

2.3 LAND USE/POLICY CONSISTENCY

2.3.1 Setting

Setting information with respect to this issue remains generally unchanged from the certified Final EIR. Please refer to Section 4.9.1 of the Final EIR for a full description of the land use and policy setting related to the project.

However, the Final EIR did not examine the effect of compressed project phasing with respect to the City's growth management policies. For that reason, the relevant growth management policies from the City's General Plan and Zoning Regulations are described below.

General Plan Land Use Element

The rate of residential growth in the City is managed through the City's General Plan and Zoning Ordinance. General Plan Land Use Element Chapter 1 addresses Growth Management, and includes the following relevant policies and provisions with respect to the modified phasing provisions of the revised project:

1.11. Growth Rates & Phasing

1.11.1. Overall Intent

The City shall manage the city's growth rate to provide for the balanced evolution of the community and the gradual assimilation of new residents. Growth must be consistent with the City's ability to provide resources and services and with State and City requirements for protecting the environment, the economy, and open space.

1.11.2. Residential Growth Rate

The City shall manage the growth of the city's housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element Table 3, excluding dwellings affordable to residents with extremely low, very low or low incomes as defined by the Housing Element. This rate of growth may continue so long as the City's basic service capacity is assured. Table 3 shows the approximate number of dwellings and residents which would result from the one percent maximum average annual growth rate over the planning period. Approved specific plan areas may develop in accordance with the phasing schedule adopted by each specific plan provided thresholds established by Table 3 are not exceeded. The City Council shall review the rate of growth on an annual basis in conjunction with the General Plan annual report to ensure consistency with the City's gradual assimilation policy.

LUE Table 3. One Percent City Population Growth Projection

| Year | Approximate Maximum Number of Dwellings * | Anticipated Number of People |
|------|---|------------------------------|
| 2013 | 20,697 | 45,541 |
| 2015 | 21,113 | 46,456 |
| 2020 | 22,190 | 48,826 |
| 2025 | 23,322 | 51,317 |

| | | |
|---|--------|--------|
| 2030 | 24,512 | 53,934 |
| 2035 | 25,762 | 56,686 |
| <i>Estimated Urban Reserve Capacity</i> | | 57,200 |

** 2013 population based on CA Department of Finance data and projected based on 1% annual growth*

1.11.3. Phasing Residential Expansions

Before a residential expansion area is developed, the City must have adopted a specific plan or a development plan for it. Such plans for residential expansion projects will provide for phased development, consistent with the population growth outlined in Table 3, and taking into account expected infill residential development.

1.11.4. Nonresidential Growth Rate

Each year, the City Council shall evaluate the actual increase in nonresidential floor area over the preceding five years. The Council shall consider establishing limits for the rate of nonresidential development if the increase in nonresidential floor area for any five-year period exceeds five percent. Any limits so established shall not apply to:

- A. Changed operations or employment levels, or relocation or ownership change, of any business existing within the City at the time the limit is set;*
- B. Additional nonresidential floor area within the Downtown core (Figure 4);*
- C. Public agencies; and*
- D. Manufacturing, light industrial, research businesses, or companies providing a significant number of head of household jobs.*

Zoning Regulations

Chapter 17.88 of the City’s Zoning Regulations addresses residential growth management regulations. In general, this implements and expands on the policies set forth in the City’s General Plan.

Chapter 17.88: Residential Growth Management Regulations

Sections:

- 17.88.010 Purpose and justification.*
- 17.88.020 Allocations.*
- 17.88.030 Periodic city council review and consideration of revisions.*

17.88.010 Purpose and justification.

- A. The regulations codified in this chapter are intended to assure that the rate of population growth will not exceed the city’s ability to assimilate new residents and to provide municipal services, consistent with the maximum growth rates established in the general plan. Also, these regulations are to assure that those projects which best meet the city’s objectives for affordable housing, infill development, open space protection, and provision of public facilities will be allowed to proceed with minimum delay.*

