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## 2 Project Description

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This section describes the proposed 365 Prado Road Mixed-Use Project, including the project applicant, the project site and surrounding land uses, major project characteristics, project objectives, and discretionary actions needed for approval.

### 2.1 Project Applicants

Martinelli Prado, LLC  
465 Crestmont Drive  
San Luis Obispo, California 93401

Housing Authority of the City of San Luis Obispo  
487 Left Street  
San Luis Obispo, California 93401

### 2.2 Lead Agency Contact Person

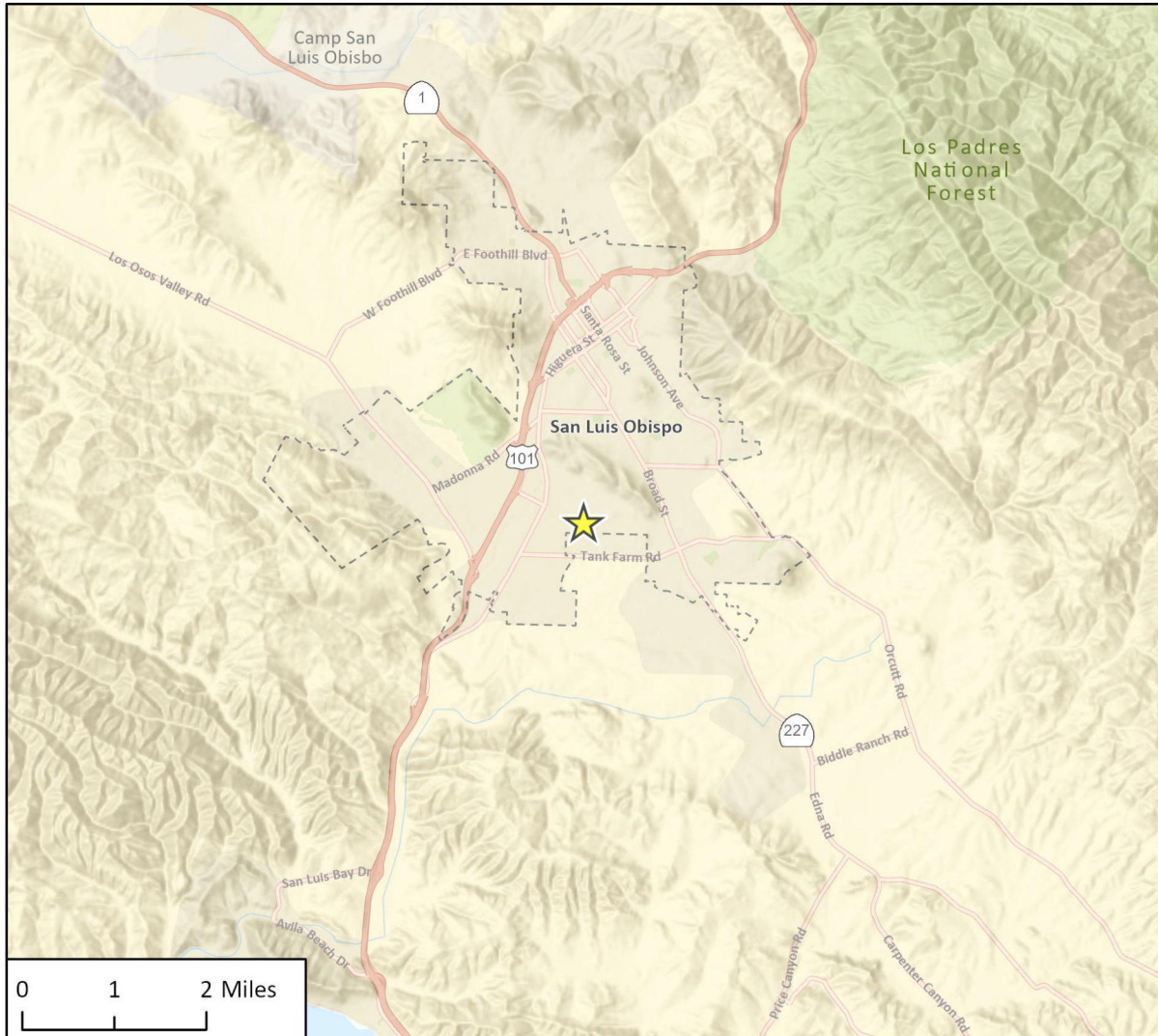
Rachel Cohen, AICP, Principal Planner  
City of San Luis Obispo  
Community Development Department  
919 Palm Street  
San Luis Obispo, California 93401

### 2.3 Project Location

The project site is located at 365 Prado Road in the southern central portion of the City of San Luis Obispo (City), San Luis Obispo County, California. The project site is identified as Assessor's Parcel Number 053-441-006 which encompasses a total of 19.3 acres. The southern portion of the project site, which encompasses approximately 5.8 acres, is located within San Luis Obispo County Regional Airport Land Use Plan Safety Zone 2. The remainder of the Project Site is within Safety Zone 6. Regional access to the project site is provided via U.S. Highway 101 (U.S. 101), located west of the project site, and State Route 227 (SR 227), located to the east of the project site. The San Luis Obispo County Regional Airport is located approximately 0.7-mile southeast of the project site.

