



AGENDA NO: Public Comment

MEETING DATE: January 12, 2021

**AGENDA CORRESPONDENCE
RECEIVED BY THE CITY COUNCIL FOR
PUBLIC REVIEW PRIOR TO THE MEETING**

From: [Sean Green](#)
To: [Council](#)
Cc: [Scott Collins](#); cfac@morrobayca.gov; [CityClerk](#); [Chris Neumeyer](#)
Subject: 1/12/21 Council Public Comment: Time to cut bait?
Date: Tuesday, January 12, 2021 11:33:12 AM

Council,

Since the 2016 passage of California's cannabis proposition, and the 2017 passage of Morro Bay's own legalization of two dispensaries, our city has lagged significantly behind other jurisdictions of similar size and means when it comes to getting these revenue generators up and running. Though Perfect Union is finally open for business as of late 2020, Natural Healing Center (NHC) remains far from it. This, despite the applicant winning one of two highly coveted permits in 2019, displacing longtime tenant ASAP Reprographics, and submitting building plans minor enough to have been completed in weeks, not years. As any pedestrian can observe while walking past the future NHC building at 495 Morro Bay Blvd on a weekday, workers are rarely present, progress is rarely made, and it seems this important tenant has little urgency or motivation to fulfill its promises to Morro Bay. As such, please request of our city attorney at this time a list of potential mitigation measures to impose on Natural Healing Center if this unnecessary delay drags out any further.

Respectfully submitted,

Sean Green
Morro Bay, CA

From: [Sean Green](#)
To: [Council](#)
Cc: [PlanningCommission](#); [HAB](#); [CityClerk](#)
Subject: 1/12/21 Council Public Comment: Bravo to Rose"s and Juju
Date: Tuesday, January 12, 2021 11:26:23 AM

Council, Planning, and Harbor,

I just want to say thank you to everyone who worked on the 2020 bayside lateral access improvements made to the lease sites at Rose's Landing and House of Juju. With both providing minimum 10-foot-wide walkways for pedestrians, these two examples should serve as the model for all future connections between lease site and public right of way along Embarcadero. While in the past, we allowed lease sites bordering public streets or parklets to transition 10-foot lateral access into sharp 90-degree turns through inaccessibly narrow vertical pinch points of five feet or less, Rose's Landing and House of Juju hopefully represent a new wave of bayside improvements that prioritize coastal access, two-way flow, and a pedestrian-friendlier future for Morro Bay.

Great work all around,

Sean Green
Morro Bay, CA

From: [Michael Martz](#)
To: [John Heading](#)
Cc: [Council](#); [Dawn Addis](#); [Jeffrey Heller](#); [Robert Davis](#); [Laurel Barton](#); [Scott Collins](#); [Scot Graham](#);
[Michael Martz](#)
Subject: Shepard and Seashell Properties Request Letter
Date: Monday, January 11, 2021 12:05:42 PM
Attachments: [Shepard and Seashell Properties Request Letter.pdf](#)

Honorable Mayor and City Council Members,

I am submitting the attached letter regarding the Shepard and Seashell Properties for your consideration and to be a part of the public record for the January 12th City Council meeting. I understand that this item is not on the current agenda, however I will address this letter during the public comment period and ask the City Council to consider our request.

Please don't hesitate to contact me if you would like to discuss in more detail. I can be reached via email at michael@hayescommercial.com or by phone at 805-452-0926.

Best regards,

Michael Martz
805-452-0926

VIA EMAIL

January 11, 2021

Honorable Mayor and Council Members
City of Morro Bay, City Hall
595 Harbor Street
Morro Bay, CA 93442

RE: Request for a General Plan Amendment and Rezone; Shepard and Seashell Properties
Dear Honorable Mayor and Council Members:

We are owners of the above captioned properties that total approximately 50-acres of developable land, currently zoned RA. We wish to have our properties included in your pending LCP/General Plan Amendment before the City Council next month for consideration of RM/PD zoning (medium density residential, 7-15 units/acre).

We understand that asking you to include these properties in the Plan will result in a delay. However, we believe that for the long-term economic health of the City this delay will be worth the effort because if the property is not rezoned now, it may never be.

Including the Shepard and Seashell properties in the RM/PD zoning will result in the following:

- Increased multi-family housing stock at affordable prices
- Increased units of designated affordable housing
- Increased City revenue from impact fees
- Permanently removing the sites from low-density RA/PD zoning
- Bringing Morro Bay closer to meeting its RHNA obligation
- Consistent Planning & Policy Documents

At this point in time, you have willing property owners in a rezone that will remove the opportunity for potential future property owners to subdivide with single family homes. There is a significant demand for single family homes in the marketplace today as a result of people fleeing big cities across the Country, looking at the Central Coast as a refuge. We don't believe Morro Bay wants more single family homes or zoning.

