This report addresses a portion of a batch submittal. The other portion of the submittal, LCP-6-OCN-25-0029-2 (Downtown Density for 6th Housing Cycle) and is scheduled to be heard in conjunction with the subject amendment.

SUMMARY OF AMENDMENT REQUEST

The City of Oceanside proposes to update Section 14C of the City's Municipal Code, which provides for inclusionary housing provisions. While the City's Municipal Code is not a part of its certified Local Coastal Program (LCP), Section 14C was included by reference into the City's LCP through a previous Commission action (ref. LCP Amendment No. LCP-6-OCN-15-0043-5/Part B Inclusionary Housing). The subject amendment does not propose any changes to development standards.

The updates from Ordinance No. 24-OR0004-1, approved by the City on February 10, 2024 include 1) an increase to the threshold subject to inclusionary housing requirements from three units to ten or more units; 2) an increase to the requirement to reserve housing for low and moderate-income households from 10% to 15%; 3) a requirement that reserved units within a multi-family residential provide a proportionate unit mix based on bedroom count as to the market rate units, be dispersed throughout the project, and have access to the same amenities as market rate units; and 4) a clarification for the use of ADUs to satisfy inclusionary housing requirements.

The updates from LCPA22-00003, approved by the City on January 11, 2023, include revisions to existing sections such as defining the methods by which inclusionary housing may be satisfied, which kinds of developments do and do not apply to the inclusionary housing provisions, alternative options for providing inclusionary housing units, and in-lieu fees for inability to provide inclusionary units. These updates also add new sections regarding standards and incentives to reserve inclusionary units, application and review procedures, and agreements and restrictions.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that, following a public hearing, the Commission reject the proposed City of Oceanside IP amendment as submitted, and then certify the amendment subject to seven suggested modifications described below.

The overall goal of the amendment is to increase the construction of affordable units for new development and promote both affordable rentals and sales of affordable units. As such, the City's proposed revisions to Section 14C, Inclusionary Housing, of the Municipal Code do not raise any Land Use Plan (LUP) consistency concerns given that the certified LUP does not contain any policies that explicitly mention inclusionary housing. However, the City incorporated the 2023 changes (LCPA22-00003) into the IP without certification from the Commission, therefore Ordinance No. 24-OR0004-1 includes revisions to the uncertified version. As a result, the City revised the subject amendment on January 8, 2026 to incorporate the 2023 changes (Ordinance No. 24-OR0004-1) so that all of the inclusionary housing updates can be certified concurrently. Because LCPA22-00003 was written in 2022 and contains outdated income ranges, **Suggested Modification Nos. 3 and 6** are necessary to update the overarching definition of low-income to include acutely low-income, which is determined annually by the U.S. Department of Housing and Urban Development (HUD) and defined in California Health and Safety Code Section 50106.

Although the certified LUP does not include any inclusionary housing policies, it does contain policies that support maximum public access to the shoreline and inclusionary housing supports access for all incomes in the coastal zone. Additionally, Coastal Act Section 30604(g) directs the Commission to encourage the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone. As proposed, Ordinance No. 24-OR0004-1 would revise the number of units that are subject to inclusionary housing requirements from three or more units to ten or more units, and projects that currently require inclusionary housing would no longer be required to do so, thus decreasing affordable housing throughout the coastal zone. To address these concerns, staff is recommending **Suggested Modification Nos. 1, 3, and 4** to revise the applicability of this provision to seven or more units. This revision is consistent with other cities' inclusionary housing provisions within San Diego County, such as the City of Encinitas, and will ensure more opportunities for inclusionary housing to occur.

Furthermore, **Suggested Modification No. 5** would revise the specification that ADUs may be constructed on-site for any residential development in order to satisfy inclusionary housing requirements, instead of restricting the provision to only single-family residential developments, thus allowing any type of residential developments (i.e., multi-family) the same ability to utilize ADUs to satisfy inclusionary housing requirements.