Figure 2-1 shows the regional location of the project site. Figure 2-2 shows the location of the project site in its neighborhood context.

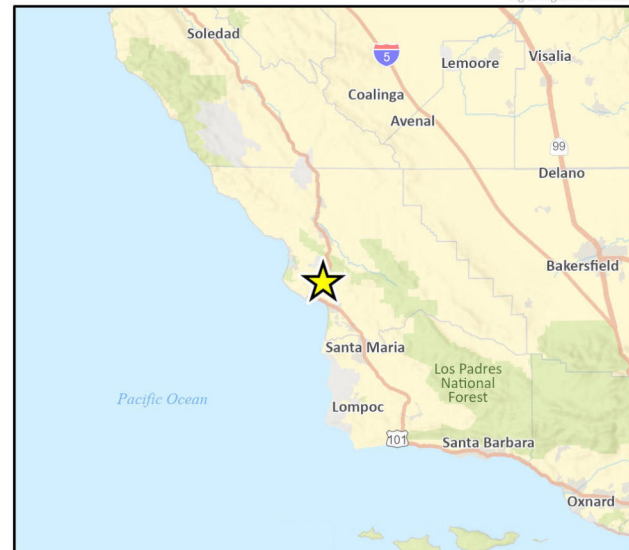
Figure 2-1 Regional Project Location



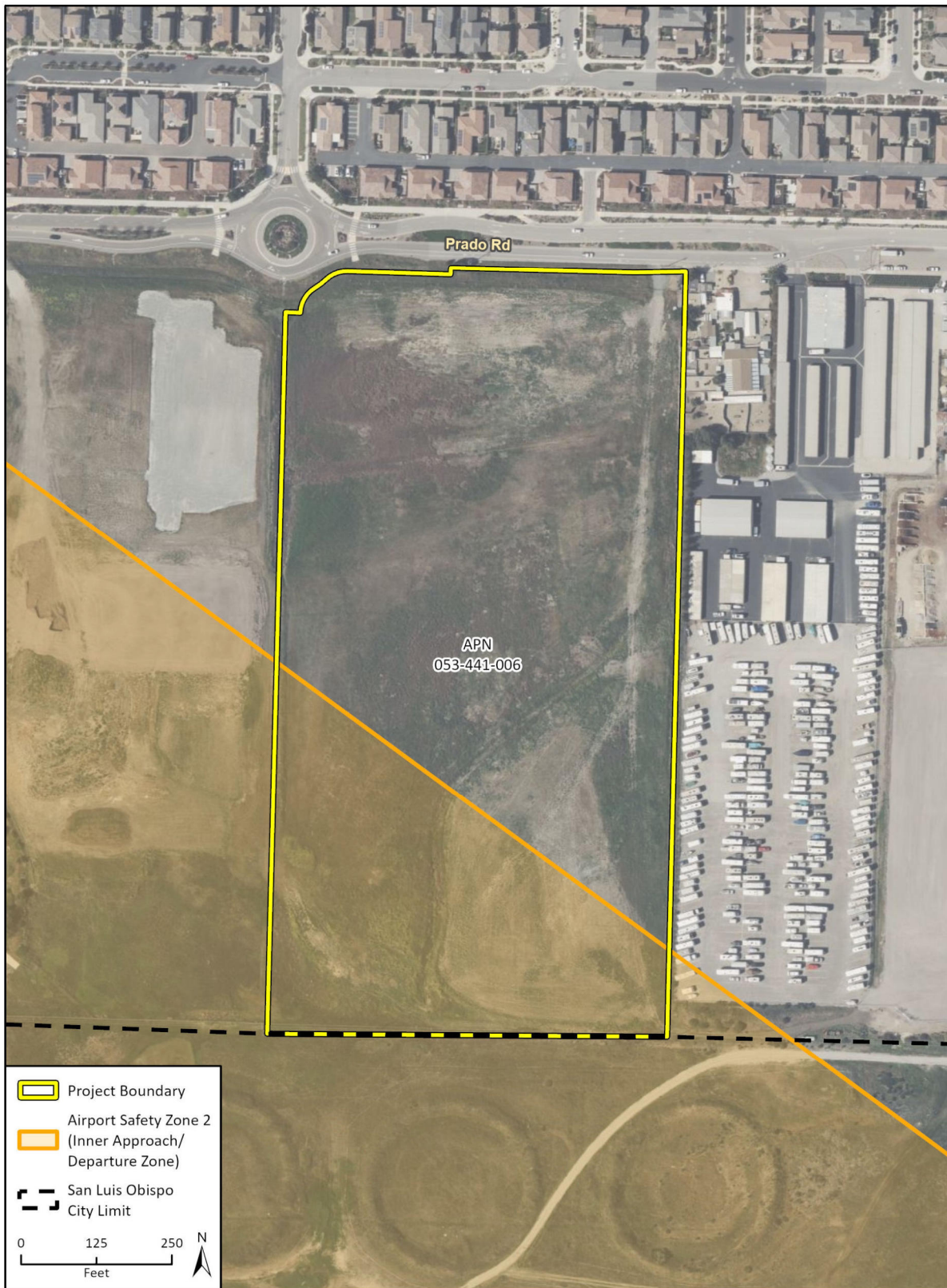
Imagery provided by Esri and its licensors © 2024.

