



**MINUTES
PLANNING COMMISSION
CITY HALL COUNCIL CHAMBERS
154 SOUTH EIGHTH STREET
GROVER BEACH, CALIFORNIA
TUESDAY, NOVEMBER 13, 2007
6:30 P.M.**

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in a City meeting, please contact the City Clerk's Office (473-4568) at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made to provide accessibility to the meeting.

CALL TO ORDER: 6:30 p.m.

PRESENT: Commissioners: Blum, Coleman, Long, Marshall, Nielsen,

ABSENT: Vice Chair Snow and Chair Peterson.

PUBLIC COMMENTS: *At this point of the meeting, members of the public may bring up any items within the jurisdiction of the Planning Commission that are not on the agenda. Please limit your comments to three (3) minutes. The Planning Commission will listen to all comments; however, in compliance with the Brown Act, the Commission cannot act on items not on the agenda.*

There was no one present who wished to comment.

PUBLIC HEARING ITEMS:

1) **Development Permit Application No. 07-010**
Applicant – 152 N 11th LLC

This Application is a request for approval of Site and Architectural Plans, Use Permit, Tentative Parcel Map, and Variance to allow the construction of a three-story mixed use building. The zoning code allows the residential portion of the building to be less than or equal to 50% of the total square footage of the building. The variance request is to allow the residential portion of the structure to exceed the allowable 50%. The subject property is located at 152 North 11th Street (Assessor Parcel No. 060-237-007) and is zoned Central Business District (C-B-D). The project planner is Janet Reese.

Commissioner Coleman recused herself from this item, due to her residence being within 500 feet of the project.

Planning Manager Diana Gould-Wells presented the staff report. There are two parts to this process. The first part is to review the variance request and take action on that, because without the variance, the rest of the project cannot be acted upon.

The first part of the presentation will only deal with the variance issue. Once that has been determined, they will either present the remainder of the project or the applicant can have the option to speak and give their presentation, depending on the wish of the Planning Commission.

The site is currently undeveloped, though there are curb and gutter improvements. The applicant is proposing a 3-story, 4-unit condominium development with three residential units and one commercial unit. They are also proposing seven on-site parking spaces. Normally with a development of this type, they would expect to see 8 parking spaces. There will be further discussion of parking, should the discussion come up in the second portion of the project.

The applicant is requesting a variance because in the Central Business District, a maximum of 50 percent residential use would be allowed based on the total square footage of the project. As proposed, this project has 65 percent residential and 35 percent commercial. The Municipal Code requires the applicant to apply for a variance in this case.

There are two findings that need to be made for the variance. The two findings ask them to indicate if granting the variance would be a special privilege for the applicant and that special privilege would not be inconsistent with limitations placed on other properties. Also, they have to find that there are special circumstances that would be particular to this location, such as size, topography or something else that would make this site unique. In addition, the applicant is required to provide written notification explaining why they are applying for the variance. This notification must demonstrate that granting the variance is not contrary to the intent of the Municipal Code and that there would be special circumstances or exceptional characteristics of the property that they feel justify the variance being granted. The applicant provided the statement, and it is included as Attachment I of the staff report.

Staff met with the applicant several times and they have discussed various components of the project. They let the applicant know that the project as proposed does not meet the requirements of the Central Business District because it has more than 50 percent residential uses. They gave the applicant several alternatives. One of the alternatives was for the applicant to reduce the square footage of the residential units and another would be to deed restrict one of the units as an affordable unit in order to allow the project to allow the applicant to ask for a concession to allow more than 50 percent residential. As of this presentation, the applicant has chosen not to consider these options and wanted to move forward with the project.

She stated that staff has discussed this project at length with the City Attorney, and they made the determination that there is no legal way to make the findings for a variance. There is no evidence in the record to support a variance. If the variance were granted, it would give a special privilege to the applicant because it would be inconsistent with other properties in the area. In summary, there are no special or exceptional conditions on the property that would make the applicant subject to unnecessary hardship if the variance was not granted. At this point, they are asking that the Planning Commission approve the resolution presented denying the variance request. It is up to the Commission if they take testimony or public comment at this time. If the variance is denied, there would be no further action required at this time, and the applicant has the option to appeal the decision to the City Council. If the project is not acted on at this time, and the applicant wanted to bring the project back at a future date, there would be no additional fees required because no action had been taken on the project.