The remaining suggested modifications to LCPA22-00003 include revisions, updates, or clarifications to the proposed provisions. **Suggested Modification No. 2** would delete Sec. 14.C.3 Reserved, specifically the Editor's Note, as the deletion was previously certified by LCP-6-OCN-20-0091-4 but omitted from the current amendment. **Suggested Modification No. 5** includes minor revisions to Sec. 14C.6. Affordable housing standards and incentives to specify that units shall remain restricted for both rental and sale for at least fifty-five (55) years, to ensure affordable housing is available for as long as possible and includes a reference to State Density Bonus Law. **Suggested Modification No. 6** would revise 14C.9 Application and review procedures to include the specification that the affordable housing agreement must be recorded against the project prior to issuance of a CDP as some projects may occur within the coastal zone. **Suggested Modification No. 7** would correctly reference Sec. 14.C.6 in relation to rental and sales restrictions and remove a sentence in reference to a rent restriction to prevent any misinterpretation as the proposed provision is inclusive of both rental and sales restrictions.

It is only through the inclusion of these suggested modifications that adequate protection of coastal resources can be assured and thus be found consistent with and adequate to implement the City's certified LUP.

The City is also proposing a separate, but related, LCP amendment (LCP-6-OCN-25-0029-2) that proposes to establish a maximum density of 86 dwelling units per acre in the Downtown District. Together, these two LCP amendments will encourage the development of more affordable housing and a more even distribution of density throughout the Downtown District.

The appropriate motions and resolutions begin on page 6. The suggested modifications begin on page 7. The findings for denial of the Implementation Plan Amendment as submitted begin on page 12. The findings for approval of the plan, if modified, begin on page 13.

ADDITIONAL INFORMATION

Further information on the City of Oceanside LCP amendment No. LCP-6-OCN-25-0030-2 may be obtained from Melissa Belen-Gonzalez, Coastal Program Analyst, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

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EXHIBITS

[Exhibit 1 – Resolution No. 24-R0128-1 \(LCPA23-00002\)](#)

[Exhibit 2 – Ordinance No. 24-OR0004-1 \(LCPA23-00002\) with strikeout/underline](#)

[Exhibit 3 – Resolution No. LCPA22-00003 with strikeout/underline in pertinent part](#)

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.

The Commission originally certified Article 14C – the City's inclusionary housing measures as a part of their LCP in 2016 through LCP Amendment No. LCP-6-OCN-15-0043-5 (Part B – Inclusionary Housing). At that time, the Commission included two modifications that addressed LCP inconsistency concerns related to impacts to public access and visual resources that allowed incentives for reduced parking and increased height, but required such incentives to be consistent with the public access and visual resource policies of the LUP. The two modifications were accepted by the City and the LCP amendment was effectively certified at the Commission's November 2017 hearing. In 2018, the City underwent a major update to its implementation plan, which included reconfiguration and relocation of the City's entire IP (ref. LCP Amendment No. LCP-6-OCN-18-0069-2/Base Zone Districts). This amendment was approved by the Commission in July 2019 and was effectively certified by the Commission in November 2019. However, the modifications included in the 2016 certification of the City's Inclusionary Housing LCP amendment were inadvertently omitted from the action in 2018 and thus, the modifications were no longer a part of the City's certified LCP. Additionally, in 2019 the City revoked Section 14C.3 – Exemptions – but failed to submit the deletion of Section 14C.3 to the Commission for certification.

In 2021 through LCP Amendment No. LCP-6-OCN-20-0091-4 (Inclusionary Housing Revisions), the City proposed to revise three sections within Article 14C as a general update to the inclusionary housing regulations. Through the 2021 LCP amendment, the Commission addressed the aforementioned inconsistencies by reinserting two modifications from LCP-6-OCN-15-0043-5 (Part B – Inclusionary Husing) and certifying the deletion of Section 14C.3 from the LCP through suggested modifications. The suggested

modifications were accepted by the City and LCP Amendment No. LCP-6-OCN-20-0091-4 was effectively certified at the Commission's June 2021 hearing.

