Micro Community Project -
Grand Oaks Paseo Residential Development
(DEV19-0049)

RECOMMENDATIONS:

Planning Commission recommends City Council:

1. Introduce for first reading, by title only, Draft Ordinance approving Title 9 Zone Text Amendments to the Planned Development Overlay Zone No. 27 (PD-27), based on findings.

2. Adopt Draft Resolution, approving a Conditional Use Permit (Master Plan of Development) and Vesting Tentative Tract Map (Tract 3141) based on findings and subject to Conditions of Approval.

REPORT-IN-BRIEF:

The Grand Oaks Paseo micro community project consists of a new mixed-use, residential and commercial project on the site of a previously approved mixed-use project. This new development proposal includes an amendment to the previously established Planned Development No. 27, a new Master Plan of Development and Vesting Tentative Tract Map. The project includes a state density bonus request and is proposing three deed restricted moderate-income units. In addition, an exception to Title 11 of the Municipal Code is proposed to accommodate the small lot subdivision. A total of 30 residential units are proposed in the project, 26 of which would be on individual lots with 4 of them above commercial spaces close to El Camino Real. The previous project approval on this site included 40 attached units. The project would be required to incorporate into the City’s Community Facilities District (CFD) to help it get closer to fiscal neutrality.

Project Info In-Brief:

<table>
<thead>
<tr>
<th>PROJECT ADDRESS:</th>
<th>4711 El Camino Real</th>
<th>Atascadero, CA</th>
<th>APN</th>
<th>029-271-001</th>
</tr>
</thead>
<tbody>
<tr>
<td>PROJECT PLANNER</td>
<td>Kelly Gleason, Senior Planner</td>
<td>(805)470-3446</td>
<td><a href="mailto:kgleason@atascadero.org">kgleason@atascadero.org</a></td>
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<tr>
<td>APPLICANT</td>
<td>Cal Coastal Properties</td>
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</table>
PROPERTY OWNER: The Acacias Development LLC

General Plan Designation: High Density Residential (HDR), General Commercial (GC)

Zoning District: Residential Multi-Family (RMF-24), Commercial Retail (CR), PD-27 (Planned Development #27)

Site Area: 1.71 acres

Existing Use: vacant

Proposed Use: Mixed-use Planned Development (30 residential units)

Environmental Determination:
☐ Environmental Impact Report SCH: ____________
☒ Consistent with previously certified Mitigated Negative Declaration No. 2005-0063
☐ Categorical Exemption CEQA – Guidelines Section _____
☐ Statutory Exemption §§ 21000, et seq & ________________________
☐ No Project – Ministerial Project

Discussion:

Existing Surrounding Uses / Parcel Configurations:

<table>
<thead>
<tr>
<th>Existing Zoning</th>
<th>Existing Aerial / Surrounding</th>
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<tbody>
<tr>
<td>Residential Single Family-X / Commercial Professional (CP)</td>
<td>Project Area</td>
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<tr>
<td>Commercial Retail (CR)</td>
<td>Project</td>
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<td>Residential Single Family-RSF-X</td>
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<tr>
<td>Commercial Service / El Camino Real</td>
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Project History
The “Acacias” planned development was originally approved by the City Council in 2006, and the site has remained vacant since. A Planned Development Overlay Zone No. 27 was created to allow for a custom mixed-use development that included commercial uses facing El Camino Real and residential condominium units on the rear portion of the site. Almost one half of the site (0.76-acre) on El Camino Real frontage retained the Commercial Retail (CR) zoning designation and the back half of the site (0.95 acres) was
changed to Residential Multi-Family. This configuration was found to be in substantial compliance with the City's mixed-use policy, which specifies a goal of retaining 50% of the project as commercial unless the project includes a significant community benefit. The 2004 City Council horizontal mixed-use policy is discussed in further detail later in this report. Currently, the Tentative Subdivision Map and Conditional Use Permit have expired; however, the 2006 zoning designations and PD 27 overlay zone remain in place.

The original “Acacias” project included 40 attached multi-family residential units, 6,498 square feet of commercial retail space, and 2,166 square feet of office/indoor recreational space.