Background – Property Description

Our properties are located on the east side of Highway 1 off of South Bay Blvd and Teresa Road and are hereafter referred to the Shepard and Seashell properties.

The Shepard property is identified as number 18 on Table H-36 in the City's Housing Element as providing inventory for future housing needs. This table indicates realistic capacity of 65 units on the 45 acres (gross). However, considering the site constraints including slope of the land, onsite Environmental Sensitive Habitat, avoidance of hillside silhouetting, the actual net development area is approximately 10-acres (Shepard only).

With the current zoning of RA (minimum 20,000 square foot lot) it would yield approximately 20 units. This is much lower than the City presented to the State of California in its certified Housing Element. To achieve the 65 units presented to the state in the Housing Element, the property would have to be developed with a housing product that is not single family detached units.

Proposed Zoning Change

The zoning of this property will be RL under the proposed zoning ordinance. Table 17.07 020 (zoning ordinance) shows that the RL zoning prohibits attached single-dwelling units, two-unit dwellings and multi-unit residential dwellings. Additionally the property's General Plan Designation is Low Density. Low Density is defined in "Plan Morro Bay" as an area for detached single family homes and some group housing uses. Based on the constraints, the proposed new zoning ordinance and the proposed draft Plan Morro Bay document, there is clearly no path to obtain 65 units on the site under the present General Plan designation and zoning. The path forward to achieve the "realistic density" presented to both the public and state is to amend the General Plan designation and rezone the property.

Increased multi-family housing stock at affordable prices

There is potential for the subject sites to provide a mix of housing types, unit sizes and affordability, including deed restricted affordable units if rezoned. The City's planning document "Plan Morro Bay" states that the city can accommodate an estimated maximum population of 12,149 people and further states that it can accommodate all 391 units of the city's regional housing needs allocation (RHNA). An additional 65 units at a rate of 2.08 people per unit would yield 135 additional people to the overall population well within Measure F limits. If the properties were rezoned to RM/PD, a reasonable density (Shepard + Seashell) would yield +/- 150 units and house a total of 312 people.

The General Plan land use element states: "while the high cost of adequate housing is a statewide concern, addressing it in Morro Bay is essential to ensuring economic stability and success for the city" and also states "that the limited vacant land in Morro Bay creates a challenge to the city's ability to expand the economy and maintain the needed population base".

Increased units of affordable housing

If rezoned to allow approximately 150 multifamily units, the properties would yield 15 deed restricted Affordable homes (or apartments). As depicted in the attached chart (Attachment A), another 45 homes would be priced at the median income level, and another 45 would be priced at the moderate income level (assumes 33% housing costs). Estimated monthly home payments are assumed to be roughly equivalent in terms of mortgage (for sale product) or rents (apartments). The chart also depicts the income levels required if the properties were developed with single family homes.

Increased City revenue from impact fees

An example of how development affects the city's economy is the fees it generates. Increasing the density and allowing additional units and/or multiple units will provide for \$41,692 (Table H-43) per unit in fees to the city versus \$31,781 (Table H-43) per unit. This means that by developing more affordable smaller units the city yields more development/impact fees (revenue). Taking this one step further: based on 20 units at the current density the city would see approximately \$500K in fees (general government, Police, parks, fire, storm drain, traffic, school) while building more units under the proposed re-zoning plan would generate approximately \$4.6m in city revenue.

Additionally, more housing units would mean more rate payers to the City to offset the cost of the new water reclamation facility. All of this is good news economically while still furthering the stated goals for development of this property.

Permanently removing the sites from low-density RA zoning

If the properties are to remain as Low Density residential, the housing product will be single family detached units. This type of zoning/general plan designation is not favorable to developing an inclusionary development of mixed housing types and would result in the City's failure to address many goals identified in the City's Housing Element.

One example would be the loss of restricted affordable housing units. The provision of affordable units is based on the number of units built so of course fewer units built results in fewer affordable units. Ordinance 584 requires a minimum of one unit or 10% whichever is greater. If 20 units were developed on the Shepard site, only 2 units would be required to be affordable. With the exception of those 2 units, without the General Plan amendment/rezone the site will only provide units in outside affordability levels as outlined by CA HCD

Policy Considerations – Creating Internal Consistency, Meeting External Commitments

It is important that the City's planning documents are consistent with one another. The public, Planning Commission, City Council and the State are under the impression that the site will have the potential to provide 65 units based on the certified Housing Element, yet your General Plan Land Use element conceives Low Density Residential which is defined as detached single family homes and some group housing uses. This is a real break in the consistency of the City's planning documents. As you must know the General Plan land use is the foundation document and as such the zoning must implement what is in the general plan document. In other words there is no opportunity to differ from single family detached units other than to amend the site's general plan designation.