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. MOTIONS AND RESOLUTIONS

Following a public hearing, staff recommends the Commission adopt the following resolutions and findings. The appropriate motion to introduce the resolution and a staff recommendation are provided just prior to each resolution.

1. MOTION:

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

STAFF RECOMMENDATION OF REJECTION:

Staff recommends a **YES** vote. Passage of this motion will result in rejection of Implementation Program 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 DENY CERTIFICATION OF THE IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby denies certification of the Implementation Program Amendment submitted for City of Oceanside and adopts the findings set forth below on grounds that the Implementation Program as submitted does not conform with, and is inadequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

2. MOTION:

I move that the Commission certify the City of Oceanside Implementation Program Amendment for the City of Oceanside if modified pursuant to the staff recommendation.

STAFF RECOMMENDATION TO CERTIFY WITH SUGGESTED MODIFICATIONS:

Staff recommends a **YES** vote. Passage of this motion will result in certification of the Implementation Program Amendment with suggested modifications 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 THE IMPLEMENTATION PROGRAM AMENDMENT WITH SUGGESTED MODIFICATIONS:

The Commission hereby certifies the Implementation Program Amendment for the City of Oceanside if modified as suggested and adopts the findings set forth below on grounds that the Implementation Program Amendment, with the suggested modifications, conforms with and is adequate to carry out the certified Land Use Plan. Certification of the Implementation Program Amendment if modified as suggested 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 Implementation Program Amendment 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

III. SUGGESTED MODIFICATIONS

Staff recommends the following suggested revisions to the proposed Implementation Plan be adopted.

The City's proposed new text is shown in underlined text.

The City's proposed deleted text is shown in ~~single strike through~~.

The language that the Commission suggests be added is shown in double underline.

The language that the Commission suggests be deleted is shown in ~~double strike through~~.

1. Revise Sec. 14C.2. Applicability, to require the application of inclusionary housing provisions to projects with seven or more units instead of the City's proposal to require applicability with ten or more units, as follows:

(a) The provisions of this chapter shall apply to all residential projects of ~~three ten~~ seven (3 ~~10~~ 7) or more units including, without limitation, mixed-use developments with residential units, condominium conversions and time extensions of development plan approval for previously approved residential projects.

(b) This Chapter shall not apply to the following:

(1) The construction of a new residential structure of three ten seven (3 10 7) or more units which replaces a residential structure that was destroyed or demolished

within two (2) years prior to the application for a building permit for the new residential structure, provided that the number of residential units is not increased from the number of residential units of the previously destroyed or demolished residential structure or expanded or enlarged by ten (10) percent five hundred (500) square feet or more of habitable space; [...]

2. Revise Sec. 14.C.3 Reserved, to delete the Editor's note which was previously certified by LCPA-6-OCN-20-0091-4 as follows:

~~Editor's note(5) Ord. No. 19-0R0594-1, § 1, adopted September 11, 2019, repealed § 14C.3, which pertained to inclusionary housing exemptions and derived from Ord. No. 91-49, § 2, adopted October 23, 1991; Ord. No. 00-241-1, § 1, adopted April 12, 2000; Ord. No. 13-0R0083-1, § 1(Exh. A), adopted January 30, 2013. Subsequently, Ord. No. 21-0R0741-1, § 1(Exh. 8), adopted November 17, 2021, included the deletion of 14C.3 but never submitted to the California Coastal Commission for certification.~~

3. Revise Sec 14C.4. Definitions to update the individual definitions that fall under the overarching category of "lower-income" in consistency with updated income ranges, as follows:

Lower-income household means low-income, very low-income, and extremely low-income households inclusively, and acutely low income inclusively.