The existing planned development does not allow for ground floor residential uses on the commercially zoned portion of the property as currently proposed by the applicant. This project proposes to amend the PD by expanding some additional residential uses within the commercial portion of the site.

The existing topography, large oak trees and the mid-block location of the site may have diminished the potential commercial viability of the property. The City’s General Plan supports the development of mid-block locations with residential uses within the
commercial zone with the approval of a Use Permit. This development appears to meet the General Plan goals and could help other nearby commercial properties become viable. Development of the site with viable commercial uses is constrained by the following:

- The site is not located within the commercial core.
- The site is not within a commercial node.
- The site does not contain sufficient flat land to support parking, accessibility, and reasonable floor area.
- The site backs up to residential uses.
- There are several large oak trees that dominate the property.

While the current PD allows residential uses on the rear portion of the site, increases in the amount of area devoted to residential use on the ground floor require an amendment to the Planned Development. PD 27 currently allows for a maximum of 40 residential units and 8,664 square-feet of commercial space (AMC 9-3.672) and refers to a corresponding Master Plan of Development and Tentative Tract Map. The current proposal, if approved, will amend all project components for consistency.

The Project concept of small-detached residential units, community living, and shared open space would add to the variety of housing types in the City and provide individual ownership of houses that are affordable by design without the limitations of a deed restriction. These factors appear to support flexibility in the City Council policy for mixed-use projects in the commercial districts that supply a “community benefit”.

The Design Review Committee (DRC) discussed the current project amendment on November 28, 2018. The DRC made recommendations for minor modifications to the proposed project, and voted to forward the proposal to the Planning Commission and City Council for consideration. DRC direction on each project component is included in the analysis below.

**Analysis**

The applicant is proposing to amend a previously approved site-specific Planned Development (PD-27). The Planned Development Overlay allows for deviation in the City’s development standards for setbacks, heights, parking, etc. in exchange for project benefits that have been established by the City Council. Zoning amendments, a new vesting tentative subdivision map, a new Master Plan of Development (CUP), and a density bonus are required to approve the revised development plan.

The applicant is proposing 30 residential units, 26 of which are small-detached units with the remaining four located above a commercial/office space. These upstairs residential units are four separate residential units built above four separate ground floor office spaces. The ground floor office spaces can function separately from the residential units and can be separately accessed, however they can also be internally accessed from the residential units by an internal stairway. Each of the office spaces are less than 400 square feet and could function to serve a variety of small office or commercial businesses that are either utilized by the residential tenant or separately leased. The project also includes a separate 1,900 square-foot community building that may be used for commercial uses.

**Site Plan**
The site is designed with a single driveway access from El Camino Real. There is a parking area adjacent to the entry driveway to allow for guest and commercial patron parking. A mixed-use live/work building and a community building are located adjacent to El Camino Real providing a storefront appearance along the public street frontage. The residential units are located along a looped access road with shared open space areas developed with decks in the center surrounding existing mature oak trees. Additional parking is provided along the access drive. There is also a solar carport structure that provides tandem parking spaces for units without garages and can be used as a community gathering space as needed. The project was designed to retain as many mature oak trees as possible.

The project site is zoned Residential Multi-Family (24 units per acre max / 20 units per acre minimum based on the average property slope of 9.6%) and Commercial retail (20 units per acre max). The Atascadero Municipal Code requires a minimum density on multi-family properties to ensure that adequate housing units are provided to meet City, regional, and state goals. The minimum density for this site, based on split zoning, is 18 units. The maximum density is 37 units based on the multi-family and commercial areas combined. The project proposal of 30 housing units falls within this range. The previously approved PD 27 language allows for a maximum of 40 units including any density bonus requests.
Native Tree Removal
One native tree is proposed for removal. The site has been designed to retain the significant large oaks on-site. The tree proposed for removal is a 10’ Live Oak and is within the proposed access driveway.

Retaining Walls
Due to site topography, there is a significant elevation difference between the rear units and the adjacent property to the east. The design team has accommodated this change in grade by building the garages into the slope at the rear of the site, minimizing visual impacts associated with a single vertical wall and allowing the finished grade to be raised behind each unit.