- B. *San Luis Obispo is a charter city, empowered to make and enforce all laws concerning municipal affairs, subject only to the limitations of the city charter and the constitution and laws of the state. Regulation of the rate of residential development is a reasonable extension of municipal authority to plan overall development, in furtherance of the public health, safety and general welfare.*
- C. *According to the general plan land use element, the city should achieve a maximum annual average population growth rate of one percent. The reserve of developable land within the city and the capacity of proposed annexations could sustain growth rates which would exceed the objectives of the general plan.*
- D. *The growth rate policies of the general plan reflect the city's responsibility to accommodate a reasonable share of expected state and regional growth.*
- E. *To avoid further imbalance between the availability of jobs and of housing within the city, the general plan also manages expansion of growth-inducing activities. The burdens of growth management are not being placed solely on the residential sector, since it largely responds to demands caused by other sectors.*
- F. *Considering the likely levels of housing demand and construction throughout the housing market area, nearly coinciding with San Luis Obispo County, these regulations are not expected to affect the overall balance between housing supply and demand in the market area. These regulations will not impede and may help meet the needs of very low-, low- and moderate-income households. (Ord. 1459 § 3 (part), 2004; Ord. 1359 § 3 (part), 1999)*

17.88.020 Allocations.

- A. *Each Specific Plan shall adopt a phasing schedule that allocates timing of potential residential construction, including phasing of required improvements, consistent with the general plan and with these regulations.*
- B. *The limitations on residential development established by these regulations apply to new residential construction within certain areas that have been annexed to the city or that will be annexed to the city. Development in such areas is subject to development plans or specific plans, which shall contain provisions consistent with these regulations.*
- C. *Allocations shall be implemented by the timing of issuance of building permits.*
- D. *Dwellings affordable and enforceably restricted to residents with extremely low, very low, low or moderate incomes, as defined in the city's general plan housing element, and new dwellings in the downtown core (C-D zone as shown in the most official zoning map) shall be exempt from these regulations. Enforceably restricted shall mean dwellings that are subject to deed restrictions, development agreements, or other legal mechanisms acceptable to the city to ensure long-term affordability, consistent with city affordable housing standards. In expansion areas, the overall number of units built must conform to the city-approved phasing plan.*
- E. *It shall not be necessary to have dwellings allocated for a particular time interval or location to process and approve applications for general plan amendment, zone change or other zoning approval, subdivision, or architectural review. (Ord. 1459 § 3 (part), 2004; Ord. 1359 § 3 (part), 1999)*

17.88.030 Periodic city council review and consideration of revisions.

- A. *The Community Development Department shall provide status updates to the city council concerning implementation of these regulations, coordinated with the annual report on the general*

plan. The status update will describe actual construction levels and suggest if revisions are necessary to maintain the City's one percent growth rate.

2.3.2 Impact Analysis

a. Methodology and Significance Thresholds. The following criteria are based on Appendix G of the *State CEQA Guidelines*. An impact is considered significant if the project would result in one or more of the following conditions:

1. *Physically divide an established community;*
2. *Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including but not limited to the general plan, specific plan, local coastal program, clean air plan, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect;*
3. *Conflict with any applicable habitat conservation plan or natural community conservation plan.*

The Initial Study for the certified Final EIR determined that development under the project would be designed to fit among existing surrounding urban development and would not physically divide an established community or conflict with any applicable habitat conservation plan or natural community conservation plans. Therefore, Thresholds 1 and 3 are not discussed further in this section.

b. Impacts and Mitigation Measures. The analysis of Impacts LU-1 through LU-4 as described in the certified Final EIR remain unchanged. However, the following impact related to the project's consistency with the City's growth management policies was not analyzed in the Final EIR. It is addressed here because the revised project envisioned a compressed phasing schedule.

Impact LU-5 The project would be consistent with adopted City policies in the General Plan and Zoning Regulations related to growth management. This would be a Class III, less than significant impact.

In nearly all respects, the revised project would be the same as what was approved by the City in July 2017. The revised project envisions no change to the land use plan or development potential compared to what was previously approved by the City.

In addition, the revised project includes an amendment to the Specific Plan to permit the Community Development Director to authorize the developer, in any given year, to also construct 50% of the units allocated to the project in the following year if the Director determines that doing so is necessary to facilitate construction of beneficial public facilities and infrastructure. The purpose of this authorization is to realize the public benefits associated with the project, mitigate known potential impacts resulting from the project, and implement development requirements, including infrastructure requirements, which the City has found to be consistent with, and not a waiver of, the requirements of the City's Growth Management Ordinance.

These changes would be reflected in the Specific Plan and Development Agreement. No other approved entitlements would be affected.

However, for the purpose of analyzing a “worst-case scenario” to provide a conservative evaluation of potential environmental impacts, this SEIR assumes that all residential and non-residential growth could occur in the first year following approval of the revised project. This concept was applied to the analysis of Air Quality, Greenhouse Gas Emissions, and Transportation (Sections 2.1, 2.2 and 2.4 of this SEIR). However, the growth management limitations built into Specific Plan and Development Agreement would actually preclude this from happening. Table 2.3-1 summarizes the difference between the residential growth anticipated in the adopted Specific Plan compared to what could occur in the revised project.