24-16450 EPS  
Fig 1. Regional Location

- ★ Project Location
- - - San Luis Obispo City Limit



**Figure 2-2 Project Site Location**



Imagery provided by Microsoft Bing and its licensors © 2024.  
Additional data provided by the City of San Luis Obispo 2024 and the County of San Luis Obispo 2024.

## 2.4 Existing Site Characteristics

The project site is vacant, covered by grasses and shrubs. The project site is affected by drainage from adjacent properties and contains a drainage swale across the Prado Road frontage. Figure 2-3 shows photographs of the project site in its current condition.

### 2.4.1 General Plan Designation and Zoning

The General Plan designates the land use of the project site as Business Park (BP). The project site is within the Margarita Area Specific Plan (MASP) area and is zoned Business Park (BP) with a Specific Plan Area (SP) Overlay zone. The BP zone in the MASP does not allow residential development and allows a select range of commercial land uses. The southern portion of the project site is located within Safety Zone 2 (Inner Approach/Departure Zone) as established by the 2021 Airport Land Use Plan (ALUP) for the San Luis Obispo County Regional Airport, which limits residential development to less than 0.1 dwelling unit per acre, and mixed-use development to less than 53 persons per acre with an Airport Compatible Open Space Plan (refer to Figure 2-2). The remainder of the project site is within Safety Zone 6 (General Traffic Pattern Zone), which has no restriction on residential density.

### 2.4.2 Surrounding Land Uses

The project site is bordered to the south by the Chevron Tank Farm property that is currently undergoing remediation, to the east by a developed dog kennel and storage facilities, to the north by Prado Road and the Serra Meadows single-family residential subdivision, and to the west by the vacant 301 Prado Road property, which is approved for seven two-story structures consisting of approximately 160,000 square feet of office and industrial space.<sup>1</sup> The land to the south of the project site is currently vacant but was previously used as an oil storage facility and is undergoing remediation to address residual hazards related to the former oil storage facility.<sup>2</sup> The San Luis Obispo City limit line follows the southern boundary of the project site. The vacant property south of the project site is located in unincorporated San Luis Obispo County and is designated Industrial (IND) and Recreational (REC) by San Luis Obispo County.

### 2.4.3 Margarita Area Specific Plan

In October 2004, the San Luis Obispo City Council certified a Final Program Environmental Impact Report and adopted the Airport Area Specific Plan (AASP) and Margarita Area Specific Plan (MASP) and Related Facilities Master Plan (State Clearinghouse [SCH] #2000051062). The current land use designations and zoning in these plans were based on the land use restrictions established in the 2005 ALUP for the San Luis Obispo County Regional Airport. In 2021, San Luis Obispo County updated the ALUP, which updated the Airport Safety Zones, potentially allowing mixed-use development on 13.4 acres in the northern portion of the project site (refer to Figure 2-2).

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<sup>1</sup> In January 2020, the City of San Luis Obispo Planning Commission granted final approval for the development of seven two-story structures consisting of approximately 159,663 square feet of office and industrial space on the vacant 301 Prado Road property (APN 053-411-009). The approval was supported by the prior determination by the City Council that the project was consistent with the Margarita Area Specific Plan Final Environmental Impact Report (State Clearinghouse No. 2000051062) and Supplemental Initial Study-Mitigated Negative Declaration (State Clearinghouse No. 2010011038) adopted for Vesting Tentative Tract Map #3011 (ARCH- 0424- 2019).

<sup>2</sup> The vacant property south of the project site has an approved project – the Chevron Tank Farm Remediation and Development Project – the environmental effects of which were evaluated and disclosed in a certified Final EIR (State Clearinghouse No. 2009031001).