Commissioner Long asked if a variance similar to this had ever been approved in the past. Director Hansen stated that no, a variance had not been granted for this type of circumstance. Interim Chair Marshall asked if it has been used in any other circumstances. Director Hansen stated that variances had been granted in the past due to the configuration of the lot size or topography. The variance vehicle has never been utilized to modify the 50/50 residential/commercial ratio in this zone.

Commissioner Nielsen asked if the Planning Commission granted the variance, would it set a precedent for future projects.

Assistant City Attorney Donaldson stated that it could set a precedent. Similar circumstances have to be treated similarly, and the two findings have to be made.

Interim Chair Marshall referenced the letter from the applicant requesting the variance. In Item A of the letter, he discusses the use of corridors and stairs within the structure that don't count against the percentages. Planning Manager Gould-Wells indicated that those areas had been excluded because it is not a covered area. If it were covered then you could include it, but because it is an open area, it is not traditionally included.

Interim Chair Marshall stated that the letter also brought up another project that was allowed to exceed the 50 percent rule. Planning Manager Gould-Wells indicated that the other project had an affordable unit and was allowed a concession to exceed the ratio.

Interim Chair Marshall asked the applicant to come forward.

Craig Smith, agent for the applicant, spoke representing the project. He distributed more detailed drawings. Interim Chair Marshall stated that they only want to discuss the variance at this time.

Mr. Smith stated that their task is to convince the Planning Commission that staff's opinions are not correct regarding the two conditions that they have to deal with. Specifically, the findings to approve the variance. In his findings, he wanted to address why. Their primary concern is trying to make a very small lot work in an area that traditionally has very small lots such as exist in the Central Business District. He stated that the lots are undersized for mixed use. There is no existing land use or ordinance that allow a viable ability to develop these properties. Directly adjacent to this project is the CP zone is a totally different zone in terms of criteria, and the ratio increases to 60 percent of residential to commercial units. They tried to acquire that property. They were unable to acquire it. They also attempted to show why, if they were to have a conforming project, the four units that would be allowed would be very small. With the three that they are proposing, the maximum that they could achieve was 886 sq. ft. That type of project does not appraise. That was an option that they could not agree with. To reduce the sizes would make it a non-viable project.

He stated that they would have loved to do an affordable housing project. The problem is that with the smaller number of units, it would not be a viable project. He stated that another problem with the existing zoning is the requirement for on-site parking.

They feel that the open circulatory area should be included for the total building square footage. This project is a sustainable project. It is a sustainable, energy-saving project. At the Building counter, there is information about how to "Build Green". There is a checklist for people to use when they build new homes. The builders go through the checklist to see what they can do to be more sustainable and energy-efficient. The checklist uses a point system, and if a project hits 50 or more points, then the project is considered to be sustainable. Using that checklist, this project had a score of 96. They are using a photovoltaic system, a domestic hot water system. They are proposing hydronic or radiant heating, they are being more insulated and looking for more natural ventilation, lighting and heating. If they had to conform to enclosing that corridor and put walls up, they would have to insulate and ventilate that area. They feel that it is unnecessary for a sustainable project, and they are standing strong on suggesting that the space be left open but calculated into the gross square footage of the overall building, which then would reduce from 65 percent to 58 percent ratio of residential to commercial, which brings them closer to the 50 percent requirement.

He provided information from other jurisdictions on how they calculate this information. His office called six local cities with regard to what they could do in those jurisdictions in a similar situation. Their research indicated that those agencies allowed a greater percentage, or at least a similar number of units that they are proposing on this size lot.

One of the hardships that they feel is compelling is the size of the lot. There are 76 lots in this zone. Only 12 of those lots are larger, 37 are smaller, and 26 lots that are approximately the same size. They feel that this is a hardship.