Parking
There are 70 parking spaces provided throughout the site: 28 private carport spaces, 14 reserved resident tandem spaces, and 28 guest/commercial spaces. There are also eight off-site parking spaces along El Camino Real. Using a worst case scenario with all 3-bedroom options chosen for units B, C, and D, the Atascadero Municipal Code requires 36 resident spaces, 6 guest spaces, and 4 spaces for the commercial uses for a total of 79 parking spaces. State law dictates the maximum parking ratio for density bonus projects at one space per one-bedroom unit and two spaces for two- and three-bedroom units. Under the provisions of state law, 64 parking spaces are required. The project exceeds the minimum number of parking spaces required by state law.
Paving Materials
Decorative paving is proposed at the entry to the project and along the loop road. Stamped or scored concrete is proposed adjacent to the mixed-use building and the majority of the guest and commercial parking area.

The Fire Department requires that the one-way access road through the development be a minimum of 20-feet wide. This accommodates the City’s ladder truck and stabilizers as well as traffic evacuating the site. Because a 20-foot wide road appears wide enough for two-way traffic, and to not detract from the pedestrian focus of the design concept, the design team is proposing alternative materials that allow the full width to be accessible by safety vehicles, but give the appearance of a narrower roadway. A contrasting pavement material or pattern is proposed along the loop road in areas of parallel parking stalls and to act as a pedestrian sidewalk when not needed for vehicular access during emergencies.

Buildings Setbacks
The project proposes a subdivision of the site to allow for individual ownership of each residence on its own small lot. The “postage stamp” lots will provide space for each residence, and will allow for the individual sale of each detached unit and ownership of the land in fee. The Planned Development and documents recorded with the map will govern common open space and site design standards, including limiting privacy fencing in areas where fencing would conflict with the open community concept of the design. As conditioned, privacy fencing would only be allowed for units that are adjacent to the rear and side property lines. The center units would be prohibited from erecting privacy fencing. Each unit is designed with a raised entry porch for private outdoor space. These areas are raised to provide a sense of separation from the community space without solid visual barriers.

While these setbacks to property lines are less than those normally required for standard subdivisions, the PD overlay zone is designed to modify development standards to allow for flexible and creative residential communities. Standard development setbacks are maintained at the edges of the site to ensure compatibility with properties outside of the development and open areas between units will be protected by documents recorded with the map and the Master Plan of Development to ensure that the intent of the site design is maintained over time.

Tentative Tract Map and Subdivision Ordinance Exception
A 32 lot tentative tract map is proposed with 26 residential lots, 4 live/work lots, a lot underlying the community building, and one common lot. The live work lots accommodate both the office/commercial space and the residence above. The commercial space can be separately leased but not sold as an individual unit. In order to accommodate individual small lots that are not along a public street, an exception to the subdivision ordinance must be granted. Typically, this type of project would be considered a condominium; however, in a condominium, owners do not own the land below their residence. In this project, each lot would be separately owned, while the road and other common areas would be owned in common by all of the owners. This is known as a common interest subdivision. Currently, Title 11, Chapter 6, of the AMC requires that all lots front a public road or be designed as a flag lot. To accommodate this project and its high quality individual lot pattern, staff is suggesting that an exception be granted to allow for the proposed small-lot configuration where each lot does not have frontage on a public road,
nor are they served by a flag lot. In this case, the commonly owned access road and open space areas will act in the same capacity as a public road for the purposes of access and utility connections. Exceptions to the subdivision ordinance can be granted by the Planning Commission and City Council provided certain findings can be made. The findings are included in the Draft Resolution (Attachment 2). The mixed-use project at the front of the site would also be subdivided into individual ownership, with each of the 4 residential and attached office spaces subdivided as an airspace condominium.

Architectural Design
The project is designed with an agrarian theme with the residential units taking on a small Craftsman cottage appearance. Materials include horizontal siding, corrugated metal, standing seam metal roofing, concrete, faux wood-grain siding, and shingle roofing. All buildings, including the residential units, are designed with varying roof forms and undulating façade elements. Upper floors are smaller in floor area than lower floors to allow for these varied roof forms and added visual interest.

