



## MEMORANDUM

**TO:** Planning Commission

**FROM:** Brian Pedrotti, Community Development Director

**BY:** Andrew Perez, Planning Manager

**SUBJECT:** Consideration Tentative Tract Map 21-001 and Conditional Use Permit 22-002; Subdivision and Construction Of Nine (9) Two-Story Residential Units and a Two-Story Mixed-Use Structure; Location – 1214 E. Grand Avenue and 181 N. Elm Street; Applicant – Floyd

**DATE:** May 17, 2022

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### **SUMMARY OF ACTION:**

An approval from the Planning Commission will result in the subdivision of two (2) underutilized lots into twelve (12) condominium lots, construction of ten (10) new dwelling units, and 2,025 square feet of office space.

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

No financial impact is projected.

### **RECOMMENDATION:**

It is recommended that the Planning Commission adopt of a resolution approving the proposed project (Attachment 1).

### **BACKGROUND:**

The project site consists of two properties that make a “L” shape and are located at 181 N. Elm Street, and 1214 E. Grand Avenue (Attachment 2). The combined size of the two parcels is 39,250 square feet, or 0.90 acres. The project site is moderately sloped toward E. Grand Avenue, resulting in a 21-foot change in elevation from north to south. The properties are currently developed with a 372 square foot commercial building on the E. Grand Avenue frontage, which is proposed for demolition, and an 1,866 square foot, single family dwelling on the N. Elm Street frontage proposed to remain. Both parcels are zoned Gateway Mixed-Use (GMU). The parcels border the northern and western sides of the parcel where a fast food restaurant is located.

Staff Advisory Committee

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The Staff Advisory Committee (SAC) reviewed the proposed project and discussed a number of items regarding the project, including the proposed phasing of the project, and stormwater requirements. The SAC also advised the applicant team about required public improvements on the E. Grand Avenue frontage, driver visibility at the N. Elm Street driveway and lighting on site. Members of the SAC were in support of the proposed project and recommended approval of the project to the Planning Commission.

### Architectural Review Committee (ARC)

The ARC reviewed the proposed project at its meeting on May 2, 2022 (Attachment 3). The ARC was supportive of the project and appreciated the redevelopment of the two under-utilized parcels. The Committee found the architecture, colors, and materials to be appropriate and compatible with the neighborhood. In conclusion, the ARC recommends that the Planning Commission approve the proposed project.

## **ANALYSIS OF ISSUES:**

### Project Description

The project proposes to subdivide the two (2) parcels into twelve (12) condominium lots and construct ten (10) new residential units and a commercial suite in two phases (Attachment 4). Phase One would consist of the construction of the nine (9) multi-family residential units and five (5) uncovered guest parking spaces, on what is now 181 N. Elm Street parcel and the northern half of the 1214 E Grand Avenue parcel. Phase Two would comprise of the construction of the two-story mixed use building located along the E. Grand Avenue frontage. Phase Two will also include a new driveway leading to a parking area with nine (9) new automobile parking spaces.

Condominiums are defined as “an estate of real property consisting of an undivided interest in common areas, together with a separate right of ownership in space.” A purchaser of one of the condominiums would own the unit itself, but everything outside the footprint of the structures would be held in common ownership with the other unit owners. The nine (9) two-story units are each proposed to be 1,355 square feet, with the master suite and a 510 square foot, two-car garage located on the ground floor, and the kitchen, living room and two additional bedrooms on the second level. The existing two-story house and garage are proposed to remain, and the existing driveway is proposed to be widened to meet Arroyo Grande Municipal Code (AGMC) Section 16.56.100, which requires driveways that provide access to more than three (3) units to be at least sixteen feet (16') wide. The two-story mixed use building is proposed to be 2,025 square feet of office space on the ground floor, and a 2,240 square foot, three-bedroom unit on the second floor.

This project was previously reviewed by the ARC, and approved by the Planning Commission as an rental/apartment project. The applicant submitted a new application to

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establish the tract map to create ownership units rather than rental units. The site planning, architecture, parking, and landscaping from the approved project have been carried over to this new application.