He stated that he doesn't feel that black and white land use policy should drive pragmatic, energy efficient developments, when they are asking for a very minor alteration or exception that they feel is correct. He stated that the project will be a benefit to the community. There will be improvements to the street and a sidewalk will be added and there will be utility improvements. It will be an improvement to the Grand Avenue corridor.

He hopes that the Planning Commission would take the items he discussed into consideration. Commissioner Long asked for clarification on why providing an affordable unit was not viable. Mr. Smith stated that because there are only three units, it would disallow the affordable unit to be part of the development performance. They don't have enough units to offset an affordable unit. That is how affordable housing works. If they could make it work, they would. They looked at every option they could in that regard.

Interim Chair Marshall stated that one of his concerns is that the 50/50 requirement in the Central Business district is to bring in a tax base for the city. If there is too much residential, they end up losing too much.

Director Hansen stated that if you look at the purpose and intent of the zoning district that this project is in, it is clear that the purpose of the Central Business District is intended to be a pedestrian oriented commercial district that provides a balance of retail, civic, office and residential uses. Also, the minimum building site for mixed use residential development is 5,000 sq. ft. Those are the development standards. Staff has given its position on the variance issue. If the Planning Commission does not agree with staff's position, then they would need to provide direction to staff pursuant to whatever findings they make that would be consistent with the applicant's request. It is still staff's interpretation that there are not findings to support a variance.

Mr. Smith stated that a commercial property does have a benefit and that would be the case in any commercial situation. The City also has a housing element, that is a state mandate, and they can look at the glass being half-full, since they have three units of residential that will go toward fulfilling the housing element. He stated that a mixed use is a greater contributor to creating a vibrant pedestrian oriented area downtown because there are people living downtown and walking to businesses and not driving. He stated that the parking is also a big issue, since they are requiring valuable real estate to be utilized for parking.

Interim Chair Marshall stated that a lot of things have come up over the years is that they are trying to maintain some kind of a tax base. Also, they have approved a number of mixed use projects along the Grand Avenue corridor. They are in favor of that, but are trying to find a balance. He stated that he was unclear about the ordinance related to the enclosing of the corridors. Mr. Smith stated that it is not an ordinance, but an interpretation of staff. There is no language in the ordinance and no land use policy written. It is a discretionary decision by staff. Interim Chair Marshall stated that including that would get them closer to the 50 percent mark. Mr. Smith stated that if the Planning Commission agreed the corridors should be included, then they would be willing to try to find an eight percent reduction, and bring that back to the Planning Commission.

Director Hansen stated that there are options available. The applicant can ask for a continuance until there is a full complement of Planning Commissioners to review the project. Also, during the interim, the applicant can return with a revised site plan that incorporates some of the suggestions. He stated that another option that was briefly discussed was to make the entire project a hotel, with three units that would go into a pool to be used when not in use by the owners. In that case, the project would be 100 percent commercial. The applicant has indicated that it would not be feasible to explore that option.

Interim Chair Marshall asked Director Hansen his position on the corridors that are not enclosed. Director Hansen stated that it can go either way. If they enclose the areas that are residential, the ratio would be much higher. If they enclose the areas of commercial, it would lower the ratio of residential to commercial.

Director Hansen stated that there are areas in the commercial portion of the building on the first floor that if they were enclosed, would add to the square footage to the commercial. But, if the

residential areas on the second and third floors were open, it would not be considered and would not be included in the residential portion.

Planning Manager Gould-Wells stated that if the amount of commercial area increased, then the parking requirement would increase as well. She stated that generally speaking, when considering a variance, the economic viability of the project is not considered when determining whether or not a variance should be granted.

Mr. Smith stated that he agrees that the viability of the project can't be considered as a hardship, but at the same time, the City Council has indicated that projects should pencil out. He stated that they are looking at a land use element that needs to be updated to include more of a variety of mixed use concepts. There is just an interpretation difference. If their interpretation is used, it brings them closer to meeting the 50 percent limitation. He is hoping to find some compromise on that issue.

Interim Chair Marshall opened the public hearing.

Gary Edmunds, Grover Beach resident, stated that he thinks the Planning Commission should follow staff's recommendations. He stated that it is an interesting project, but has a lot of parking problems and does not fit with the neighborhood.

