



MEMORANDUM

TO: Planning Commission

FROM: Brian Pedrotti, Director of Community Development

BY: Shayna Gropen, Assistant Planner

SUBJECT: Conditional Use Permit 24-003; Construction of Two (2) New Duplexes and Four (4) Accessory Dwelling Units; Location – 134 Nelson Street

DATE: February 17, 2026

RECOMMENDATION:

- 1) Adopt a Resolution approving Conditional Use Permit 24-003; and
- 2) Find that this action is exempt from CEQA pursuant to Section 15332 of the State CEQA Guidelines regarding infill development.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

No financial impact is projected.

BACKGROUND:

The project site is located at the southwest corner of Nelson Street and Short Street, within the Village Mixed Use (VMU) zoning district (Attachment 2). The parcels are located within the D-2.4 Historic Character Overlay District, which requires compliance with the Design Guidelines and Standards for Historic Districts (“Design Guidelines,” Attachment 3). The undeveloped parcels are currently used to provide parking for the gym and offices located at 134 Nelson Street.

In 2020, the City confirmed the existence of six legal lots at this location by issuing Certificates of Compliance, verifying that each had been created in accordance with the state and local subdivision ordinances in effect at the time of their establishment. The two subject parcels are situated along the southern boundary of the greater project site, adjacent to existing residential uses on Short Street. Each parcel is 3,389 square feet. The remaining four parcels front Nelson Street and are developed as described in the following paragraph.

The project site is currently developed with three (3) structures: 128 Nelson Street, constructed between 1891 and 1895; 128 ½ Nelson, likely constructed in the late 1920s as rental lodging; and the Earl W. Wood Mortuary Building at 134 Nelson Street,

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constructed in 1938. Background information on the subject parcels and the larger site area was prepared by SWCA Environmental Consultants in 2019 in the *Architectural Evaluation of 128 and 128 ½ Nelson Street* (Attachment 4).

While the residential land-use at 128 Nelson Street has continued, the smaller tenant structure at 128 ½ Nelson Street has fallen into disrepair and is no longer habitable. The mixed-use building at 134 Nelson Street has served as a community facility with residential units on the second floor. The applicant has integrated architectural elements from the mixed-use building at 134 Nelson Street into the project design to ensure a smooth transition between the higher-density village area and the residential neighborhood to the south. The proposed architectural features are discussed in greater detail later in the staff report.

The purpose of the VMU zoning district is to provide for a mixture of commercial, office and residential uses compatible with surrounding residential districts, in small-scale pedestrian-oriented developments. Regulations for the VMU district, in combination with the Historic Character Overlay District, promote the preservation of traditional architectural styles and encourage harmonious integration of new structures. This district encourages use of existing residential buildings for non-residential uses. Multi-family residential projects in the VMU zone are allowed with the approval of a conditional use permit (CUP).

Project Description

The proposed project includes construction of a duplex on each parcel, with two attached accessory dwelling units (ADUs) per duplex. Each multifamily building is two stories and includes a studio unit and a two-bedroom ADU on each level. The first floor includes a 405 square foot studio and a 1,176 square-foot two-bedroom ADU, while the second floor has a 500 square-foot studio and an 830 square-foot two-bedroom ADU. The total building area for each parcel is 2,911 square feet. Each building also includes a 222-square-foot patio on the first floor and two private decks on the second floor, measuring 460 square feet and 185 square feet, respectively. Project plans, including a landscape plan and a color and materials board, are included as Attachment 5.

As of January 1, 2025, State ADU law allows up to two (2) detached ADUs on a lot with a proposed multifamily dwelling. This was codified in Arroyo Grande Municipal Code (AGMC) Section 16.52.150 during the last update of the ADU ordinance, which was adopted by City Council on December 10, 2024. State law generally requires that applications proposing ADUs must be approved ministerially, however, because the proposed ADUs are attached to the primary units, a discretionary permit is required pursuant to AGMC Section 16.52.150(I). This code section requires applications for ADUs that do not meet the objective standards in subsections A through H to obtain a conditional use permit (CUP). In accordance with AGMC Section 16.16.050, CUP applications must be reviewed by the Planning Commission following recommendations from the

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Community Development Director, Staff Advisory Committee, and Architectural Review Committee (ARC).

Staff Advisory Committee

The Staff Advisory Committee (SAC) discussed the proposed project at the regular meeting on January 22, 2025. Discussion topics included utilities, fire service connections, and site accessibility. The SAC was supportive of the project as proposed.

Architectural Review Committee

The ARC reviewed the project on June 16, 2025, for purposes of reviewing the project's adherence to the Village Design Guidelines and making a recommendation to Planning Commission. The ARC was supportive of the construction of the new multifamily units as proposed and recommended approval of the project as presented. Meeting notes are available as Attachment 6.