Acutely low-income household means a person or persons living together as a household unit whose combines incomes do not exceed fifteen (15) percent of the median income for San Diego County for equivalent household size, as determined annually by the U.S. Department of Housing and Urban Development (HUD) and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

Extremely low-income household means a person or persons living together as a household unit whose combined incomes exceed fifteen (15) percent but do not exceed thirty (30) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U.S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

Low-income household means a person or persons living together as a household unit whose combined incomes exceed fifty (50) percent but do not exceed eighty (80) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50079. 5 and published annually pursuant to Title 25 of the California

Code of Regulations, Section 6932 or its successor provision) by the California Department of Housing and Community Development.[...]

Lower income household means low income, very low income and extremely low income households, inclusively.

Very low-income household means a person or persons living together as a household unit whose combined incomes exceed thirty (30) percent but do not exceed fifty (50) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U.S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50106 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

Planning permit means any typically discretionary approval of a residential project, including, but not limited to, a general or specific plan adoption or amendment, rezoning, tentative map, parcel map, conditional use permit, variances, design review, or coastal development permit.

Residential project means any new construction of ~~three ten seven~~ (3 ~~10~~ 7) or more dwelling units or condominium conversion as referenced in this chapter 14C, for which a planning permit or building permit is required.

Very low-income household means a person or persons living together as a household unit whose combined incomes do not exceed fifty (50) percent of the median income for San Diego County for an equivalent size household, as determined annually by the U. S. Department of Housing and Urban Development, and as defined in California Health and Safety Code Section 50105 and published annually pursuant to Title 25 of the California Code of Regulations, Section 6932 (or its successor provision) by the California Department of Housing and Community Development.

4. Revise Sec. 14.C.5 Reservation requirements to require the application of inclusionary housing provisions to projects with seven or more units instead of the City's proposal to require applicability with ten or more units, as follows:

(a) No development plan for a ~~for sale~~ residential project of ~~three ten seven~~ (3107) or more units subject to this chapter shall be approved in any area of the city unless at least ~~ten~~ (10) ~~fifteen~~ (150) percent of such housing units are reserved for sale to lower- and moderate-income households or reserved as rental units for low-income households, the inclusionary housing requirement, as follows, unless an alternative is approved as described in section 14C.8: [...]

(b) Calculation of reservation requirement. The calculation of the number of housing units to be reserved by this section shall be made utilizing the total number of housing units in the development residential project prior to including any increase in the allowable number of such housing units authorized by any density bonus granted pursuant to Government Code Section 65915 et seq., including as codified in section 3032 of the Oceanside Zoning Ordinance. [...]

5. Revise Sec. 14C.6. Affordable housing standards and incentives, to specify units shall remain restricted for both rental and sale for at least fifty-five (55) years, clarify that ADUs may be allowed to satisfy inclusionary housing requirements for any residential development regardless of whether it is a single-family or multi-family project, and properly reference State Density Bonus Law as follows:

(a) Affordable housing standards. Reserved units must be constructed on the site of the residential project unless the city approves an alternative as provided under section 14C.8. Reserved units must conform to the standards of this section 14C.6, to be set forth in the affordable housing agreement and where applicable, subsequent deed restrictions or regulatory agreements.

(1) Rental restrictions. Reserved units shall remain restricted and affordable to the designated income group for at least fifty-five (55) years. In addition to the income of a designated group, limitations on assets may also be used as a factor in determining eligibility for rental or ownership units. Notwithstanding anything to the contrary in this chapter, no reserved unit shall be rented for an amount which exceeds ninety (90) percent of the actual rent charged for a comparable market unit in the same development, if any.

(2) Sales restrictions. After the initial sale of the reserved ownership units at a price affordable to the target income level group, reserved ownership units shall remain affordable to subsequent income eligible buyers pursuant to a resale restriction with a term of at least fifty-five (55) years or ownership units may be sold at a market price to other than targeted households provided that the sale shall result in the recapture by the city or its designee of a financial interest in the units equal to the amount of subsidy necessary to make the unit affordable to the designated income group and a proportionate share of any appreciation. Funds recaptured by the city shall be used in assisting other eligible households with home purchases at affordable prices. To the extent possible, projects using ownership units to satisfy inclusionary housing requirements shall be designed to be compatible with conventional mortgage financing programs including secondary market requirements. [...]