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**Figure 2-3 Site Photographs**



**Photo 1:** View from the northwest corner of the project site, looking across the site toward the southeast.



**Photo 2:** View from the northeast corner of the project site, looking across the site toward the southwest.

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The City's Land Use Element, adopted by the City Council in December 2014, has not been amended to address the updates implemented by the County's ALUP. Policy 8.1.3 of the City's current Land Use Element states:

The City shall consider this area [MASP] as potentially appropriate to accommodate additional housing. Revisions to the Margarita Area Specific Plan will be required if residential development in excess of that accommodated in the plan is proposed.

## 2.5 Project Characteristics

The 365 Prado Road Mixed-Use Project (herein after referred to as "proposed project" or "project") includes a General Plan Amendment to change the land use designation of the project site from Business Park (BP) to Services & Manufacturing (SM) and a Specific Plan Amendment to change the land use designation of the project site from Business Park (BP) to Service Commercial (C-S). The project would allow for mixed-use development on 19.3 acres, which would be comprised of 222 residential units, up to 100,000 square feet of service commercial space, a 1.29-acre privately maintained public park space, and associated street dedication. Figure 2-4 shows the conceptual site plan for the project. More details on the project components can be found in the following sub-sections.

### 2.5.1 Residential Development/Housing

The residential component of the project would include 222 units located on the northern portion of the site, which is in ALUP Safety Zone 6. Of the 222 units, 174 would be either two or three stories and would emphasize housing types such as duplexes, triplexes, townhomes, mew homes, detached single family homes, and courtyard flats ranging in size from approximately 630 square feet to 2,200 square feet. The remaining 48 units would be affordable housing rental units ranging in size from approximately 500 square feet to 1,000 square feet.

### 2.5.2 Commercial Development

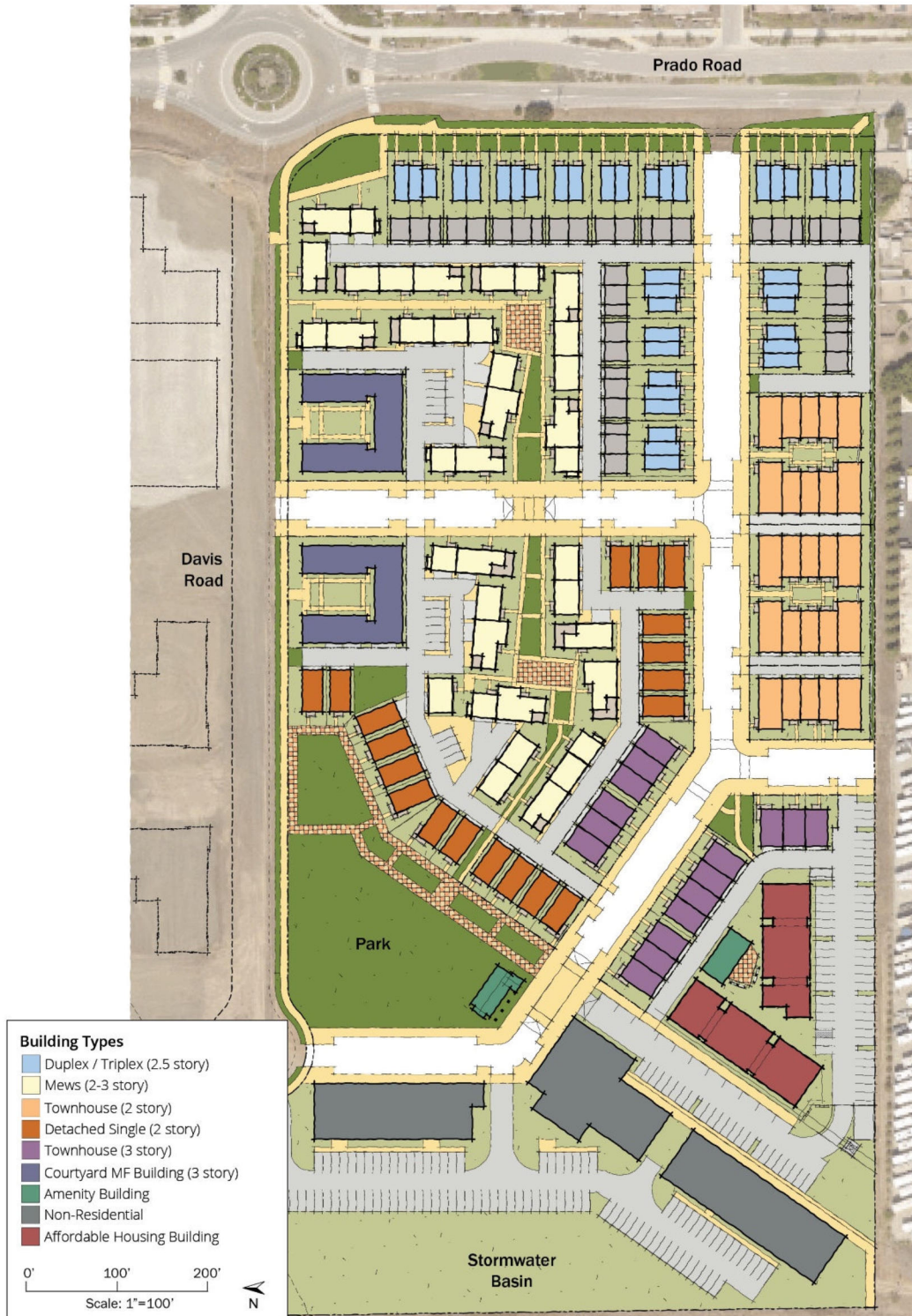
The southern portion of the site is in ALUP Safety Zone 2, which limits residential development to 0.1 dwelling units per acre. In practice, because of the small area of this portion of the site, no residential development would be allowed. In this area, the project would construct up to 100,000 square feet of building area, including 90,000 square feet of mini storage uses in a two-story building and 10,000 square feet of flex space intended for neighborhood serving restaurant or retail uses, and/or office space in a one-story building. These uses on this portion of the project site would be required to be consistent with the allowable uses within the Service Commercial (C-S) zone as well as occupancy and employee density restrictions established in the ALUP for Safety Zone 2.