Residential
The applicant is proposing a variety of detached one, two and three-story residential designs ranging from 471 square-feet to 899 square-feet of living area. The units are designed to be affordable-by-design due their small size, and the project will be deed restricting three units at the moderate-income rate consistent with state law and City Council policy. Units will be a combination of one, two, and three bedroom floor plans with efficiently designed living spaces. Each unit is designed with private storage space and laundry facilities. The units along the north and east property lines also include an understory carport that is built into the slope and acts as a retaining wall at the rear of each unit as discussed above. The proposed carports provide two private parking spaces each.

Mixed-Use
The proposed project also includes a mixed-use structure along the El Camino Real frontage designed with residential units built above separately accessible office spaces that are also internally attached via a stairway and access door. The structure includes four commercial spaces on the ground floor with attached residential units on the second floor. The offices will be level with El Camino Real and storefront access will be located from the public sidewalk. Each of these mixed-use units would be available for separate ownership, so each owner would own both residential and commercial space. The commercial space can be separately leased but not sold as an individual unit.

The mixed-use building contains a tower feature that exceeds the maximum allowable height by 2-feet. A finding has been included in the Draft Resolution (Attachment 2) to allow for this exception.

Community Building
The project also includes a community building that has a commercial appearance and is located along the El Camino Real frontage. Large windows face El Camino Real. The building is accessed through the interior of the site and a stairway/ramp leading up from El Camino Real. This provides a transition area from the public to the private domain without solid visual barriers. The community building is proposed to be owned by the HOA and could be used not only for internal community events, but could be made available as an event or meeting space to the community at-large, or for a co-working space.
Solar Carport
The proposed project includes a shade structure, which can serve a variety of uses from parking shelter and bike storage to a covered community gathering space. The structure is taller to allow for this flexible space design and to allow for the units behind the structure to be seen, providing a more aesthetic layering between the design elements. In addition, solar panels are integrated in the roof of the structure and the additional height allows for increased solar exposure.

The bike storage is housed in a tall tower at the side of the carport/shade structure anchoring the structure and providing efficient bike storage for a minimum of 16 bikes.

Landscaping
The conceptual landscape plan includes street trees in the sidewalk and additional shade trees placed strategically to avoid conflicts with the existing mature oak trees on-site. The common areas include a mix of drought tolerant landscaping and synthetic turf. Decks are included around the existing mature oak trees to provide a community amenity and visually layered gathering space. Boulders and stepping stones are provided in key locations and screening shrubs are located along the edges of the site. The retaining walls at the rear and side of the site are stepped to avoid a single vertical wall.

Signage
The design team is proposing signage for both the commercial potion of the development and the residential community. Signage facing El Camino Real includes a roof mounted project name sign and areas for individual tenant signs. The Atascadero Municipal Code
prohibits roof-mounted signs; however, many members of the DRC believed that the signage added character to the building and was tastefully done. Staff has added language to the proposed overlay zone text allowing for this exception.

Additional community signage is proposed on the sides of the mixed-use building facing the El Camino Real plaza space and the vehicular entry drive. A community message board is integrated into the side of the bike storage tower.

Community Mural
The design team is proposing to incorporate art into the community. The current concept is to include a mural on the blank commercial wall of the adjacent San Jacinto Center. This concept would heighten the aesthetics of the project and would minimize the impacts of the existing interface between the commercial center and the project site. Any wall mural in this location would require approval of the adjacent property owner and would need to be reviewed by the City to ensure that it reflects an appropriate non-commercial message.

Traffic & Frontage Improvements
Frontage improvements for the amended project include replaced sidewalk with in-sidewalk tree installation similar to the Downtown street tree pattern. This allows for the commercial buildings to directly front the sidewalk and create a pedestrian oriented space.

The proposed project includes 30 residential units, which is less intense than the 40 units previously approved as part of the original “Acacias” development. In addition, commercial square-footage has been reduced from 8,700 to 4,400 square-feet. Therefore, traffic impacts will be reduced compared to the original project impact. The project has been reviewed by the City Engineer and no additional traffic related improvements are required.