ANALYSIS OF ISSUES:

General Plan Consistency

The General Plan Land Use designation of the project site is Village Core, which is intended to remain the symbolic, functional, and unique business center of the City, with diverse mixed uses emphasizing pedestrian-oriented activities and providing for the needs of residents and tourists. The project is consistent with the identified policies in the Land Use Element and Housing Element below.

Land Use Element

LU6-4: Ground floor residential uses shall be conditionally permitted. Upstairs apartments are encouraged in conjunction with ground floor commercial uses.

LU6-7: All revitalization, redevelopment and new development projects in the Village Core shall include appropriate site planning and urban design amenities to encourage pedestrian travel.

LU6-9.2: Link individual buildings with each other through the use of walkways, in addition to sidewalks and encourage shared or common parking.

The project is consistent with Land Use policies LU6-4, LU6-7, and LU6-9.2 due to its site planning and design encouraging pedestrian circulation and the inclusion of shared parking facilities.

Housing Element

A.5: The City shall encourage housing compatible with commercial and office uses and promote "mixed-use" and "village core" zoning districts to facilitate integration of residential uses in such areas.

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A.9: The City shall continue to enable and encourage multiple-family, rental apartments, senior, mobile home, and special needs housing in appropriate locations and densities. These multiple-family residential alternative housing types tend to be more affordable than prevailing single-family residential low- and medium-density developments.

A.15: The City shall encourage the development of “missing middle” housing, including an evaluation of the zoning, design standards and policies necessary to enable the types of housing that best serve “missing middle” households.

The project supports Housing Element policies A.5, A.9, and A.15 by promoting compatible residential development within a mixed-use context, enabling diverse and affordable multifamily housing types, and contributing to the provision of “missing middle” housing that meets a range of household needs.

Development Standards

The project adheres to the development standards for the VMU zone as illustrated in Table 1.

Table 1: Development Standards

Development Standard	VMU Requirement	Proposed: APN -047	Proposed: APN -048
Setbacks			
Front	0-15'	0'	0'
Rear	0-15'	9'	9'
Side	0-15'	6'3" and 0	5' and 1'3"
Floor-Area Ratio	1	0.27	0.27
Lot Coverage	100%	53%	53%
Height	30 feet or 3 stories	21 feet 3.75 inches	21 feet 3.75 inches

Density

The VMU zoning district allows a maximum of fifteen (15) dwelling units per acre. Residential density in mixed-use zones is calculated differently than exclusively single- and multi-family residential zoning districts. In accordance with AGMC Section 16.36.030(C), residential density in mixed-use districts is calculated using residential density equivalencies. Further, ADUs do not contribute to density equivalent units according to State law, which is codified in AGMC Section 16.52.150(B), nor do they contribute to floor area ratio or lot coverage calculations, which is reflected in Table 1. Table 2 provides a detailed explanation of how the density calculation for this project is determined.

Table 2: Density Equivalent Units

Residential Dwelling Unit Type	Density Equivalent	Number of Units Proposed	Project Density Equivalent Units
Live/Work	0	0	0
Studio	0.5	2 (on each parcel)	2
1-bedroom	0	0	0
2-bedroom	0	0	0
Accessory Dwelling Unit	0	2 (on each parcel)	0
Total		4	2

At 0.078 acres, each of the two subject parcels can accommodate up to 1.17 dwelling units. The applicant is proposing a duplex consisting of two studio units which is equivalent to one density (1.0) unit per parcel, and therefore the proposal meets the zoning district’s maximum allowable density.

Parking

The site is currently accessed via driveways on Nelson Street and Short Street. Under the proposed project, the Short Street driveway would be narrowed to 12 feet, with the remaining area replaced by landscaping. Vehicular circulation would be revised to include a one-way entrance from Nelson Street and a one-way exit to Short Street.

The parcels where the new structures are proposed are currently developed with uncovered parking spaces that are not assigned to specific parcels or suites within the greater project site. The most recent land use entitled within site is the Peach Pit, a fitness studio that has a parking requirement of three spaces. The parking spaces for that use are labeled on the site plan. The structures on assessor parcel numbers ending in -047 and -048 were built in 1937 and 1946, respectively, and are legally non-conforming with regards to providing the required amount of off-street parking.

Off-street parking and loading requirements for new development, including residential units, is described in [AGMC section 16.56.060](#)¹. Studios require one (1) space each within an enclosed garage. The two (2) studio units on each parcel therefore necessitate two (2) parking spaces to be provided within an enclosed garage. The applicant proposes meeting this requirement by providing two (2) parking spaces in a tandem garage for each structure. The project site is located within 0.5 miles of a bus stop and therefore no additional parking is required for the ADUs pursuant to exemptions afforded by State law.