### 2.5.3 Access And Circulation

Access to the project site is currently only possible from Prado Road. As part of the project, a new roadway (Davis Road) would be constructed to connect the western portion of the project site with Prado Road. Improvements related to Prado Road and Davis Road would require dedication of 0.71-acre from the project site (APN 053-441-006) and the already dedicated 301 Prado Road property (APN 053-441-009).

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Figure 2-4 Conceptual Project Site Plan



Source: Opticos Design Inc., 2024



The proposed project would include one entrance directly from Prado Road and two entrances from Davis Road. Internal roadways on the project site would provide access to residential and commercial development at the project site. The project would also include central walkways and sidewalks to provide pedestrian access to the public park space, adjacent residences, and commercial areas.

The City has planned shared-use path connections from Prado Road to Tank Farm Road as part of its Active Transportation Plan (ATP). A portion of this path is already constructed along Innovation Way. The current adopted alignment per the ATP extends south of the Davis Road cul-de-sac to the project site's southerly property line, west to the extended Meisner Lane, and south to the existing path's terminus on Innovation Way. However, the feasibility and timing of the Meisner Lane extension is unknown at this point. The 301 Prado Road property west of the project site, as part of its improvement plans, has proposed an alignment through APN 053-441-009 to the alignment of the offsite sewer, and south to the southern property line of the Regional Basin within the generalized path easement. This facility, and the offsite sewer, may be constructed by the developer for the 301 Prado Road property, but the timing of that development is not certain at this time. Similarly, the availability of the right of way for the sewer line and bike path is not certain at this time. An alternative alignment for the sewer line and the bike path are shown in Figure 2-5 which is under more direct control by the project applicant. This alternative will be reviewed further as part of the project. The project frontage improvements would also include a Class I shared-use path along the property's frontage along Prado Road as well as a Class II bicycle lane along the property's frontage along the future Davis Road, consistent with the City's ATP.

The project would include approximately 369 spaces for residential parking and 119 spaces for commercial parking within a parking lot located at the southern portion of the project site, as well as an additional 95 parking spaces located within the internal roadways provided at the project site.