Planned Development Benefit Policy
The applicant is proposing to amend a previously approved Planned Development No. 27. Planned Developments allow for deviation in the City’s standards for setbacks, heights, minimum lot size, etc. in exchange for community benefits that have been
established by the City Council. The Planned Development Policy requires certain benefits be provided in order to warrant the granting of special or modified development standards. The benefit chart is shown below.

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<thead>
<tr>
<th>PD Location</th>
<th>Tier 1 Benefits</th>
<th>Tier 2 Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Inside of Urban Core</td>
<td>a) Affordable / Workforce Housing</td>
<td>a) Pocket Parks in larger projects</td>
</tr>
<tr>
<td>PD-7</td>
<td>b) High Quality Architectural Design</td>
<td>b) Trails / Walkways for Pedestrian Connectivity</td>
</tr>
<tr>
<td>PD-17</td>
<td>c) High Quality Landscape Design</td>
<td>c) Historic Preservation</td>
</tr>
<tr>
<td>Custom PD’s</td>
<td>d) Buffering between Urban and Suburban zones (large lot sizes, increased setbacks, landscape buffers, etc.)</td>
<td></td>
</tr>
<tr>
<td></td>
<td>e) Higher density to meet Housing Element goals</td>
<td></td>
</tr>
<tr>
<td>Outside of Urban Core</td>
<td>a) Natural Open Space Preservation</td>
<td>a) Multi-Purpose Trails – Equestrian / Bicycle / Pedestrian</td>
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<tr>
<td>Rural / Suburban Areas</td>
<td></td>
<td>b) Recreational Areas / Facilities</td>
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<tr>
<td>PD-16</td>
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<td>c) Historic Preservation</td>
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<td>Custom PD’s</td>
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The Planning Commission and City Council must find that the amended project provides all Tier 1 benefits, including high quality landscape and architectural design, in order to approve the Planned Development amendment. The DRC found that the proposed project meets the required benefits related to high quality architectural and landscape design.

**Inclusionary Housing & Affordable Housing Density Bonus**

The City Council has an interim inclusionary affordable housing policy that requires a percentage of units within residential developments that require a legislative approval to be reserved as deed-restricted affordable units. Providing affordable housing is also one of the mandatory Tier 1 benefits of the City Council’s Planned Development Policy.

The City’s policy asks that 20% of the project units are deed restricted for moderate income households. The Project will include three deed restricted units and the remainder of the units will not be deed restricted, but will be available for prices that are commensurate with the guidelines that establish prices for moderately affordable housing. The overall project will meet the standard of being “affordable by design” and will have the benefit of allowing property owners to have some upward mobility without the constraint of a deed restriction. This project will potentially fall into a category of being 100% affordable.

It is anticipated that 100% of the units will sell at or below the moderate-income rate based on the community design concept and the efficient size of the units. An affordable-by-design project allows first-time homebuyers to invest in property and benefit from future appreciation without limitations on future sales prices.

Staff believes that the applicant's proposal complies with the City’s inclusionary housing policy and actually voluntarily exceeds the required thresholds for affordability even though only 10% of the project will actually be deed restricted.
City Council Mixed-Use Policy:
In June 2004, the City Council met to discuss requirements for mixed-use projects. A consensus was reached at that meeting on the following:

- The projects should be integrated to the extent possible to produce a "mixed-use" development as opposed to blocks or strips of different development types.
- The projects need to be on vacant land and not be residential infill of commercial property unless there is significant reinvestment in the commercial portion.
- The Council's goal is that 50% of the project is commercial. If less than 50% the project must include significant community benefit.
- The commercial portion of the property must be completed prior to or concurrent with the residential portion.
- The Tausig fee model shall be applied to the residential portion of the project.
- The commercial portion of any mixed-use project shall not include ministorage or other non-retail sales tax generating uses except that offices could be permitted.

These policies apply to new horizontal mixed-use project applications. The originally approved mixed-use project met the intent of the Council’s Policy by locating a commercial building and project parking on the forward half of the site with the 40 residential units located on the rear portion of the site in attached multi-story buildings. The project was approved in February of 2006 and has remained vacant.

