



August 19, 2020

TO: UAC Members

FROM: Ron Munds, General Manager

SUBJECT: Agenda Item 6 – 08/19/2020 UAC Meeting
Los Osos Community Plan Update

DESCRIPTION

This report provides a summary of the water resources information provided at the August 13th Planning Commission meeting related to the Los Osos Community Plan Update.

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STAFF RECOMMENDATION

Review and Discuss

Discussion

At the July 15th UAC meeting, the committee was provided with a presentation regarding Los Osos Community Plan (LOPC) update and the revisions to the draft Growth Management Ordinance (GMO) being considered by the County's Planning Commission at their July 9th meeting. The Planning Commission held a subsequent hearing on August 13th, mainly for clarifications regarding water use estimations for Auxiliary Dwelling Units (ADUs) and affordable housing projects in the plan, and the draft Habitat Conservation Plan (HCP) and potential impacts on new development.

The flowchart regarding how new development would proceed under the draft plan is attached. As shown, ADUs, affordable housing projects and the conversion of second story commercial to residential units would be able to proceed by utilizing the Title 19 Offset program. Additionally, some residential development could occur outside the Prohibition Zone, which is the case today. All non-residential construction would be on hold until "Phase 1" of the Basin Plan is complete and Phase 2 is implemented which is managed by the water purveyors through the BMC and the Basin Plan. To summarize, the following actions/measures need to be completed before new development can proceed in Los Osos:

- The Los Osos Community Plan update requires adoption by the Board of Supervisors and the approval of the Coastal Commission
- The Growth Management Ordinance requires adoption by the Board of Supervisors
- The Habitat Conservation Plan requires adoption by the Board of Supervisors and the approval of the USFWS.
- Phase 1 of the Basin Plan programs need to be completed (Programs A & C)