### General Plan

The General Plan designates the subject property for Mixed Use land uses. The proposed mixed-use development helps achieve concurrence with the General Plan, including Objective LU5 and Policies LU5-3, LU5-6, LU5-7, LU5-8, and LU12-2.3 of the Land Use Element and Policies A.5, and A.15, which state:

**LU5:** Community commercial, office, residential and other compatible land uses shall be located in Mixed Use (MU) areas and corridors, both north and south of the freeway, in proximity to major arterial streets.

**LU5-3:** Ensure that all projects developed in the MU areas include appropriate site planning and urban design amenities to encourage travel by walking, bicycling and public transit.

**LU5-6:** Allowable uses within the MU category shall not include uses that adversely affect surrounding commercial or residential uses, or contribute to the deterioration of existing environmental conditions in the area.

**LU5-7:** Plan for a revitalized East Grand Avenue Mixed-Use corridor that has less of a strip-commercial aspect and more coordinated, mixed-use boulevard ambiance with distinct activity subareas including “Gateway, Midway and Highway” districts

**LU5-8:** Provide for different combinations, configurations and mixtures of commercial, office and residential uses designating the East Grand Avenue, El Camino Real and Traffic Way corridors as Mixed Use (MU).

**LU12-2.3:** Provide building elevations that are well-articulated in order to break up building bulk. Incorporate one-story elements in two story structures.

**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 into such areas

**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.

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The 6<sup>th</sup> cycle Housing Element update identified the importance of providing housing that serves “missing middle” households. Policy A.15 directs the City to encourage the development of missing middle housing through amendments of zoning and development standards to enable these housing types. While the AGMC has not yet been amended, this project can serve as a blueprint for the types of units this policy promotes. Additionally, the project will pay its proportional share of affordable housing in-lieu fees to help develop affordable housing projects elsewhere in the City.

### Development Standards

The subject property is zoned GMU. The primary purpose of the GMU district is to provide for the combination of financial institutions, retail, office and commercial uses and multi-family residences with retail and other pedestrian-oriented uses on the ground floors of structures fronting E. Grand Avenue, and residential units or offices allowed on upper floors. The proposed project qualifies as a mixed-use development with multi-family housing even though the residences will be sold individually, due to the design of these residences conforming to the Cityhouse development building style with three or more attached dwellings where no unit is located over another unit. The development is allowed in the GMU zoning district following approval of a Conditional Use Permit. The following table shows how the proposed project would comply with the development standards of the GMU zone:

**Table 1: Site Development Standards for the GMU Zoning District**

Development Standards	GMU District	CUP 18-007	Notes
Maximum Density – Mixed Use Projects	25 dwelling units/acre (based on gross project area).	11 dwelling units/acre	Code Met
Minimum Lot Size	20,000 sq. ft. gross	39,250 sq. ft.	Code Met
Minimum Lot Width	100 feet	E Grand Ave: 70 ft. N Elm St: 135 ft.	E. Grand Ave frontage is legally non-conforming N Elm frontage meets code.
Front Yard Setback	0 - 10 feet. Exceptions for larger setbacks may include entrance courtyards, areas for outdoor dining, or for	E Grand Ave: 9 ft. N Elm St: 10 ft.	Code Met

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Development Standards	GMU District	CUP 18-007	Notes
	projects facing a residential district as determined through discretionary review.		
Rear Yard Setback	0 – 15 feet. Parking encouraged. For projects abutting a residential district, corresponding residential setback shall apply.	E Grand Ave: 35 ft N Elm St: 40 ft.	Code Met
Side Yard Setback	0 – 5 feet. For projects abutting a residential district, corresponding residential setback shall apply.	Adjacent to mixed use: 0' ft. Adjacent to residential use: 15 ft.	Code Met
Building Height	Maximum height is 35 feet of three stories whichever is less	Max height: Phase 1: 27'8" Phase 2: 28'2"	Code Met
Building Size Limits	Maximum height is 35 feet or three stories whichever is less. Maximum building size is 102,500 square feet.	Max Building Size: Phase 1: ~6,000 sf Phase 2: 2,025 sf	Code met
Site Coverage	Maximum Coverage of site is 75%	Total: 34%	Code Met
Floor Area Ratio	Maximum floor area ratio is 1.50	.57	Code Met

As identified in Table 1, the proposed project meets all applicable development standards of the GMU zoning district as specified by the Development Code.