Phyllis Mulner stated that she rents the property next to the proposed project. She stated that she has plans to purchase the property she is renting in 2009. She stated that she has no problem with the project. She is in support of the project. Her only concern is that there is a good working relationship between them during any building process.

Steve Viera, applicant, stated that they will work with the adjacent property. He stated that his big question to the Commission is where is the downtown core. Mixed use can provide a viability in a downtown area. He stated that it can create a vibrant downtown, and you have to start somewhere. They aren't asking for a big difference on this project. The PD Overlay will be a good program that will help some of the smaller lots. He stated that doing this type of green project will set a good precedence in Grover Beach, and the City is ready for that change. This project is not out of the ordinary for this area. He stated that they are willing to work with the City and come up with a compromise, and set a precedence. They will work with the City in any way they can. Regarding providing affordable housing, that was his original intent. But, since the State required more than four units to be eligible for concessions, they could not do it. With the small number of units, according to the banks, providing one affordable unit kills the appraisal on the project.

Interim Chair Marshall stated that he likes following staff's recommendation, and at this point, he probably will still follow that. He stated that it sounds like the applicant is willing to work with staff on this, and he is willing to vote for a continuance to allow them time to work on it.

Mr. Viera stated that it would also give the Planning Commission more time to become familiar with the issues related to the project.

Commissioner Blum asked if the applicants had used the sustainable technologies on other projects in other cities. Mr. Smith stated that they had. Commissioner Blum asked how using the Green building technologies provided any incentives for the applicants. Mr. Smith stated that the project manager is LEED (Leadership and Efficiency Energy Design) certified. The certification has to do primarily with commercial facilities. There has not been one adopted yet for residential. He stated that there are considerable savings on energy usage and impact on energy usage and carbon footprints. There is elementary legislation proposed that will have some benefits that will be Title 24 driven. What this is going to do is the potential to be in a position where they don't have to buy any power. These are difficult projects to pull off. There will be more of this in the future. That is the reason they don't want to enclose the corridor space, were you would have to ventilate it if you don't have to.

Mr. Smith stated that he would like the Planning Commission to make the finding regarding the corridors and granted an approval, they could work with staff to reduce the additional 8 percent. They would like to work with staff, but have gone as far as they can. They are at a point where something needs to be done and have the Planning Commission make a determination.

Director Hansen stated that from the planning context, there certainly are design solutions that will get them closer to achieving the goal, and then there could be a finding that they were consistent with the spirit and intent of the ordinance. On the other hand, the granting of a variance is very clear. As staff has presented, they cannot make the findings to support the variance. The applicant can request a continuance, and it would afford them additional time to work with staff, but he is not really confident that a solution could be achieved in a short period of time.

Planning Manager Gould-Wells stated that the PD overlay that the applicant referred to is still in preliminary stages and that this project has to be reviewed related to the ordinances that are in effect now.

Interim Chair Marshall asked if the PD Overlay would help this project. Planning Manager Gould-Wells stated that it could provide some flexibility that doesn't currently exist. Assistant City Attorney Donaldson stated that the problem with that is that the Commission could not speculate on what might happen with the future ordinance, since nothing is in place at this time.

Phyllis Mulner stated that the Planning Commission should consider what is going on in other areas related to the environmental issues. In southern California, they are encouraging the green building techniques much more than around this area. There are limited resources, and the fact that they are trying to build something incorporating those ideals is a good thing and should be considered. She does not think that this project should be shelved based on the calculation differences.

Steve Viera stated that there are other things in the mix. He stated that the vacancy rate in residential and commercial are high. A mixed use development would help that, by getting people into the downtown core areas.

Interim Chair Marshall stated that there have been a lot of mixed use projects that the Planning Commission has approved. The issue here is the discussion of the variance. He stated that he is still confused about the open space issue.

Director Hansen stated that if they increase the commercial square footage, then the parking needs will also be increased.

Mr. Smith stated that there would not be any increase in the commercial area. It would remain the same. They are only trying to get the total building area up to bring the ratio down.