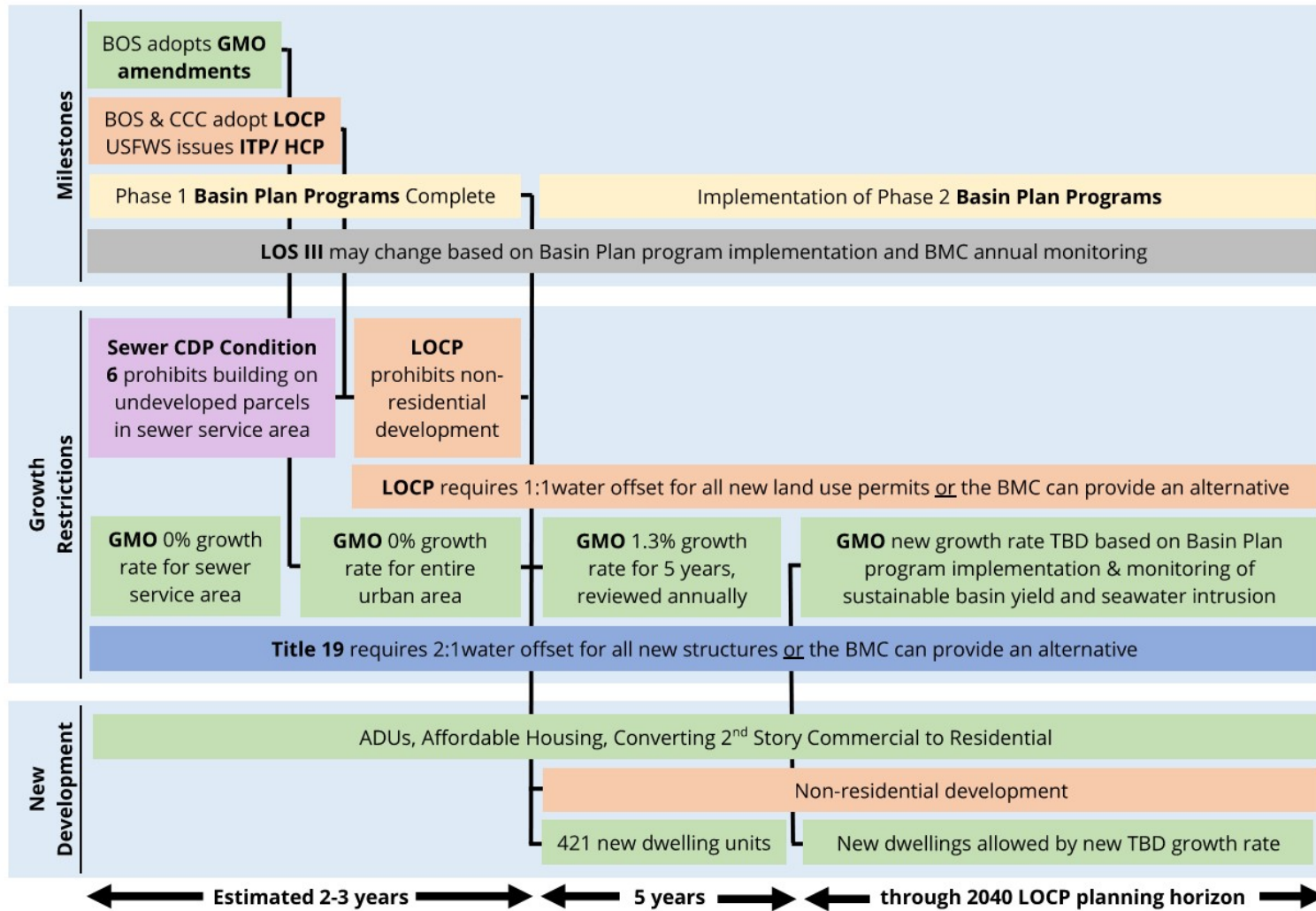
Next Steps

The Planning Commission has not made a final decision on the LOPC update. The Commission's remaining questions revolved around the HCP and the item was continued until their October 8th meeting. If approved by the Commission on October 8th, the plan would then proceed to the Board of Supervisors to a date yet to be determined.

Attachments

- LOCP Water Resources Flowchart
- Water supply impacts of projected ADU and affordable housing development in Los Osos

Flowchart





To: Planning Commission
From: Kerry Brown, Project Manager
Date: August 13, 2020
Subject: LRP2011-00016 and LRP2020-00006 Los Osos Community Plan and Growth Management Ordinance

On July 9, 2020, your Commission reviewed the Los Osos Community Plan (LOCP) and Growth Management Ordinance (GMO) and continued the item to August 13, 2020 with direction for staff to return with additional information and analysis. This memo provides staff's responses, with supporting attachments, for each of the Commission's requests.

Planning Commission Comments and Staff Responses

1. Develop and present an exhibit showing how the Community Plan would interact with other planning documents and policies to manage growth in Los Osos.

A flowchart is provided in Attachment 1 showing milestones and growth restrictions for new development in Los Osos. Condition 6 of the Coastal Development Permit for the community sewer currently prohibits building on undeveloped parcels within the sewer service area until the LOCP and HCP are adopted to establish sufficient growth limits to ensure development does not exceed the sustainable water supply. The LOS III designation for the groundwater supply may change based on Basin Plan program implementation and ongoing basin monitoring. The proposed LOCP standards and GMO amendments would prohibit new development until Phase 1 Basin Plan programs are complete, except for ADUs, affordable housing, and converting 2nd story commercial to residential. Once Phase 1 Basin Plan programs are complete, the GMO growth rate of 1.3% annual growth for five years would allow an additional 421 new dwelling units. The GMO requires this growth rate to be reviewed annually and modified if needed based on available water supply. After five years, the GMO would be amended to adopt a new growth rate for residential development based on the status of Phase 2 Basin Plan programs and basin monitoring. Title 19 standards already in place require a 2:1 water offset for all new structures. Revised LOCP standards shown in Attachment 5 require a 1:1 water offset for discretionary land use permits and prohibit removing the Title 19 offset requirement until there is available sustainable basin yield to support new development.