1
https://library.municode.com/ca/arroyo_grande/codes/code_of_ordinances?nodeId=COOR_TIT16DECO_CH16.56PALORE_16.56.060OREPARELAUS

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Architecture

The proposed architectural style is intended to complement the existing mixed-use structure at 134 Nelson Street. Although the building at 134 Nelson has undergone exterior renovations since construction in 1938, the original design and massing of the structure remain intact and true to the simplistic, utilitarian architectural style which is representative of the era. The design most closely resembles the international style of architecture, which embodies universal design principles and functionality while rejecting extraneous decorative elements. This architectural style emerged in the 1930s and became synonymous with principles of function and modernism, reflecting the political and social climate of the era.

The proposed architectural style preserves the rectangular and geometric shapes, flat roofs, and modern materials typical of the international style. As exemplified by the existing structure at 134 Nelson, massing in this architectural style is usually composed of simple, rectilinear volumes, avoiding complex or ornate forms. The two proposed multifamily structures maintain a horizontal emphasis throughout the façade by incorporating a wide, low profile, horizontal cladding materials, and structural lines that help break up the verticality of the two-story structures.

The colors and materials proposed by the applicant are neutral, featuring a painted exterior stucco in alabaster with a contrasting accent trim in a dark grey shade, named Iron Ore. The horizontal lap siding accents will complement the birch-stained wood trellis by incorporating a warm tone, featured in the shade Golden Fleece. The second-floor private balconies are outfitted with custom tube steel metal railing in Iron Ore, further contributing to the simplistic architectural style.

The project will feature wood-framed entry and garage doors with frosted glass windows, designed with horizontal lines that blend simplicity with historical character. The tandem garage configuration is encouraged by the Design Guidelines to soften the façade of the home. The proposed site design incorporates exterior light fixtures with a matte black finish and downward-cast illumination to minimize glare. The applicant will remove an existing curb cut along Short Street and install movable planters in its place. These planters are designed to enhance the pedestrian environment, provide a visual buffer between the street and adjacent structures, and improve pedestrian safety while maintaining access for fire and emergency services.

Village Design Guidelines

The Design Guidelines recognize the diversity of architectural styles that emerged between 1870 and 1940, promoting design flexibility while encouraging harmonious forms. The project aligns with these guidelines by establishing visual continuity with the existing mixed-use building at 134 Nelson Street. Additionally, it incorporates earth-tone colors that reflect the natural surroundings, in accordance with the specified recommendations.

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The Design Guidelines state that developments in the VMU district should prioritize pedestrian accessibility and activity while reducing the visual presence of automobiles. This project meets that goal by including discreet tandem garages that are largely hidden from view along the public street. Further, the project incorporates details from both residential and commercial building types by referencing the mixed-use building at the corner of Nelson Street and Short Street, as specified by the Design Guidelines.

Landscaping

The proposed landscaping plan is minimal due to the modest parcel sizes and will be further reduced to accommodate the requirement to maintain the Short Street drive approach. The proposed plantings are limited to small, contained planters and low-maintenance vegetation. The site nonetheless benefits from the presence of mature street trees along both frontages and its proximity to Heritage Park, which provides accessible green space just a few feet away

ALTERNATIVES:

The following alternatives are provided for the Planning Commission’s consideration:

1. Adopt a Resolution approving Conditional Use Permit 24-003;
2. Modify as appropriate and adopt the Resolution;
3. Do not adopt a Resolution approving Conditional Use Permit 24-003; or
4. Provide other direction to staff.

ADVANTAGES:

The project addresses local housing needs through infill development. It aligns with planning objectives by supporting increased density, efficient land use, and providing a compatible transition from the commercial Village area to the surrounding residential neighborhood.

DISADVANTAGES:

No disadvantages identified.

ENVIRONMENTAL REVIEW:

The project was reviewed in accordance with the California Environmental Quality Act (CEQA), and it was determined to be categorically exempt pursuant to Section 15332 of the State CEQA Guidelines regarding infill development. CEQA Guidelines Section 15332 states that a categorical exemption for infill development is appropriate when the following conditions exist:

- a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations; and
- b) The proposed development occurs within city limits on a project site of no more than five acres and substantially surrounded by urban uses; and

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- c) The project site has no value as habitat for endangered, rare, or threatened species; and
- d) Approval of the project would not result in any significant effects relating to traffic noise, air quality, or water quality; and
- e) The site can be adequately served by all required utilities and public services.

The project site is 0.156 acres in size and has already been substantially graded and developed, and therefore, does not possess any value as habitat for rare, endangered, or threatened species. The proposed uses are consistent with the City's General Plan Mixed-Use land use designation and the zoning standards for the Village Mixed-Use zone. The site is located in an urbanized area and can be served by City water and sewer utilities and other public utilities such as natural gas, electricity, and cable.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

ATTACHMENTS:

1. Resolution
2. Project Location
3. Design Guidelines and Standards for Historic Districts – VMU (Excerpt)
4. Architectural Evaluation of 128 and 128 ½ Nelson Street, SWCA 2019
5. Project Plans
6. June 16, 2025, ARC Meeting Minutes