(b) Accessory dwelling units (ADUs) may be constructed on-site to satisfy an inclusionary housing requirement for a single family residential development. ADUs shall be rent restricted at affordable rental rates and renters shall be income-qualified in compliance with the requirements of this chapter, to be specified in the applicable affordable housing agreement. ADUs shall not be used as reserved credits available as an alternative to satisfy an inclusionary housing requirement of another applicant. [...]

6. Revise Sec. 14C.9 Application and review procedures (a)(2) Affordable housing plan to include acutely low as an income option and (b) to include the specification that the affordable housing agreement may also be recorded against the project before a CDP is issued, as follows:

(a) [...] 2 [...] d. Level of affordability for inclusionary units (acutely low, extremely low, very low, low, or moderate); [...]

(b) Affordable housing agreement. The applicant shall enter into an affordable housing agreement with the city, in a form approved by the city attorney, to be executed by the city manager, to ensure that all the requirements of this chapter are satisfied. The affordable housing agreement shall be recorded against the residential project prior to issuance of a coastal development permit, or approval of any final or parcel map, or issuance of any building permit, whichever occurs first, and the relevant terms and conditions therefrom filed and subsequently recorded as a separate deed restriction or regulatory agreement on the affordable project individual lots or units of property which are designated for the location of reserved units. This agreement shall serve as the governing document demonstrating compliance of the residential project with this chapter.

7. Revise Sec. 14.C.10 Continued affordability to reference the correct subsection of 14C.6. Affordable Housing Standards and Incentives instead of Sec. 14C.4. and delete a rent-specific sentence to ensure clarity of the provision, as follows:

(b) Sales price/rental restriction. The initial sales price or rent to be charged for a reserved housing unit shall be so limited as to be affordable within the definition of section 14C.4. A deed restriction, covenant, and/or other instrument enforceable by the city and approved by the city attorney and director of housing and neighborhood services, limiting the resale of such units shall be recorded against the title of the property within which the reserved units are located, or limiting the rental of the reserved units at affordable prices in accordance with the affordable housing standards as described in 14C.46(a)(1) and (2). The rent restriction shall be in effect for a minimum of fifty-five (55) years and shall apply to all successors in interest. Additionally, the property shall be so restricted as to prohibit the conversion of the restricted units for the term of the rent restriction to a condominium, stock cooperative, community apartment, or such other form of ownership which would eliminate the restricted units as rental units. [...]

IV. FINDINGS FOR REJECTION OF THE CITY OF OCEANSIDE IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED, AND APPROVAL IF MODIFIED

A. AMENDMENT DESCRIPTION

The City's Ordinance No. 24-OR0004-1 to update its inclusionary housing provisions of Chapter 14C of the certified Implementation Plan include 1) an increase to the threshold subject to inclusionary housing requirements from three units to ten or more units; 2) an increase to the requirement to reserve housing for low and moderate-income households from 10% to 15%; 3) a requirement that reserved units within a multi-family residential provide a proportionate unit mix based on bedroom count as to the market rate units, be dispersed throughout the project, and have access to the same amenities as market units (common open spaces, parking, storage, etc.), and 4) a clarification for the use of ADUs as an alternative option to satisfy inclusionary housing requirements but are restricted from being used to satisfy an inclusionary requirement of another applicant. The updates also propose to revise language in Section 14C, including the replacement of the words "affordable" or "reserved" with "inclusionary" and replace the term "reserved unit" with

“inclusionary housing” in some sections. The amendment does not propose any changes to development standards.