**Density**

Municipal Code Section 16.36.030. specifies that residential density for mixed-use zoned parcels is calculated by using density equivalents. The density equivalents from the Municipal Code are as shown in Table 2.

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**Table 2: Density Equivalent Units**

Residential Dwelling Unit Type	Density Equivalent
Live/Work Unit	.5
Studio	.5
1-bedroom	.75
2-bedroom	1
3-bedroom	1.5
4-bedroom	2

The maximum density for a mixed-use project in the GMU zoning district is 25 dwelling units per acre. The 39,250 square foot (.90 acre) site can accommodate up to 22.5 density equivalent units. The project proposes ten (10) three-bedroom dwelling units and one (1) existing single family residence, which results in a density equivalency of 16 dwelling units, as outlined below:

**Table 3. Proposed Project Density**

Unit Type	Number of Units	Density Equivalent per Unit	Total
2-Bedroom SFD	1 (existing)	1	1
3-Bedroom (Phase 1)	9	1.5	13.5
3-Bedroom (Phase 2)	1	1.5	1.5
Total			16

### Access and Parking

Section 16.56.060 of the AGMC requires parking for the project at a rate of two (2) covered spaces for each residential unit, and an additional 0.5 spaces per unit for guest parking when the development contains four (4) or more units. However, in a mixed-use project the required parking for the residential component does not have to be covered. Each of the nine (9) units in Phase One of the project are proposed to have their own two-car garage, and the five (5) uncovered parking spaces proposed to be located to the west of the units would meet the guest parking requirement for the entire development. The existing driveway off of N. Elm Street is proposed to be widened in order to provide access to the parking areas as well as emergency access. The existing garage for the single family residence is proposed to remain.

Phase Two consists of a two-story structure with a three-bedroom unit above a 2,025 square foot commercial unit. The AGMC requires commercial parking be provided at a rate of one (1) space for every 250 square feet of gross floor area, and as previously noted, the parking requirement for the three-bedroom residence is two spaces. A driveway off of E. Grand Avenue would provide access to nine (9) uncovered parking spaces that will serve both the residential and commercial uses. The proposed project is

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deficient of parking required by the AGMC by one (1) space; however, AGMC Section 16.56.050 allows the total parking requirement to be reduced to eighty (80) percent of the required standard for shared uses. It is not anticipated that the shared parking proposal will be an issue due to the nature of the mixed-use development. The residential component is likely to have the demand for parking in the early morning and overnight hours when a commercial operation would be closed for business, therefore reducing the likelihood for an actual parking shortage. Additionally, the garage parking for the nine (9) units will be conditioned to be utilized for parking by the residents and not for storage, increasing the likelihood that uncovered parking is used for residential parking, leaving it for either guests or clientele of the commercial space. A total of 35 parking spaces are required for the proposed project, and 34 automobile spaces are proposed. These requirements are broken down in Table 4.

**Table 4: Parking Calculations**

<b>Land Use</b>	<b>Development Code Requirement</b>	<b>Parking Required</b>	<b>Parking Provided</b>	<b>Notes</b>
<b>Existing Single Family Residence</b>	2 spaces per unit within an enclosed garage	2 covered spaces	2 spaces in existing garage	Code met
<b>10 Proposed Residential Units</b>	2 spaces per unit and .5 unit for developments over four units	20 resident spaces 5 guest spaces. 25 total	18 spaces in private garages, 2 uncovered for mixed use residential, & 5 guest spaces	Code met.
<b>2,025 sf Commercial Unit</b>	1 parking space per 250 sq. ft. of gross floor area	8 spaces	7 spaces	Code not met
<b>Total</b>		35 spaces	34 spaces	Code not Met
<b>Mixed Use Reduction</b>	Provide 80% of required parking for shared uses	28 spaces	34 spaces	Code Met

As a condition of allowing common parking facilities, the open spaces must include the provision of such joint use by a proper legal agreement approved by the City Attorney, which must then be recorded with the County Recorder. This will be accomplished through the CC&Rs that will be required of the project.