The draft "Plan Morro Bay" document states that infill properties in the city shall be the preferred strategy for most new development in Morro Bay. Because the Shepard property was included in land inventory for potential units to meet the city's RHNA, it would appear that it was planned for development in the Housing Element. It is common for a City to be hesitant to rezone/amend the general plan of any private property without the consent of the property owner. In this case the City signed an easement agreement with the property owner (Shepard) in which they agreed to assist with the rezoning of this property. Additionally, the Planning Director has had conversations with the representative of the Seashell development regarding the rezoning of that property. So the record indicates that the city was well aware of the need to include these properties in the general plan update to ensure that the long range planning for these properties was a reflection of what the city stated in the Housing Element, furthered the goals of the Housing element and the Land Use element, and acted in good faith on the agreement signed over two years ago.

It is unfortunate that this request is coming to you at such a late hour but fortunate that it is still within the window of opportunity for the city to take advantage of the opportunity to ensure that these sites general plan designation reflect what type of growth the city would like to see moving forward into the next decade.

We hope you agree and direct City staff to evaluate these properties together, along with the balance of the City for the pending GPA/LCP project.

Sincerely,

MICHAEL MARTZ
Owner, Shepard Property

Lou Steiner
Owner, Seashell Property

ATTACHMENT A

Bringing Morro Bay closer to meeting its RHNA obligation

The chart below shows expected pricing per unit based a rezone to RM/PD. Typically in a housing project, there are a variety of units types based on size and price, to meet the market demand of varying family sizes. The projected unit count and sales pricing are hypothetical at this point in time. At the the property is included in the GPA/LCP and rezone, a more precise development application can be provided to the City, inclusive of various regulatory constraints. Also note that 10% of units are priced at an approximate inclusionary 'low' income level.

MULTI FAMILY PRODUCT PRICING, UNIT SQUARE FOOTAGE AND MONTHLY PAYMENTS (150 UNITS)						
Plan Type		Plan A	Plan B	Plan C	Plan D	
Unit Count		45	45	45	15	
Plan Square Feet		850	1,100	1,400	750	
Base Sales Price		\$ 495,000	\$ 585,000	\$ 675,000	\$ 250,000	
Sales Price/SF		565	516	468	323	
Sales Incentives		\$ (14,850)	\$ (17,550)	\$ (20,250)	\$ (7,500)	
Net Sales Price		\$ 480,150	\$ 567,450	\$ 654,750	\$ 242,500	
Down Payment	20%	\$ 100,485	\$ 118,755	\$ 137,025	\$ 50,750	
Interest on Loan	4%	\$ 1,848	\$ 2,184	\$ 2,520	\$ 933	
Property Taxes	1%	\$ 488	\$ 576	\$ 665	\$ 246	
PMI/Insurance		\$ 200	\$ 200	\$ 200	\$ 150	
HOA Dues		\$ 150	\$ 150	\$ 150	\$ 45	
Monthly Payment		\$ 2,686	\$ 3,110	\$ 3,535	\$ 1,375	
PITI/Yearly income to afford at	33%	\$97,658.25	\$113,100.25	\$128,542.24	\$49,985.34	
PITI/Yearly income to afford at	40%	\$80,568.06	\$93,307.70	\$106,047.35	\$41,237.91	
SINGLE FAMILY PRODUCT PRICING, UNIT SQUARE FOOTAGE AND MONTHLY PAYMENTS (30 UNITS)						
Plan Type		Plan 1	Plan 2	Plan 3		
Unit Count		14	14	2		
Plan Square Feet		1,800	2,400	1200		
Base Sales Price		\$ 950,000	\$ 1,200,000	\$ 250,000		
Sales Price/SF		528	500	208		
Sales Incentives		\$ (28,500)	\$ (36,000)	\$ (7,500)		
Net Sales Price		\$ 921,500	\$ 1,164,000	\$ 242,500		
Down Payment	20%	\$ 184,300	\$ 232,800	\$ 48,500		
Interest on Loan	4.00%	\$ 3,328	\$ 4,203	\$ 876		
Property Taxes	1.2%	\$ 922	\$ 1,164	\$ 243		
PMI/Insurance		\$ 200	\$ 200	\$ 200		
HOA Dues		\$ 150	\$ 150	\$ 150		
Monthly Payment		\$4,599.14	\$5,717.33	\$1,468.19		
PITI/Yearly income to afford at	33%	\$ 167,241	\$ 207,903	\$ 53,389		
PITI/Yearly income to afford at	40%	\$ 137,974	\$ 171,520	\$ 44,046		
HCD Income levels in the Median and Moderate Income Levels based on varying percentages of income devoted to housing costs						
HCD Incomes in the Low and Very low levels based on the 10% inclusionary requirement						