## 2.5.4 Stormwater

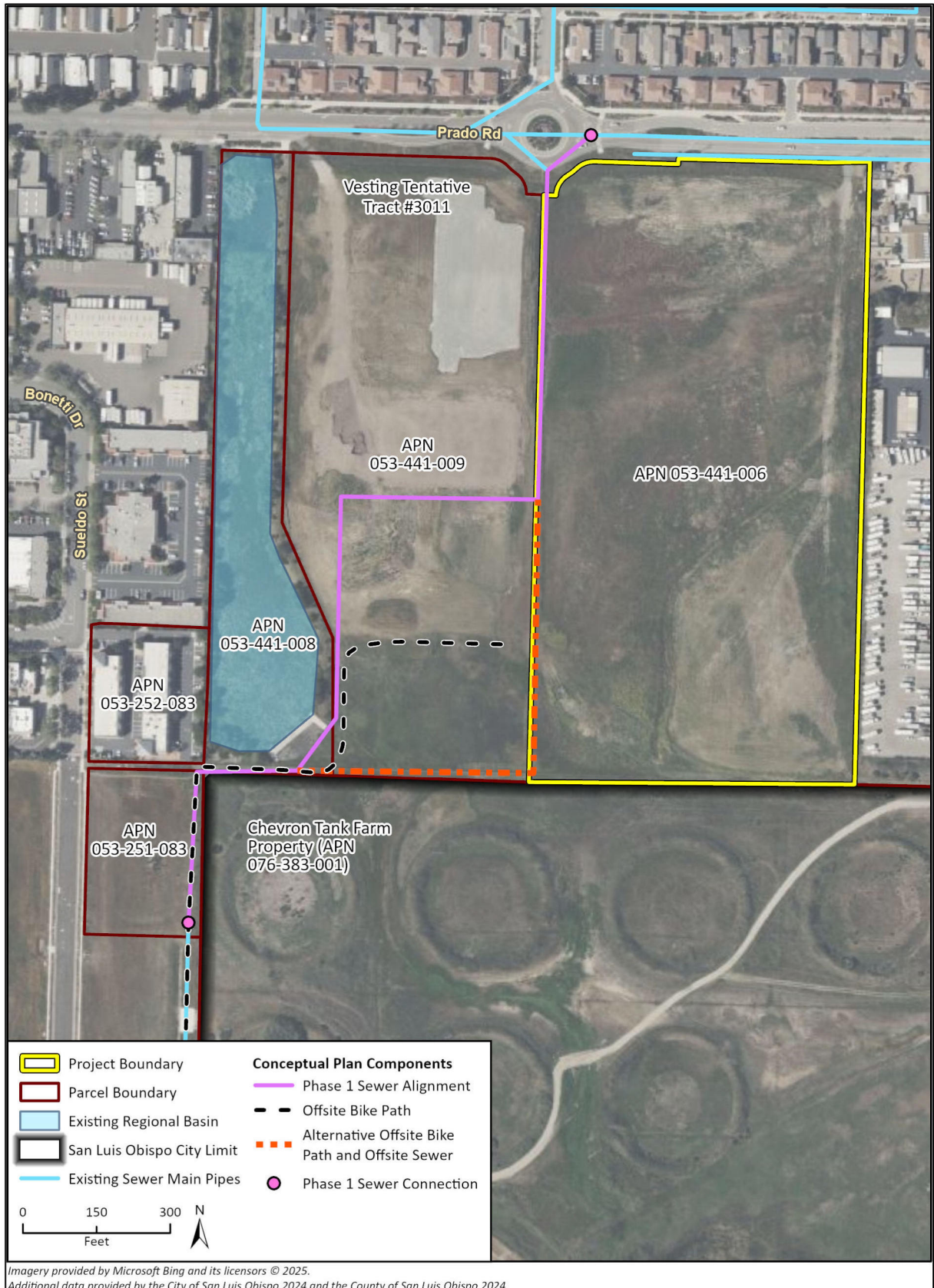
The proposed project would increase impervious surface area on the project site by approximately 451,250 square feet. To treat and control stormwater runoff, the project includes treatment basins located throughout the project site and retention basins, one of which would be located at the northwestern corner of the project site, and the second of which would be located in the southern portion of the proposed park. This stormwater infrastructure would be able to treat and retain runoff from a 95th percentile storm event and would comply with the City's post-construction requirements for stormwater. The project site is subject to drainage from the developed property to the east as well as from Prado Road to the north. Drainage onto the project site would be conveyed along the Prado Road frontage for eventual flow into the Serra Meadows Regional Basin (APN 053-441-008). Drainage onto Davis Road would be accommodated in a basin at the end of Davis Road on the 301 Prado Road property, as shown in the improvement plans for the entitled project on that property.

## 2.5.5 Utilities

Water and wastewater service would be provided to the project site via a new water main and sewer main along Davis Road. The water system would be looped throughout the site in the public streets. The project would include construction of a new 12-inch sewer main along the western boundary of the property, crossing several properties before interconnecting the project to the Tank Farm Lift Station.

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**Figure 2-5 Conceptual Offsite Sewer and Bike Path Connections**



The new sewer main would cross the following properties, and the conceptual alignment is depicted on Figure 2-5:

- APN 053-441-009 and APN 053-441-008 (the undeveloped 301 Prado Road property and within a recorded Public Sewer and Bikeway Easement);
- APN 053-252-083 (the existing Meissner Lane easement);
- APN 053-251-083 (following the existing sewer easement where it would connect with the existing high-density 12-inch sewer line located north of Innovation Way and east of Sueldo Street).

Water and wastewater infrastructure would be required to comply with all applicable conditions of approval described in the January 2020 final approval for Vesting Tentative Tract Map #3011 (ARCH-0424-2019). Additional conditions may apply related to other properties potentially affected by this off-site improvement.