Peter Danciart, project designer, stated that the ordinance indicates that the residential area cannot be more than 50 percent of the total building area, not residential vs. commercial. Total building area includes elevators, stairs, walls, storage, utility rooms, corridors, etc. They took the interpretation that the lobby and the non-enclosed areas are part of the total building area.

Interim Chair Marshall stated that he believes that the applicant and staff need to work together and come back again. He closed the public hearing.

Commissioner Nielsen asked for clarification about the parking. Planning Manager Gould-Wells stated that for a development in the Central Business District, the parking is decided based on the square footage of the commercial area, at one space per 250 sq. ft. In this case, it pencils out to 7.7, rounded up to 8 parking spaces. If the amount of commercial space is increased, then the amount of parking would also increase. There is already a site constraint for parking, so in staff's opinion, this is not a viable option.

Director Hansen stated that a continuance may be in order. He stated that the applicant made a good point that the 50 percent deals with the total floor area on the site. The resultant design could either increase or decrease that. On the other hand, there will be a definite nexus between what the end product is and what the required parking will be.

Mr. Smith stated that the parking will not be changing. The only enclosure that they are asking for is in the residential, and that the calculation is based on the whole building.

Interim Chair Marshall stated that this is a variance that he is not likely to approve.

Mr. Smith stated that this is a very small piece of property and are trying to be as efficient as possible. There is only a minor difference in the parking, and they are slightly off. They do not feel that it is an issue based on the location and the predominance of off site parking.

Director Hansen stated that staff can support the amount of parking that is currently provided. However, before that can happen, a determination must be made on the variance, by making the findings discussed earlier. The applicant has made it clear that they have utilized LEED principals, which has never been done in a project before. It is up to the Commission to determine if that is precedent-setting. He stated that staff has evaluated this closely, and as it stands now, staff cannot make the necessary findings to support the variance.

Interim Chair Marshall asked if they are considering instead of providing low-income housing they are providing the LEED technology, and asking if it is comparable.

City Attorney Donaldson stated that it is legally questionable at this point. That would have to be something that would have to be looked into, since it has not been done before. Looking at the language of the ordinance, it is his opinion that it is not possible, but he is willing to look into that further.

Commissioner Blum stated that the sustainable project is good. Some of the points the applicant brought up were good, related to encouraging these kinds of projects. He stated that it is important to move in a direction that encourages incorporation of Green Build technologies. He asked if counting open corridors in the building calculations set a precedence that will impact future projects. It obviously makes no sense to enclose a corridor if you are trying to achieve some form of green building techniques. He asked if a builder should be penalized for incorporating this idea. He is concerned that they are hindering green growth. He knows that they don't have a formula that grants a variance or incentive for using Green Build technologies. It is probably something that they should be working toward. He asked if the applicants can get to 58 percent with the calculations, is staff willing to make adjustments to get closer. How close would the applicant need to be to meet the spirit of the ordinance.

Director Hansen stated that he will need to look into the project in greater depth. Regarding Green Build technology, he stated that they should be encouraging it. He stated that the City Attorney will be looking into that, and if they got close, then a variance may not be needed. He would have to go back and look at it again from that position.

Commissioner Blum stated that this is difficult because they do not want to set a legal precedence that causes potential conflict, but at the same time, it is important to push sustainable building.

Commissioner Long stated that the issue of the corridor still seems unclear. It seems like a continuance may be a solution so that staff can make a definite determination as to whether or not it should be counted in the total building area.

Commissioner Nielsen agreed with Commissioner Long, and stated that it would allow time to sharpen it up and bring it back before the Commission when it is closer to where it needs to be

so that they don't have to vote and set a precedent or turn it down. If he were to vote now, he would deny the variance.

Interim Chair Marshall stated that there has been some good dialog and that there are some issues that justify a continuance. Staff was going to look into incentives for green building. He stated that it is up to the applicant as to whether they vote on the variance now, or ask for a continuance.

