



MEMORANDUM

TO: Architectural Review Committee

FROM: Andrew Perez, Planning Manager

SUBJECT: Consideration of Conditional Use Permit 22-008 and Vesting Tentative Parcel Map 23-001; Three (3) New Residential Condominiums and Expansion of a Legally Nonconforming Use; Location – 951 E Grand Ave; Representative – Michael Dammeyer. StudioDAM

DATE: June 26, 2023

SUMMARY OF ACTION:

Review the project and make a recommendation to the Planning Commission.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

No financial impact is projected.

RECOMMENDATION:

Recommend approval of the project to the Planning Commission for the construction of three (3) new residential dwelling units and associated commercial space.

BACKGROUND:

Located at 951 E. Grand Avenue, the project site is 17,848 square feet and zoned Fair Oaks Mixed-Use (FOMU) (Attachment 1). Existing development consists of a 7,168 square foot commercial structure and associated parking lot. The site is completely paved except for small planters near the front of the parcel. Surrounding land uses include an auto body shop and church to the east and west, respectively. Two single family residences are located adjacent to the southeastern portion of the parcel. A paved parking lot for the church is located to the south of the property.

The purpose of the FOMU district is to provide areas for a combination of retail and service uses with an emphasis on those related to home improvement, as well as restaurants, offices, visitor serving uses and multi-family residences that are preferably incorporated in a mixed-use project. The land uses and applicable development standards promote a pedestrian accessible mixed-use district that provides a harmonious transition to surrounding residential neighborhoods. The FOMU zone allows multi-family development within a mixed-use project with the approval of a conditional use permit (CUP).

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Project Description

The application proposes to construct a two-story structure behind the existing development. The ground floor space consists of an open area that is approximately 57'x62'. This area would provide storage for the three residences above as well as the commercial tenant. Three (3) residential condominiums would be located on the second floor. Air-space condominiums would be established through a parcel map that would allow each of them to be sold separately. The units would be approximately 1,250 square feet each and include a one-bedroom, one-bathroom with open living space areas and a 180 square foot deck. No alterations are proposed for the existing structure other than new paint to maintain a cohesive aesthetic throughout the property. Project plans are included as Attachment 2 to the staff report.

Staff Advisory Committee

The project was reviewed by the Staff Advisory Committee on May 23, 2023, and was supportive of the project uses and configuration. Staff recommended the addition of conditions related to fire protection and utilities, which will be included in the Planning Commission resolution.

ANALYSIS OF ISSUES:

General Plan Consistency

The General Plan Land Use designation of the project site is Mixed Use, which is intended to provide for a variety of retail, service, commercial, offices, residential, and other compatible uses that support multiple neighborhoods and the greater community. The project is supported by policies in both the Land Use and Housing Elements.

Land Use Element:

LU5-8.2: Enable mixed-uses and development intensities to be increased in the Mixed-Use corridors to promote pedestrian activity, provide better shopping opportunities and discourage incompatible commercial service uses in areas adjoining residential uses or classifications.

LU5-9: All revitalization, redevelopment and new development projects in Mixed Use corridors shall include appropriate site planning and urban design amenities to encourage pedestrian travel and encourage bike and transit access as well as automotive.

LU5-11.1: Encourage the development of mixed-use structures that accommodate housing above lower-level retail, office or other commercial uses.

Policies from the Land Use Element encourage mixed-use development especially along Grand Avenue, which is recognized as one of the City's main mixed-use corridors. Redevelopment and infill projects are encouraged because they tend to be located near

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goods and services. Restaurants, a movie theater, coffee shop, convenience stores, banks, and offices are all located within 0.25 miles of this project site.

Housing Element

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.

E.1: The City shall require housing projects greater than two units to meet inclusionary housing requirements by (1) payment of in-lieu fee, (2) on-site construction of affordable units, or (3) dedication of land. An inclusionary unit is defined as one that will meet the state's standards for affordable housing.

Housing Element policies encourage the development of units other than traditional detached single-family residences because they tend to be more affordable and fill an unmet need in our community. The condominiums provide an ownership opportunity for residents that either cannot afford or do not have the need for a detached single-family residence. Additionally, the project indirectly supports affordable housing through contribution of an in-lieu payment to the affordable housing trust fund.

Development Standards

The proposal meets the development standards for setbacks, height, floor-area ratio and lot coverage as shown in Table 1.

Table 1: Development Standards

Development Standard	FOMU Requirement	Proposed
Setbacks:		
Front	0-10 feet	10 feet (Existing)
Rear	0-15 feet	5'-1"
East Side	0-5 feet	6"
West Side	0-5 feet	26-6"
Floor-Area Ratio	1.0	.78
Lot Coverage	70%	61%
Height	35 feet or three-stories	34'-3"

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Land Use

Multi-family housing is defined dwelling units that are part of a structure containing one or more other dwelling units, or a non-residential use, under one ownership. However, the definition also says that residential development in the Cityhouse style, where three or more attached dwellings where no unit is located above another unit, also qualifies as multi-family housing. Therefore, the residential component of the project qualifies as multi-family housing and is allowed with a CUP.