## 2.5.6 Construction Phasing

The proposed project would be constructed in three phases:

- Phase 1 would include the development of approximately 5.03 acres of residential uses for 89 for-sale units in the northern portion of the project Site, along with development of public roads, the offsite sewer, the initial portion of the onsite storm drainage system, and the storm drainage for Davis Road.
- Phase 2 would include the development of approximately 5.83 acres for residential uses for 85 for-sale units and 48 affordable rental units in the central portion of the project site, along with development of the 1.29-acre park. Phase 2 would also involve the completion of Davis Road, additional internal public streets, and completion of the offsite shared-use path connection to Innovation Way. During Phase 2 the site for the 48-unit affordable housing portion of the project would be provided with public utilities and street access and transferred to the Housing Authority of the City of San Luis Obispo (HASLO).
- Phase 3 would include the development of approximately 3.65 acres for 100,000 square feet of commercial uses in the southern portion of the site that is in ALUP Safety Zone 2.

Phase 1 is anticipated to be completed within 36 months for the for-sale portion of the project (12 months for site preparation and 24 months for completion and sale of the 89 residential units). Phase 2 is anticipated to be completed in 48 months (12 months for site preparation and 30-36 months for completion of occupancy of the 85 for-sale residential units). The 48-unit affordable housing project is anticipated to be completed within 60 months after the start of Phase 2, but no later than the completion of Phase 3. Construction of the Phase 3 commercial property is anticipated to occur within 36 months following completion of Phases 1 and 2. All phases are planned to be constructed sequentially. The phasing of infrastructure improvements described in Sections 2.5.3, 2.5.4, and 2.5.5 will be guided by forthcoming technical studies being prepared by the project applicant and City staff.

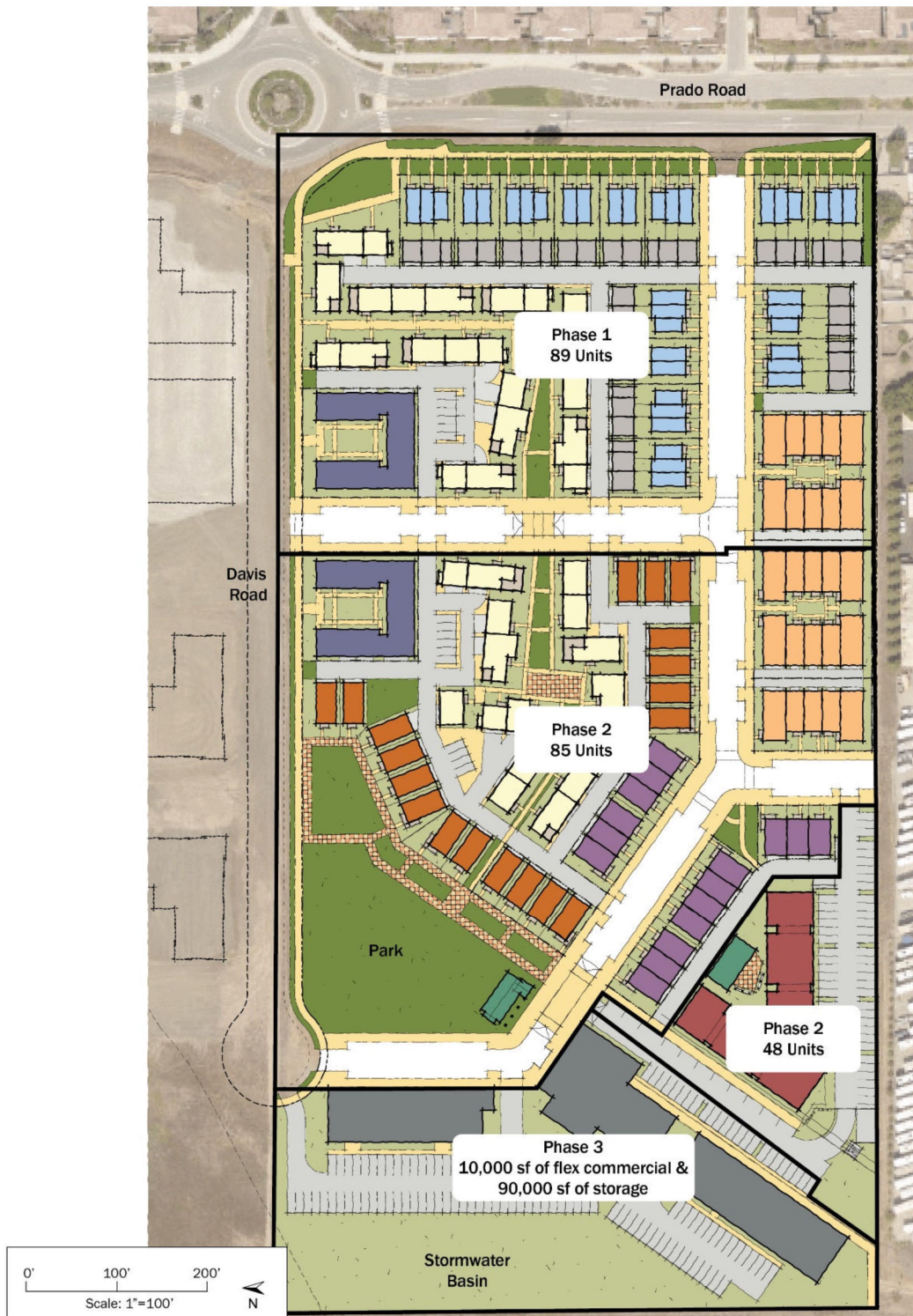
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Table 2-1 shows the proposed development and its phasing. Figure 2-5 shows the proposed phasing plan.