Mr. Smith stated that part of the frustration is that they turned this project in in June, and they have had three meetings. He stated that there are a lot of loose ends. He stated that they are down to land use interpretations and setting precedence that are out of their ability to change. They don't want to continue going around and around. If the position is that they want them to continue, he was hoping that they would take a position on the Planning Commissioner's interpretations. That is a discretionary call. If they could get a feeling of what the Planning Commission preferred, that would be helpful. They would prefer a continuance rather than a denial.

Commissioner Nielsen stated that he needs clarification on the enclosed corridors, what counts as square footage what requires more parking.

Director Hansen stated that with the continuance, it gives staff time to respond to those questions.

Interim Chair Marshall stated that he would like more information, and has not been convinced by the applicants regarding the variance. He thinks it is a good project, but needs for the variance to be worked out, because it is a big issue.

Commissioner Blum made a motion to continue the item to December 11, 2007. Commissioner Nielsen seconded the motion, and it was carried with a vote of 4-0-2-0, with Commissioners Snow and Peterson absent, and Commissioner Coleman recused from this item.

WORKSHOP/DISCUSSION ITEMS:

2) High Density Multiple Family Overlay District

Planner Ray Hetherington presented the staff report for this workshop item. He indicated that at the September meeting there was a workshop related to two overlay districts—the PD Overlay and High Density Overlay Districts. They were originally combined, but staff later decided to have two separate districts. This district is proposed for two R-3 areas of the City. One is northerly of the Grand Avenue Corridor, from 5th Street to 10th Street, and the other is south of the Grand Avenue Corridor. There are other R-3 areas in the City that this overlay would not apply to.

One of the policies proposed as a part of the Housing Element is create an overlay district. The base zoning remains the same, and the overlay would be placed over the proposed areas. The overlay would not apply until there was an approved project. Both the zoning ordinance and Part 40 of the Municipal Code provide standards for R-3 zones. The intent of the overlay district is to provide more efficient design, incentives and development of affordable housing. They want to encourage higher densities while improving site design.

Currently in the R-3 zone, up to 40 ft. in height is allowed. One of staff's recommendations was to reduce the height in the R-3 zone, but still allow up to 40 ft. in the overlay district. The City Council has now provided direction to City staff to reduce the height to 30-32 ft., while the overlay proposes 40 ft.

Another issue discussed was what types of housing are being proposed, or intended to be proposed

in the R-3 district. He stated that a lot of the projects that have been approved in the last few years, have not been meeting the maximum density allowed in the zone and have larger square footages, similar to single-family homes. Staff wants to develop a mechanism that would reduce the size of the units, so that more affordable units would be encouraged. They are basing a lot of the assumptions on ownership units, since the City hasn't built apartment units in a long time.

The Council, during discussions regarding development standards, did not express a strong desire to implement a maximum unit size for affordable projects. Under the overlay, however, staff is still recommending that there be a 1,500 sq. ft. maximum.

One of the proposals in the overlay district deals with flexibility in parking standards and requirements. This was also discussed with the City Council during the Development Standards review. Generally, parking has a major impact on projects. They are also aware of the fact that there are many areas of the City that have parking issues. He stated that some of the situations are caused by existing developments that did not have significant required parking, and also the issue of people not parking in garages. The overlay would allow the Commission and Council to modify parking requirements for projects as long as it does not create a parking problem in the neighborhood. It provides a little bit more flexibility than exists now.

They have proposed a maximum building lot coverage of 75 percent, however that needs to be looked at further, as there could be issues related to setbacks, parking and access. It is important to note that it may be a good idea to review this in the same context as the residential development standards so they can be evaluated at the same time.

They are also looking at reductions in the front yard setbacks. When they are looking at the incentives and modification of the existing standards the intent is not to make the incentives automatic. It must be tied to design considerations. If the project meets certain criteria for affordable housing, and good design, then the Commission and the City Council can have the discretion to allow for modifications.

One of the things included in the overlay is a series of precise findings that need to be made for approval. They want the findings to be specific, so that people know what they have to do to and gives the Commission and Council the ability to review the projects with a degree of certainty so that things don't fall through the cracks.

A specific development plan application would have to be filed. That would include the architectural, use permit, maps. They would file the application and it would be heard by the Planning Commission who would make a recommendation to the City Council. The final action would be made by the City Council, because of the design modification that would be in the ordinance.