Table 2.3-1. Residential Growth Comparison

| Year | Adopted Specific Plan * | SEIR “Worst-Case” Assumption ** |
|--------------|-------------------------|---------------------------------|
| 1 | 196 | 580 |
| 2 | 86 | - |
| 3 | 175 | - |
| 4 | 123 | - |
| Total | 580 | 580 |

* Table 7-11 of the adopted Specific Plan, on which this table is based, incorrectly showed 86 units in year 1, and 196 units in year 2. This table corrects that error. Figure 7-7 of the Specific Plan accurately showed intended phasing, which showed single family residential in Phase 1, and medium density residential in Phase 2. Table 2-3 of the adopted Specific Plan accurately shows up to 200 single family residential units in Phase 1, and 100 medium density residential units in Phase 2, which formed the basis of the analysis used in the certified Final EIR analysis. The above correction reflects that intent, and does not affect the analysis in this SEIR, nor would it introduce new impacts or mitigation measures as a result.

** Full buildout in first year used as a “worst-case” basis for analysis in this SEIR. The actual pace of development will depend on market factors.

The following analysis relates to the revised project components described above.

Based on the City’s Growth Management provisions, Table 2.3-2 projects the number of potential residential units that could be built in the City while remaining within the 1% annual growth cap set forth in Land Use Element Policy 1.11.2.

| Table 2.3-2. Citywide Residential Capacity Based on City Growth Management Regulations * | | | | | |
|---|---|--------|------------------------------------|--------|--|
| Year *** | Approximate Maximum Number of Dwellings | | Actual Number of Dwellings in City | | Remaining Development Capacity (dwelling units) ** |
| | Potential 1% Increase * | Total | Units Built in the previous Year | Total | |
| 2013 (baseline) | - | 20,697 | - | 20,697 | 0 |
| 2014 | 207 | 20,904 | 82 | 20,779 | 125 |
| 2015 | 209 | 21,113 | 108 | 20,887 | 226 |
| 2016 | 211 | 21,324 | 64 | 20,951 | 373 |
| 2017 | 213 | 21,537 | 189 | 21,140 | 397 |

**Table 2.3-2. Citywide Residential Capacity
 Based on City Growth Management Regulations ***

| Year *** | Approximate Maximum Number of Dwellings | | Actual Number of Dwellings in City | | Remaining Development Capacity (dwelling units) ** |
|-----------------|--|--------|---|-----|---|
| 2018 | 215 | 21,753 | TBD | TBD | 613 |
| 2019 | 218 | 21,970 | TBD | TBD | 830 |
| 2020 | 220 | 22,190 | TBD | TBD | 1,050 |
| 2021 | 222 | 22,412 | TBD | TBD | 1,272 |
| 2022 | 224 | 22,636 | TBD | TBD | 1,496 |
| 2023 | 226 | 22,862 | TBD | TBD | 1,722 |
| 2024 | 229 | 23,091 | TBD | TBD | 1,951 |
| 2025 | 231 | 23,322 | TBD | TBD | 2,182 |

* Based on Land Use Element Table 3, as shown above.

** Shows the difference between maximum number and actual number of dwellings. For future years (2018 onward), the number shown is the total number of residential units that could be built above the number in the City as of January 1, 2017. As future development occurs, this number of units built in any given year would be subtracted from the theoretical remaining residential capacity shown in this table.

*** Based on January 1 of any given year, consistent with how dwelling unit counts are reported by the State Department of Finance.

Table 2.3-2 shows that the remaining development capacity is an ongoing balance between the maximum number of dwellings allowed citywide, and the number of new dwellings built in a given year. For example, between 2013 and 2014, there was an increased capacity for 207 new dwellings that year, but only 82 dwellings were built. Thus, there was a remaining capacity of 125 units that could have been built in 2014 but were not. During successive years, the City has never built more homes than would have been allowed under the Growth Management regulations. In other words, since 2013, the increased residential development capacity has outpaced the actual rate of development in the City; i.e., actual annual growth has been less than 1% since then. For this reason, the remaining development capacity has slowly increased, until it was 397 dwellings in 2017. If there was no new residential development in 2018, there would be a total remaining capacity of 613 dwellings in that year. So if 500 homes were built in 2018, there would still be a remaining capacity of 113 units for that year.