**Table 2-1 Proposed Residential Development**

	Acres	Phase 1	Phase 2	Phase 3	Total
Total Gross Site Area	19.30	6.62	9.03	3.65	<b>19.30</b>
Prado Road OFD	0.10	0.10	-	-	<b>0.10</b>
Davis Road OFD	0.71	0.31	0.40	-	<b>0.71</b>
Internal Public Roads/Right-of-Way	2.56	1.18	1.36	-	<b>2.56</b>
Net Site/Lot Area	15.93	5.03	7.25	3.65	<b>15.93</b>
ALUC Safety Zone 2		-	1.66	3.65	<b>5.31</b>
<b>Net Site/Lot Area for Residential Development</b>		<b>5.03</b>	<b>5.83</b>	-	<b>10.86</b>
<b>Net Site/Lot Area for Commercial Development</b>		-	-	<b>3.65</b>	<b>3.65</b>
Residential Development					
Duplex/Triplex		38	-	-	38
Mews		22	16	-	38
Townhouse (2 Story)		10	15	-	25
Detached Single		19	-	-	19
Townhouse (3 Story)		-	16	-	16
Courtyard MF		-	38	-	38
Affordable Stacked Flats		-	48	-	48
<b>Total Units</b>		<b>89</b>	<b>133</b>		<b>222</b>
<b>Dwelling Units per Residential Gross Acre</b>		<b>13.44</b>	<b>14.72</b>		<b>14.19</b>
<b>Dwelling Units per Residential Net Acre</b>		<b>17.69</b>	<b>22.81</b>		<b>11.50</b>
<b>Total Density Units</b>		<b>118.55</b>			<b>253.20</b>
<b>Density Units per Residential Net Lot Area</b>		<b>23.57</b>			<b>23.31</b>
Commercial Development (sf)				100.000	
Floor Area Ratio				0.63	
Employee Density				200.00	
Employee Density per Acre				54.79	
Source: Martinelli Prado, LLC.					

Figure 2-6 Project Phasing



Source: Opticos Design Inc., 2024

## 2.6 Project Objectives

Project objectives include the following:

- Amend the General Plan and MASP to change the project site zoning to Service Commercial (C-S) and allow mixed-use development that is consistent with the GP, MASP and the ALUP.
- Development of an economically feasible project that is consistent with, and implements, policies within the City's LUCE and MASP.
- Establishment of a complete internally and externally "linked" mixed use community with amenities such as neighborhood parks and commercial goods and services that can serve the neighborhood.
- Provide a variety of housing opportunities for a wide range of socioeconomic groups and affordability levels, and at average unit sizes that are below current City averages.
- Development of a project with the maximum number of units permitted by the new zoning, approximately 222 residential units and 100,000 square feet of commercial floor space, including mini storage.
- Provision of a well-connected internal private park, bicycle paths, and pedestrian sidewalks.
- Development of the adjacent roadway, bike path, and sewer connections.

## 2.7 Discretionary Approval and Responsible Public Agencies

The City of San Luis Obispo is the lead agency for the project. The project requires the following discretionary approvals from the City:

- Vesting Subdivision and Large Lot Conveyance Map
  - Development Agreement
  - Major Development Permit
  - Density Bonus Application, including requested waivers and concessions (the project would require a waiver of the ground floor use limitations in Zoning Ordinance 17.70.130[D][1])
  - Specific Plan Amendment, which will include a zone change from Business Park (BP) to Service Commercial (C-S) as well as modifications to the text and graphics in the MASP that are necessary to accommodate the project.
  - General Plan Amendment to change the land use designation from Business Park (BP) to Service and Manufacturing (SM).
  - GP/Zoning Map Amendments
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