The General Plan currently supports allowing residential multi-family developments within the commercial retail-zoning district at mid-block locations where prime retail is not desirable or viable. The policy required Conditional Use Permit approval for such requests. This site’s topography, tree cover, access and visibility create challenges for the development of a large scale retail or commercial project. While overall the Project does not meet the Council goal of 50% commercial use, the affordability of the Project does provide significant community benefit.

Tentative Tract Map
A new 32 lot Vesting Tentative Subdivision Map (Tract 3141) is proposed. The Vesting Tentative Map has been conditioned by staff to meet City standards. The applicant will be required to record CC&R’s with the final map that will include maintenance provisions for all community property and improvements throughout the proposed development as needed. Annexation to the CFD will also be required prior to recordation of final map.

Planned Development Overlay No. 27 Amendment
The proposed project amendment application requires amending the Planned Development No. 27 code text in the Municipal Code in order to modify the unit count and project requirements. Staff has included proposed language that will ensure continued maintenance and shared use of the common area are consistent with the Master Plan of Development. A list of allowable uses for the live/work and community building has been included to ensure compatibility with the residential portion of the project and provide flexibility for the community space.

General Plan Land Use and Zoning Map Amendments
Because the General Plan allows for approval of multi-family residential projects within the Commercial retail zone, no amendments are proposed to the General Plan Land Use
Diagram or the Zoning Map. Development of the site will be governed by the PD-27 overlay zone and the associated adopted Master Plan of Development.

**Conclusion**
The proposed project is a unique concept focusing on an affordable-by-design housing product designed with a community focus. The project provides 30 residential units that range from 471 square-feet of living area to 889 square-feet. Common areas include landscaped outdoor amenities, a community building, and retention of the existing native oak trees to the greatest extent possible. Live work units are designed to provide rentable or home office spaces on the ground floor facing El Camino Real.

The Planning Commission recommends the City Council approve the project as conditioned.

**ENVIRONMENTAL DETERMINATION:**

A Mitigated Negative Declaration was prepared for the Acacias Development in 2005. That environmental document was certified by the City Council during original project approval. City staff has reviewed this document and determined that the current project, as proposed, does not increase impacts as analyzed. In fact, the current project scope includes a reduction in the number of residential units and a reduction of commercial intensity.

An updated archeological review and site survey was completed by the applicant team and no additional resources were discovered. The project will comply with the Mitigation Monitoring Program established by the previously certified Negative Declaration.

**FISCAL IMPACT:**

Based on findings from the 2003 Taussig Study, revenue from new residential development including property tax revenues, vehicle licensing fees, sales taxes, and other revenues are insufficient to cover the maintenance and emergency services costs of new development. Based on the revenue projections from the Taussig Study, the City has developed standard conditions of approval for new development projects that require the cost of maintenance and emergency services to be funded by the project through annexation into the existing community facilities district (CFD). The proposed project will be required to establish a Homeowners Association or other similar mechanism to maintain the developments roadways, common area landscaping, drainage, etc. Conditions of approval have been included in the attached Master Plan of Development and Map resolutions.

**FINDINGS:**

To recommend approval of the proposed project, findings are required to be made by the City Council. The City’s General Plan and Zoning Ordinance identify the specific findings that must be made to approve the zoning text amendments, the conditional use permit, and the tentative tract map. Findings and the facts to support these findings are included in the Draft Resolution (Attachment 2).
ALTENRATIVES:

1. The City Council may determine that more information is needed on some aspect of the project or that changes need to be made to the code text language or conditions of approval and may refer the item back to the applicant and staff to develop the additional information. The Council should clearly state the type of information that is required. A motion, and approval of that motion, is required to continue the item to a future date.

2. The City Council may deny the project. The Council must specify what findings cannot be made, and provide a brief oral statement, based on the staff report, oral testimony, site visit, correspondence, or any other rationale introduced and deliberated by the Council. If the proposed project amendment were to be denied, the previously approved Planned Development No. 27 and associated Master Plan of Development would remain in place for the site.

ATTACHMENTS:

1. Draft Ordinance
2. Draft Resolution
3. Proposed PD-27 redlined amendments
4. Applicant Justification Statement
5. Arborist Report
6. Phase II Archeological Report
7. Project Design Package