This same principle would apply to future years and is at the heart of the growth management provisions proposed under the revised project. This principle also explains why it would be potentially possible to build most if not all of the 580 units allowed under the project within a single year. The actual ability to achieve this would depend on whether or not the City issues building permits for other residential projects during the same year, which would compete for the remaining residential development capacity within a given year. In reality, there is little to no chance that the developer could construct, or that the market could absorb, this number of units in a single year. However, this “worst-case scenario” is being evaluated for the purposes providing the appropriate CEQA analysis of the proposed specific plan changes.

The San Luis Obispo General Plan and Zoning Regulations are the principal tools the City uses when evaluating land use proposals with respect to growth management. This discussion focuses on those goals and policies in the City’s General Plan that relate to avoiding or mitigating environmental impacts, and an assessment of whether any potential inconsistency with these standards would create a significant physical impact on the environment. Only policies relevant and applicable to the project are included.

It should be noted that this discussion is intended to guide policy interpretation but is not intended to replace the City decision-making process. The final determination of consistency will be made by City Council when they act on the revised project. The General Plan consistency determination is based on the project’s overall consistency with the General Plan rather than strict adherence to every single principle and policy of each General Plan element.

Table 2.3-3 describes the project’s consistency with applicable growth management policies of the General Plan and Zoning Regulations related to avoiding or mitigating environmental effects.

| Table 2.3-3. Growth Management Policy Consistency Analysis | | |
|--|---|--------------------|
| Policy | Analysis | Consistency |
| General Plan Land Use Element | | |
| 1.11.1. Overall Intent. The City shall manage the city’s growth rate to provide for the balanced evolution of the community and the gradual assimilation of new residents. Growth must be consistent with the City’s ability to provide resources and services and with State and City requirements for protecting the environment, the economy, and open space. | The proposed phasing concept would allow for managed growth pursuant to the San Luis Ranch Specific Plan. In addition, the overall buildout capacity of the Specific Plan is consistent with General Plan growth limitations pursuant to Land Use Element Policy 8.1.4, which directs future development within the San Luis Ranch area. | Consistent |
| 1.11.2. Residential Growth Rate. The City shall manage the growth of the city’s housing supply so that it does not exceed one percent per year, on average, based on thresholds established by Land Use Element Table 3, excluding dwellings affordable to residents with extremely low, very low or low incomes as defined by the Housing Element. This rate of growth may continue so long as the City’s basic service capacity is assured. Table 3 shows the approximate number of dwellings and residents which would result from the one percent maximum average annual growth rate over the planning period. Approved specific plan areas may develop in accordance with the phasing schedule adopted by each specific plan provided thresholds established by Table 3 are not exceeded. The City Council shall review the rate of growth on an annual basis in conjunction with the General Plan annual report to ensure consistency | <p>The proposed phasing concept would allow for managed growth pursuant to the San Luis Ranch Specific Plan. In addition, the overall buildout capacity of the Specific Plan is consistent with General Plan growth limitations pursuant to Land Use Element Policy 8.1.4, which directs future development within the San Luis Ranch area.</p> <p>In addition, the proposed phasing concept would be considered in the context of remaining Citywide capacity to develop housing within the limits established in Land Use Element Table 3. Based on a 1% growth rate from the baseline of 2013, when there were 20,697 dwellings in the City, there were a maximum of 21,537 dwellings allowed in 2017. The actual number of residential units in January 2017 was 21,140, so there was a remaining capacity of 397 dwellings that year.</p> <p>As shown in Table 2.3-2, in 2018, the 1% growth rate would allow for a maximum of 21,753 units, or 613 more than there were in the City as of January 2017 (State Department of Finance Report E-5). Therefore, the 580-unit project could potentially build out in 2018 and still fall within the limits of the growth cap</p> | Consistent |