Once a project is approved, a Final Development Plan would be submitted, that would be reviewed and approved by staff, and would be measured against the final specific development plan that had been approved.

There would be time limits tied to the Specific Development Plan.

They had originally proposed that very minor changes could be approved by the Community Development Director, similar to Minor Modifications. If more moderate changes were proposed, they would be presented to the Planning Commission for approval. Large changes would be required to file new applications.

He stated that projects in these overlay areas would be required to provide affordable housing

component. Those levels would be 10 percent for very low income households, 20 percent for low income households, with a minimum requirement of one unit per project. They originally included moderate income in the proposal; however, at the suggestion of the Commission at an earlier workshop, it was eliminated since the City's real need is in the low and very low categories. The affordable housing units in market-rate projects must be reasonably dispersed and comparable in size, configuration and quality to the market rate units.

He stated that they also are considering allowing common refuse areas for Common Lot Developments.

He stated that the comments from the Commission will be forwarded to the City Council.

Director Hansen stated that they should look at the purpose of the ordinance. It allows flexibility in development standards if good design is provided. They defined "good design" in the report.

Another component to think about is that this overlay is only going to occur in two areas. Staff is proposing 75 percent lot coverage, but that will not work unless the building is four floors, and eliminate parking, based on typical lots in Grover Beach. This also sets a minimum density of ten units per acre.

He stated that some things still need to be streamlined for clarities sake.

Commissioner Long asked for clarification about the 75 percent lot coverage. Director Hansen stated that part of the Residential Development Standards review included examination of building heights in the R-3 zone. The Council has directed that the maximum height be 32 feet, and have up to three floors. Staff is recommending that with the HD Overlay, the height could increase to 40 feet, when affordable housing is provided. The affordable housing ordinance, which is in compliance with State law, allows projects to request incentives to go above the height. He stated that if projects go to four floors or more, 75 percent lot coverage can be achieved. Also, if on-site parking is limited, it can also be achieved. Without taking those measures, only about 50-55 percent coverage can be accomplished.

Commissioner Blum stated that they may want to go with the Council's suggested 32 feet, rather than 40 feet.

Planner Hetherington stated that they looked at lowering the overall height of the R-3 zone. He stated that they talked about allowing an incentive just in those areas to allow up to 40 feet. If the objective of the City is to not allow anything over 32 feet, then they will need to rework the overlay. He stated that the idea behind the overlay was to provide incentives for affordable housing and good design.

Commissioner Blum asked if the Green Build incentives are realistic for these projects. Director Hansen stated that it is.

He also stated that when affordable projects come forward with five or more units they already qualify for incentives via State law, which usurps local control, subject to certain conditions.

Planner Hetherington stated that sometimes financially, some Green Build design elements are difficult for an affordable project, since they increase the cost.

Commissioner Blum asked if there was an appraisal issue with units under 1,500 sq. ft. Director Hansen stated that there may be, but he would have to research that. He stated that they should

look at the intent and purpose of the R-3 zone, which is to provide areas that permit small, family living areas, which means higher density and smaller units. With respect to how it appraises, an affordable unit will appraise for less than a market rate, because of the limitations for selling the unit.

Gary Edmunds, Grover Beach resident, stated that he agreed with a lot of what staff presented. He stated that he is disappointed with the State affordable housing regulations. He stated that the height reduction to 32 feet is good, though there could be some exceptions. Regarding parking, he stated that there are problems with people not using their garages for parking, and parking becomes an issue. He stated that car ports or subterranean parking would address some of those issues. He stated that he thinks that they should maintain the current setback requirements.

Director Hansen stated that there is a lot to review in the HD Overlay, and they should be checking for duplications or clarifications. He stated that they should be questioning if they want to set a minimum density. Staff will have to evaluate the current affordable housing ordinance, as well.

/s/
CHAIR BLUM

/s/
SECRETARY TO THE PLANNING COMMISSION
PAT BECK, INTERIM COMMUNITY DEVELOPMENT DIRECTOR

(Approved at PC Meeting: September 9, 2008)