The existing commercial structure was previously occupied by Rugged Radios, a manufacturer of off-road communications equipment. Light manufacturing, or processing, is defined as “a facility accommodating manufacturing processes involving and/or producing apparel; food and beverage products; electronic, optical, and instrumentation products; ice; jewelry; and musical instruments. Light manufacturing also includes other establishments engaged in the assembly, fabrication, and conversion of already processed raw materials into products, where the operational characteristics of the manufacturing processes and the materials used are unlikely to cause significant impacts on surrounding land uses or the community.” is not an allowed use in the FOMU zone, therefore that business operated as a legally nonconforming use.

Section 16.48.110 of the Arroyo Grande Municipal Code (AGMC) regulates nonconforming uses, lots, and structures. This Section stipulates that nonconforming uses may continue through a change of ownership, tenancy or management if the building, structure, land use or activity is substantially unchanged. The current tenant of this space is Brand Creative, a manufacturer and retailer of marketing materials. The change in tenancy from Rugged Radios to Brand Creative is a continuation of the legally nonconforming light manufacturing use, therefore it is allowed to continue unless the use is abandoned for more than 180 days. This code section also notes that a nonconforming use shall not be enlarged or extended in such a way as to occupy any part of the structure or site, or any other structure of site that it did not occupy at the time it became a nonconforming use without the approval of a CUP by the Planning Commission. The applicant indicates that the ground floor of the new structure will be used as a storage area for the existing commercial tenant, which is considered an expansion of the nonconforming light manufacturing use.

Density

The FOMU zoning district allows a maximum of 25 dwelling units per acre for mixed-use developments. Residential density for mixed-use parcels is calculated differently than exclusively single- and multi-family residential zoning districts. Pursuant to AGMC Section 16.36.030(C), mixed-use projects use residential density equivalencies to calculate a project’s density. Table 2 illustrates how that number is determined.

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Table 2 – Density Units

Residential Dwelling Unit Type	Density Equivalent	Number of Units Proposed	Project Density Equivalent Units
One-bedroom	.75	3	2.25
Total		3	2.25

The 0.41-acre site can accommodate up to 10.25 density equivalent units, well above the density proposed.

Access and Parking

An access easement exists over the adjacent property, which serves as the primary vehicular access to the site is from a shared driveway off E. Grand Avenue. The site can also be accessed from a driveway on Alder Street, however a legally binding agreement for access from this point does not exist.

The site currently has 24 parking spaces. Development of the proposed project would eliminate seven of the existing spaces, leaving 17 for the nonconforming commercial use and new residences. The one-bedroom residential units have a parking requirement of one space each. Retail uses require one parking space for every 250 square feet of gross floor area. Light manufacturing uses have a parking requirement of two parking spaces for every three employees on the largest shift, but not less than 1 space for every 2000 square feet dedicated to the use. The project also provides one motorcycle parking space, although it does not add to the parking supply for the project because it is not required. The parking requirement for each component of this project is provided in Table 3.

Table 3: Parking Requirements

	Municipal Code Parking Requirement	Parking Required	Parking Provided
One-Bedroom Residential	1 space/unit	3 spaces	
Retail	1 space/250 square feet	8.4 spaces	
Light Manufacturing	2 spaces/3 employees on largest shift; not less than 1 space/2000 sf	8 employees = 5.3 spaces	
Total:		17 spaces	17 spaces

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Architecture

The proposed structure architecture is proposed to be a modern, industrial style. The use of vertical metal exterior siding and trim, metal roll-up doors, and steel cable railing accentuate this style. A standing seam metal roof is also proposed, consistent with the architectural style. The color palette consists of cool tones such as slate gray for the siding, trim and downspouts, charcoal roofing material, and dark gray roll up doors. Black doors and windows are also proposed along with dark bronze light fixtures. The colors and materials are included as a page in the plans. The existing building is proposed to be repainted to match the new building, but no other alterations are proposed.

Environmental Review

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

- 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 substantially surrounded by urban uses; and
- 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 is proposed at a site that is less than 5 acres and already developed and therefore has no value as habitat for any endangered or threatened species. The proposed uses are consistent with the General Plan Land Use Designation and will not result in significant impacts to traffic, noise, air quality, or water quality due to the small size of the improvements relative to the surrounding development. The project site is located in an urbanized area of the city and can be served by all necessary public utilities and services.

ALTERNATIVES:

The following alternatives are provided for the Committee's consideration:

1. Recommend that the Planning Commission adopt a Resolution to approve the project
2. Recommend that the Planning Commission adopt a Resolution to deny the project;
or
3. Provide other direction to staff.

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ADVANTAGES:

The project proposes to add residential units to a site not previously identified as a potential housing site in the Housing Element. The proposed units would add a unique ownership opportunity in an area located near services and public transit.

DISADVANTAGES:

Expansion of the legally non-conforming use limits the tenancy of the commercial structure to uses with the same parking rate. Retail, office, or other general commercial uses would need to provide additional parking or pursue an off-site parking agreement to occupy the commercial space in the event of a future change in tenancy.

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. Project Location
2. Project Plans