The City’s LCPA22-00003 to update its inclusionary housing provisions of Chapter 14C of the certified Implementation Plan include 1) revisions to existing sections such as defining the methods in which inclusionary housing may be satisfied, which kinds of developments do and do not apply to the provisions of the chapter, alternative options for providing inclusionary housing units, and in-lieu fees for inability to provide inclusionary units and 2) addition of a new sections regarding standards and incentives to reserve inclusionary units, application and review procedures, and agreements and restrictions.

B. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN

The standard of review for LCP implementation plan 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.

VI. Visual Resources and Special Communities

1. In areas of significant natural aesthetic value, new developments shall be subordinate to the natural environment. [...]
3. All new development shall be designed in a manner which minimizes disruption of natural land forms and significant vegetation.
4. The City shall maintain existing view corridors through public rights-of-way. [...]
8. The City shall ensure that all new development is compatible in height, scale, color and form with the surrounding neighborhood

VII. New Development and Public Works

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.

1. FINDINGS FOR DENIAL

At its June 10, 2021 meeting, the Coastal Commission certified, with suggested modifications, the City of Oceanside Local Coastal Program Amendment No. LCP-6-OCN-

20-0091-4 to amend Section 14C of the City's Municipal Code. The City considered this amendment Phase 1 to clean up Section 14C. On January 11, 2023, City Council approved LCPA22-00003, which the City refers to as Phase 2 and includes additional substantive revisions. The City then incorporated the 2023 changes (LCPA22-00003) into the IP without certification from the Commission, thus Ordinance No. 24-OR0004-1 includes revisions to the uncertified version. Therefore, Ordinance No. 24-OR0004-1 cannot be certified without concurrent certification of LCPA22-00003.

As currently certified, the inclusionary housing provisions are required for all residential structures of three (3) or more units including mixed-use developments, condominium conversions, and time extensions of development plan approval for previously approved residential projects. This provision does not include construction of a new residential structure of three (3) or more units which replaces a residential structure that was destroyed or demolished and provided the number of residential units is not increased or the habitable space is not expanded. As proposed, the provision would revise the three (3) or more units to ten (10) or more units, which is a substantial change. In addition, the City's proposed language requires a 55-year affordability period, but in some circumstances, a project may warrant a longer affordability period (e.g., projects that implement density bonus and deviate from typical development standards). Therefore, projects that currently require inclusionary housing requirements would no longer be required to do so, or would be required to do so for a shorter period of time, thus decreasing affordable housing throughout the City.

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 City's LUP contains a number of policies that address protection of public views, preservation of community character, and the protection of public access as stated, in part, within Section B above. Although the City's certified LUP does not contain any policies pertaining to inclusionary housing, the certified LUP does contain policies that support maximum public access to the shoreline and inclusionary housing supports access for all incomes in the coastal zone. Furthermore, Coastal Act Section 30604(g) directs the Commission to encourage the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone. Therefore, as proposed amendment cannot be found consistent with the City's certified LUP regarding maximum access.

2. FINDINGS FOR APPROVAL IF MODIFIED

As previously stated, the proposed amendment would revise the provision in which inclusionary housing requirements would apply to mixed-use developments with residential units that have three (3) or more units to ten (10) or more units instead, which is a substantial change and would drastically limit the applicability of the amendment. As such, projects that currently require inclusionary housing requirements would no longer be required to do so and decrease affordable housing throughout the City. Therefore, **Suggested Modification Nos. 1, 3, and 4** would revise the applicability of this provision to seven (7) or more units rather than the City's proposal of ten (10) or more units. This revision would allow the City of Oceanside to implement the new 15% affordability requirement at the smallest common denominator; thus a 7-unit residence would be the smallest project where one affordable unit would correspond to ~15% of the unit. This would be consistent with other cities' inclusionary housing provisions within San Diego

County, such as Encinitas, and allow for more affordable housing units than as proposed. The City agrees to these suggested modifications.