| Table 2.3-3. Growth Management Policy Consistency Analysis | | |
|--|---|--------------------|
| Policy | Analysis | Consistency |
| with the City’s gradual assimilation policy. | <p>as set forth in the Land Use Element. There would potentially be even more capacity to accommodate full buildout in subsequent years.</p> <p>While it is recognized that other projects within the City could potentially compete for this remaining capacity, practical limitations related to market factors and absorption rates would likely keep growth within these limits, as the project (and others) would likely take additional time to build out.</p> <p>The actual ability to achieve project buildout quickly would depend on whether or not other projects in the City would pull building permits during the same year, which would compete for the remaining residential development capacity within a given year.</p> <p>Please refer to additional discussion of this issue in the main body of the analysis on page 2.3-6, including Table 2.3-2.</p> <p>In addition, it should also be noted that any roadway infrastructure improvements that may be required as mitigation that might allow for additional capacity in advance of actual residential development anticipated under the project are not considered to be growth-inducing. This is because the project site is surrounded by the City, which is already fully planned and mostly built, and that growth in the City, including needed transportation improvements, was already anticipated in the Land Use and Circulation Elements Update in 2014. The project is consistent with the General Plan, would not introduce roadway infrastructure or related public improvements into unplanned areas, and is therefore not considered growth-inducing.</p> | |
| 1.11.3. Phasing Residential Expansions. Before a residential expansion area is developed, the City must have adopted a specific plan or a development plan for it. Such plans for residential expansion projects will provide for phased development, consistent with the population growth outlined in Table 3 [of the Land Use Element], and taking into account expected infill residential development. | Future residential growth under the revised project will be in accordance with the San Luis Ranch Specific Plan, which was prepared pursuant to this policy, as well as Land Use Element Policy 8.1.4. | Consistent |
| 1.11.4. Nonresidential Growth Rate. Each year, the City Council shall | Future non-residential growth under the revised project will be in accordance with the San Luis Ranch | Consistent |

| Table 2.3-3. Growth Management Policy Consistency Analysis | | |
|---|--|--------------------|
| Policy | Analysis | Consistency |
| <p>evaluate the actual increase in nonresidential floor area over the preceding five years. The Council shall consider establishing limits for the rate of nonresidential development if the increase in nonresidential floor area for any five-year period exceeds five percent. Any limits so established shall not apply to:</p> <ul style="list-style-type: none"> A. Changed operations or employment levels, or relocation or ownership change, of any business existing within the City at the time the limit is set; B. Additional nonresidential floor area within the Downtown core (Figure 4); C. Public agencies; and D. Manufacturing, light industrial, research businesses, or companies providing a significant number of head of household jobs. | <p>Specific Plan, which was prepared pursuant to Land Use Element Policy 8.1.4.</p> <p>The rate of commercial development within this area will be considered in the context of overall non-residential growth in the City when the City Council considers whether or not to establish rates for non-residential growth.</p> | |
| Zoning Growth Management Regulations (Chapter 17.88) | | |
| <p>17.88.020.A. Each Specific Plan shall adopt a phasing schedule that allocates timing of potential residential construction, including phasing of required improvements, consistent with the general plan and with these regulations.</p> | <p>The San Luis Ranch Specific Plan includes a phasing schedule consistent with General Plan and zoning requirements.</p> | Consistent |
| <p>17.88.020.B. The limitations on residential development established by these regulations apply to new residential construction within certain areas that have been annexed to the city or that will be annexed to the city. Development in such areas is subject to development plans or specific plans, which shall contain provisions consistent with these regulations.</p> | <p>The San Luis Ranch Specific Plan is subject to annexation, so this regulation applies to new development in this area. The Specific Plan includes a phasing schedule consistent with General Plan and zoning requirements. As noted above, the phasing plan is consistent with General Plan requirements.</p> | Consistent |
| <p>17.88.020.D. Dwellings affordable and enforceably restricted to residents with extremely low, very low, low or moderate incomes, as defined in the</p> | <p>The Specific Plan includes a phasing schedule consistent with General Plan and zoning requirements. As noted above, the phasing plan is consistent with General Plan requirements.</p> | Consistent |

| Table 2.3-3. Growth Management Policy Consistency Analysis | | |
|--|--|--------------------|
| Policy | Analysis | Consistency |
| <p>city’s general plan housing element, and new dwellings in the downtown core (C-D zone as shown in the most official zoning map) shall be exempt from these regulations. Enforceably restricted shall mean dwellings that are subject to deed restrictions, development agreements, or other legal mechanisms acceptable to the city to ensure long-term affordability, consistent with city affordable housing standards. In expansion areas, the overall number of units built must conform to the city-approved phasing plan.</p> | <p>The project includes an affordable housing component in accordance with City requirements. The San Luis Ranch Specific Plan proposes 34 deed-restricted affordable units on site for very low, low, and moderate income households, including 26 very low income units. These units would not count against growth management limitations.</p> <p>In addition, there will be 14 deed-restricted workforce housing units, which will contribute to meeting the City’s affordable housing provisions.</p> | |

As shown in Table 2.3-3, the project would be consistent with City policies related to growth management.

Mitigation Measures. No mitigation measures are required.

Residual Impacts. Impacts would be less than significant without mitigation.