2. Present a map showing the proposed Los Osos Greenbelt.

A map of the Los Osos Greenbelt is provided in Attachment 2. The Greenbelt Map identifies the sites surrounding Los Osos that are publicly owned and already preserved as open space or passive recreation. The Greenbelt parcels along the periphery of the community (south and east) are located within the

Priority Conservation Area along with adjacent privately owned parcels. These parcels represent large contiguous areas of coastal sage scrub, maritime chaparral, and coast live oak woodland.

3. Present the Sea Level Rise Map for Los Osos.

The Los Osos Sea Level Rise Map is provided in Attachment 3.

4. Include exemption to allow the second story of commercial buildings to be converted to residential use.

The Commission indicated that second story commercial space should be allowed to convert to residential use. In response to Commission direction, staff revised the proposed Growth Management Ordinance amendments (Attachment 4) to include an exemption that allows for the second story of commercial buildings to be converted to residential use. Such proposals would be subject to existing water demand offset requirements in the Building and Construction Ordinance, Title 19 of the County Code.

5. Update exemption language and water demand offset standard in Chapter 7 (Planning Area Standards) of the Los Osos Community Plan.

The updated LOCP communitywide standards provided in Attachment 5 include conversions of 2nd story commercial space to residential use in the list of GMO exemptions and add standards requiring a 1:1 water offset for discretionary land use permits and prohibiting the removal of the Title 19 water offset requirement for all new structures until there is available sustainable basin yield to support new development without causing seawater intrusion.

6. Amend Community Plan to designate Morro Shores and the Fairchild Area as mostly residential.

Your Commission requested that the Morro Shores and the Fairchild areas in the community be designated as mostly residential. In the Public Hearing Draft of the LOCP, Morro Shores is proposed to go from Residential Single Family and Residential Multi Family to multiple land use categories: Residential Multi Family, Residential Single Family, and Commercial Service. The Commercial Service designation is to allow a Business Park and Neighborhood Commercial uses. Staff has deleted the Business Park from the standards (see Attachment 6), as requested. Deletion of the Commercial Service designation may also be appropriate. The Recreation land use category allows neighborhood commercial uses and may be more appropriate for the area. The Fairchild Area is currently within the Office and Professional land use category and is proposed to change to the Residential Multi Family land use category. Please see Attachment 6 which includes the proposed standards for Morro Shores (with the Business Park deleted) and the general standards for Residential Multi Family for the community, as the Community Plan does not have specific standards for the Fairchild Area.

7. *Discuss the implications of including a site in the Environmentally Sensitive Habitat Area (ESHA) combining designation.*

The ESHA designation is a Sensitive Resource Area (SRA) applied to sites with unique habitat value and includes wetlands, streams and riparian vegetation, terrestrial habitat, and marine habitats. Coastal Commission staff has recommended including all of Los Osos URL within the ESHA / SRA combining designation due to potential habitat for the Morro shoulderband snail and other listed species. An ESHA designation can restrict development in a number of ways. The designation of ESHA would make any future approved development appealable to the Coastal Commission. Land divisions are prohibited within an ESHA. In addition, only resource dependent uses are allowed within an ESHA. However, development of non-resource dependent uses is allowed to avoid an unconstitutional “taking” of private property. Development is limited to only principally permitted uses and is restricted to the least necessary to avoid a taking. All development in and impacts to ESHA shall be avoided to the maximum extent feasible. Any unavoidable impacts shall be limited to the maximum extent feasible. And all adverse impacts to the ESHA shall be fully mitigated. See Attachment 7 for additional information and specific ESHA standards.