Architecture

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The two structures containing the nine (9) new residences are proposed to have second story projections and recessed entries to break up the mass of the structure. The residential buildings do not neatly fit into a particular architectural style, but have components from a variety of styles. The low-pitched, gable roofs and exposed rafter tails are components often found in a Craftsman style building. The proposed stucco exterior walls and tile roofing are characteristics often found in Mediterranean style architecture. The exposed beams, fascia and exposed rafter tails will be stained a dark walnut, while the windows will be painted “Stormy Blue”. The buildings will have stucco cladding, with the trim proposed to be painted “Pacific Sand” and the remainder of the walls to be painted “Crystal White” (Attachment 5). Each of these two buildings will have a low-pitched roof and concrete tile roofing. A color and materials board will be available at the meeting.

The mixed-use building on the southern portion of the site is designed in a more modern style than the residential portion of the project. The buildings would be similar in that they have second-story projections on three of the four facades to add interest and aesthetic appeal. Smooth stucco walls are also proposed for this building, and a reclaimed wood rainscreen will be installed on the southern elevation. An array of five (5) identical panels made of reclaimed wood framed with a white stucco pop-out spaced evenly across the western facade are intended to soften the otherwise monolithic appearance of this façade. The “Stormy Blue” paint color is proposed the trim, and “White” and “Natural Grey” will be use on both levels of the building (Attachment 6).

**Landscaping**

Four (4) of the eleven (11) existing trees on site are proposed to remain, including one oak tree. In addition to the existing trees, three (3) new Pistacia Chinesis trees are proposed to be planted throughout the site. The N. Elm Street frontage will be improved with the addition of Nandina Domestica and Leucodendron shrubs on private property. Juniper bushes in front of the existing single family residence will remain. The E. Grand Avenue frontage will be improved with the addition of Anigozanthos Hybrid and Festuca Ovina at the back of sidewalk. The existing street trees on E. Grand Avenue are proposed to remain. Various shrubs and grasses are proposed around the borders of the structures, perimeter of the site and in parking lot planters.

**ALTERNATIVES:**

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

1. Adopt the attached Resolution approving the mixed-use project,
2. Modify as appropriate and adopt the attached Resolution, or
3. Do not adopt the attached Resolution, and provide direction to staff, or
4. Provide direction to staff.

**ADVANTAGES:**



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The project proposes to appropriately develop a mixed-use site located in the E. Grand Avenue mixed-use corridor. Development of the site increases the aesthetic appeal of the site, and will provide housing units at a density that complies with the General Plan. The development's design and land uses are an appropriate transition between the residential uses on N. Elm Street and the commercial uses on E. Grand Avenue.

**DISADVANTAGES:**

The proposed phasing of the project would leave the portion of the site that is most visible from E. Grand Avenue vacant and undeveloped Phase II is developed.

**ENVIRONMENTAL REVIEW:**

In compliance with the California Environmental Quality Act (CEQA), and the project was determined to be categorically exempt per Section 15332 of the State CEQA Guidelines regarding in-fill development.

**PUBLIC NOTIFICATION AND COMMENTS:**

A public hearing notice was posted in the Tribune, on the City's website, and at City Hall on May 6, 2022. The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2. At the time of report publication, no comments have been received.

**Attachments:**

1. Draft Resolution
2. Project Location
3. Minutes from the May 2, 2022 ARC Meeting
4. Phasing Exhibit
5. Residential Color and Materials Board
6. Mixed-Use Color and Materials Board
7. Project Plans