The other suggested modifications are simple revisions, updates, or clarifications to the proposed provisions. For example, **Suggested Modification No. 2** would delete Sec. 14.C.3 Reserved, specifically the Editor's Note, as the deletion was previously certified by LCPA-6-OCN-20-0091-4 but omitted from the current IP amendment. **Suggested Modification No. 3** would update the definitions within the overarching category of "low-income" as determined annually by the U.S. Department of Housing and Urban Development (HUD). The updates are required because LCPA-22-00003 was written in 2022, therefore a new category of *acutely low-income household* is missing and the specific ranges for types of low-income categories are dated in the current submittal.

Suggested Modification No. 5 includes minor revisions to Sec. 14C.6. Affordable housing standards and incentives. The revision to subsection (a)(1) and (a)(2) specify that units shall remain restricted for both rental and sale for at least fifty-five (55) years, to provide flexibility to impose additional affordability beyond the required minimum and to ensure affordable housing is available for as long as possible. The revision to subsection (b) would revise the specification that ADUs may be constructed on-site for any residential development in order to satisfy inclusionary housing requirements, instead of restricting the provision to only single-family residential developments, thus allowing any type of residential developments the same ability to utilize ADUs to satisfy inclusionary housing requirements. For example, when inclusionary housing requirements are triggered, this revision would allow both single-family and multi-family residential developments to utilize ADUs to satisfy the inclusionary housing requirements. Lastly, the revision to subsection (c)(1) includes a reference to State Density Bonus Law, since the City is in the process of updating its density bonus policies in the LCP (see staff report for LCP-6-OCN-25-0029-2).

Suggested Modification No. 6 would revise Sec. 14C.9 Application and review procedures (a)(2) Affordable housing plan to include acutely low-income households as an income category. As previously stated, LCPA-22-00003 is dated and missing the lowest income range, therefore the revision would update the income range as established by HCD (Housing and Community Development) and HUD. **Suggested Modification No. 6** would also revise (b) to include the specification that the affordable housing agreement may also be recorded against the project before a CDP, as some projects may occur within the Coastal Zone.

As proposed, Sec. 14.C.10 Continued affordability (b) references non-existent subsections of Sec. 14C.4 Definitions, therefore **Suggested Modification No. 7** includes an edit to instead correctly reference Sec. 14.C.6 in relation to rental and sales restrictions.

Furthermore, **Suggested Modification No. 7** would remove a sentence in reference to a rent restriction to prevent any misinterpretation because the proposed provision is inclusive of both rental and sales restrictions.

The City is proposing a separate but related amendment, LCP-6-OCN-25-0029-2 (Downtown Density for 6th Housing Cycle) to establish a maximum density of 86 du/ac in the Downtown District where density is currently unlimited. The separate amendment could encourage the construction of more affordable housing by incentivizing developers to take

advantage of density bonus provisions (as allowed by State Density Bonus Law, Govt. Code Section 65915) to exceed the maximum base density of 86 du/acre. State Density Bonus Law was updated as of January 1, 2024 by Assembly Bill 1287 to allow 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. As a result, developers would be required to reserve more units for moderate and low-income households to obtain the density bonus. Therefore, the two separate amendments in tandem would result in more affordable housing units required throughout the Coastal Zone and allow for distribution of density throughout the downtown district.

For the reasons described above, only if modified as suggested can the proposed Implementation Plan amendment be found consistent with and adequate to carry out the City's certified LUP.

V. 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. 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 evaluated the proposed action and determined it was exempt from review under CEQA as allowed by Guideline 15061(b)(3) (Cal. Code of Regs., tit. 14), often known as the "common sense" exemption. The City found adoption of an ordinance to update inclusionary housing provisions will not have significant environmental impacts.

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. The Commission finds that approval of the proposed ordinance amendment, as submitted, would result in significant impacts under the meaning of the California Environmental Quality Act. However, with the inclusion of the suggested modifications, implementation of the revised ordinance would not result in significant impacts to the environment within the meaning of the California Environmental Quality Act. Therefore, the Commission finds that approval of the LCP amendment, as modified, will not result in any significant adverse environmental impacts