		NUMBER OF PERSONS IN HOUSEHOLD							
		1	2	3	4	5	6	7	8
San Luis Obispo County Area Median Income: \$97,300 <small>State Income Limits for 2020; April 30, 2020 HCD Memo</small>	Extremely Low	20400	23300	26200	29100	31450	35160	39640	44120
	Very Low Income	33950	38800	43650	48500	52400	56300	60150	64050
	Low Income	54350	62100	69850	77600	83850	90050	96250	102450
	Median Income	68100	77850	87550	97300	105100	112850	120650	128450
	Moderate Income	81750	93400	105100	116750	126100	135450	144750	154100

From: [Aaron Ochs](#)
To: [CityClerk](#)
Subject: 01/12/21 City Council Meeting - Public Comment Correspondence
Date: Friday, January 8, 2021 5:59:15 PM

Council members and staff,

Hope you all had a healthy and safe holiday break.

As you're hopefully, keenly aware, San Luis Obispo County has experienced a significant surge of COVID-19 cases. Unfortunately, the City of Morro Bay is no exception to the surge.

In the absence of official word from City leadership about our local cases, I've taken it upon myself to research and investigate some of those cases and what information is publicly and legally available.

Morro Bay is in a uniquely vulnerable position because we have a lot of residents who either have family from the Central Valley or are Central Valley residents who have second homes here. According to the New York Times, Fresno County is ranked number one among United States metro areas for COVID-19 spread (SOURCE: <https://www.fresnobee.com/news/local/article248008045.html>).

There is evidence to show that a portion of the cases we've seen can be attributed to residents being exposed to COVID-19 positive residents from that area. Large Thanksgiving and Christmas family gatherings have created a multiplier effect on the cases I've mentioned and increased chances of exposure on a much larger scale.

Given the fact we've seen a new mutant and more infectious strain of COVID-19 in California, we're now approaching the perfect storm of disaster in this county and our city.

I'm in favor of agendaizing an action item on additional measures that can be taken to reduce the spread of COVID-19. I personally recommend that we consider measures to temporarily halt any active tourism or marketing campaigns. I also believe it's important to discuss a communication strategy in coordination with Central Valley media organizations urging a temporary halt of visitation until our county positivity rate is around 2-4.9% and a local vaccination distribution plan is finalized.

Thank you for your consideration!

Aaron Ochs



Virus-free. www.avast.com



AGENDA NO: C-1

MEETING DATE: January 12, 2021

**AGENDA CORRESPONDENCE
RECEIVED BY THE CITY COUNCIL FOR
PUBLIC REVIEW PRIOR TO THE MEETING**



January 11, 2021

RE: Item C-1

Dear CM Collins, Honorable Mayor and City Council:

The Chamber respectfully recommends that the city adapt its business plan in the face of the COVID-19 public health and economic crisis to allow for the community to come together around a renewed and shared strategic action plan under newly elected and appointed leadership. We appreciate the budgetary and staffing impacts and uncertainties that the City is facing related to the pandemic. We also recognize and are deeply grateful for the hard work and flexibility of your staff through these hard times.

The struggle to remain viable, to earn and to expend funds, to employ and to maintain employment, and to participate in the economy generally has required innovation and flexibility to a remarkable degree over the last ten months. Employers and sole proprietors have had to reevaluate their business plans and create new strategic goals and objectives at a more rapid pace, and sometimes multiple times over, given how quickly public health guidance has shifted the rules of economic engagement.

The City Council's Goals and Objectives are the guiding star for the community. The public process undertaken to reevaluate strategic direction, commit to a work plan, then budget to that work plan gives taxpayers input on how they'd like to see their financial contribution to the city deployed. Given the imminence of Measure E funds, this process is all the more important. Additionally, the process serves as an important way for new and existing council members to agree on a course of action and negotiate city priorities.

The business community cares about the City Council's strategic goals and objectives because the city's priorities impact their ability to do business. It is also an important way for new and existing businesses to evaluate their future and that of the city relative to Economic Development.

Other local municipalities are moving forward with their goals setting processes. Our Chamber recommends that the City of Morro Bay continue to move forward and move through this public health and economic crisis strategically and together with the community.

Sincerely,

Erica Crawford
President/CEO
erica@morrochamber.org