The Public Review Draft of the LOCP included a different ESHA map. This ESHA map included all the area outside of the Urban Service Line (areas within the Urban Services Line were excluded) as these areas had larger swaths of intact habitat. However, based on Coastal Commission’s comments, the ESHA map was revised to reflect habitat conditions and was based on the habitat mapping done as part of the Habitat Conservation Plan (HCP). The Coastal Commission recommends that the whole community be designated as ESHA, however, staff contends that doing so would place an unnecessary onus on the community, as the HCP will adequately mitigate for impacts to the Morro shoulderband snail and other listed species. Although staff is not recommending that the whole community be mapped as ESHA, the whole community is within the HCP area and will be subject to the HCP. In conclusion, ESHA mapping is a mechanism used to avoid, minimize, and/or mitigate adverse impacts that may arise from development and land divisions on certain habitats, and since the HCP is also a mechanism that serves this purpose, implementing both mechanisms would be redundant and needlessly burdensome. More information can be found in Attachment 7.

8. *Prepare and present additional information regarding water supply impacts of projected ADU and affordable housing development.*

The memo provided in Attachment 8 supplements and clarifies the analysis in the LOCP FEIR regarding water supply impacts of projected ADU and affordable housing development. ADUs and affordable housing projects are exempt from the GMO but are still required to offset their water use at a 2:1 per Title 19, resulting in reduced overall water demand, until there is available sustainable basin yield to support new development. The projected growth is 11 new ADUs per year, totaling 220 new units using 24 AFY of water by 2040 and two affordable housing projects totaling 162 new affordable units using 24 AFY of water by 2040. The estimated total water offset needed for ADUs and affordable housing by 2040, assuming the 2:1 water offset requirement remains in place, is 100 AFY. The 2019 annual report prepared for the Los Osos Basin Management Committee estimates 160-350 AFY of potential water savings from

implementing additional water conservation measures for existing uses, more than enough to meet the offset demand for ADUs and affordable housing.

9. Provide for a maximum flexibility in design for the Commercial Areas

Your commission requested additional information regarding the standards for the Commercial land use categories, specifically maximum flexibility for outdoor use areas. Please see attachment 9, which outlines the specific standards in the Commercial land use categories. Mixed use developments are encouraged, and pedestrian oriented design is required throughout the Central Business District.

10. Status of the Habitat Conservation Plan and Timing of Los Osos Community Plan

The Public Review Draft of the Los Osos Habitat Conservation Plan (LOHCP) was released by the United States Fish and Wildlife Service (USFWS) in the fall of 2019. Staff is currently preparing the Interim Adaptive Management and Monitoring Plan (IAMMP) for the LOHCP Preserve System. Once the IAMMP is complete, the USFWS will be able to prepare the final issuance documents. Staff is expecting that the LOHCP will be complete by the end of this year.

Recommendation:

Recommend to the Board of Supervisors:

1. Approval of the Estero Area Plan amendment Los Osos Urban Area ‘Los Osos Community Plan’; and certification of the Final Environmental Impact Report (FEIR) pursuant to the applicable sections of the California Environmental Quality Act (CEQA) based on the CEQA findings contained in this report as Exhibit X.
2. Approval of the amendments to the Growth Management Ordinance, Title 26 of the County Code.

Attachments:

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| Attachment 1 | Exhibit describing how the LOCP interacts with other planning documents and policies to manage growth in Los Osos |
| Attachment 2 | Map of the Greenbelt |
| Attachment 3 | Sea Level Rise Map |
| Attachment 4 | Proposed Growth Management Ordinance amendments including an exemption for allowing second story of commercial to be residential (with updated language replacing vacant with undeveloped) |
| Attachment 5 | Updated exemption language and water offset standard in the Community Plan (excerpt from Chapter 7) |
| Attachment 6 | Proposed LOCP Revisions designating Morro Shores and Fairchild for predominately residential uses |

Attachment 7 Summary of ESHA standards impacting development potential

Attachment 8 Memorandum describing water supply impacts of projected ADU and affordable housing development

Attachment 9 Proposed standards for Commercial Areas

Attachment 10 Link to the July 9, 2020 Planning Commission Staff Report

Attachment 11 PowerPoint presentation