



CITY OF OCEANSIDE

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SOUTH MORRO HILLS COMMUNITY PLAN

STAKEHOLDERS INTERVIEW REPORT



Prepared for



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1 Introduction

1.1 Project Background

In Fall 2019, the City of Oceanside launched Onward Oceanside, encompassing three interrelated projects that will establish the city’s long-range planning framework – Phase 2 of the General Plan Update, the Smart and Sustainable Corridor Specific Plan, and the South Morro Hills Community Plan (SMHCP or Community Plan).

A Community Plan is a portion of the General Plan that focuses on issues important to a particular area within a city; the SMHCP will focus on the unique issues and opportunities the area represents. This report—South Morro Hills Community Plan Stakeholder Interviews Report—presents results of discussions with stakeholders on issues and opportunities for South Morro Hills.

THE SOUTH MORRO HILLS COMMUNITY

South Morro Hills encompasses a 5.5-square mile (3,500 acre) area of agriculturally-zoned land in the northeast corner of Oceanside. The community is within the City of Oceanside, has a rich history of farming, and is known to produce avocados, tomatoes, strawberries, cut flowers, succulents, and coffee, and has wholesale nurseries. It is the last remaining agricultural area in the coastal region of San Diego County, with soils and microclimate not found anywhere else in California.

While the area’s existing Agriculture designation is primarily intended to support farming, Oceanside’s Zoning Ordinance does allow for parcels to be subdivided into 2.5-acre lots and developed with one single-family residence per parcel as long as the residential development does not interfere with agricultural activities. Several parcels along Sleeping Indian Road have been subdivided into 2.5-acre parcels for single-family homes. However, the lack of infrastructure—especially municipal wastewater—has limited extensive development of the area.

In recent years, the local farming community has indicated that it has become increasingly more difficult and less profitable to farm due to cost of water, labor, and competition from agricultural products that now are imported into the U.S. from the far corners of the world.

AGRITOURISM STRATEGIC PLAN AND ZONING CHANGES

The City of Oceanside, in partnership with Visit Oceanside and the South Morro Hills Association, prepared an Agritourism Strategic Plan in 2017, intended to promote



agritourism as a way to provide supplemental income to support farming. The City also amended the Zoning Code to allow lower-intensity (“Tier 1”) agritourism uses such as U-Pick operations, petting zoos, and farm stands, and began to study ways to allow higher-intensity (“Tier 2”) agritourism uses such as event spaces, wedding venues, and resorts and spas to support existing agriculture. Tier 2 uses will be considered as part of the South Morro Hills Community Plan.

1.2 Interview Format and Objectives

Meetings were held with stakeholders—property owners of different parcel sizes, including those engaged in agriculture, as well as residents, organizations, and groups—to explore in greater detail issues related to farming and preserving agriculture, promoting the City’s Agritourism Strategy, and understanding property owners’ perspectives related to farming, development, and community character. Meetings were held in small groups over Zoom in Summer 2020.

2 Key Findings

Many property owners are finding it financially increasingly difficult to maintain farming operations in South Morro Hills. While the area has a rich agricultural heritage, escalating labor costs and growing competition from produce imported from Mexico and other countries, is squeezing farmers. Added to this is increasing cost of water and wells that have dried up or become silted, and limitations on farming operations—such as noise and use of pesticides—because of encroaching residential development.

However, some property owners feel that the land is very productive (“almost anything grows”) and as one of the last such remnant pieces of land in San Diego County, the area offers rich possibilities for farmers willing to be creative and transition to niche type of products – such as branded coffee beans, vineyards/wineries, and even cannabis.

Almost all are in agreement that agritourism offers a viable path forward for South Morro Hills. The biggest development impediment is the lack of sewerage. Most agree that the key is to maintain the area’s scenic beauty and character (“fields and hills”) so that it is not overwhelmed by development, while allowing sufficient densities to make municipal sewer extension financially feasible. Property owners and developers would need to share the cost of infrastructure extension.

In addition to increased residential densities, allowing hotels, wedding venues, wineries, restaurants with farm-to-table themes, and farm animals were offered as possibilities for the area, in keeping with the agritourism strategy.

Developing walking and biking trails, allowing for flexibility in architecture while potentially maintaining an agrarian theme, allowing for development in focused areas/clustered rather than “everywhere” while ensuring that clustering does not lead to “massive” developments that would degrade the area’s character were offered as ideas. Some stakeholders also emphasized the need to ensure that infrastructure improvements—such roads, level of lighting/illumination—should be designed/sized to reflect the area’s rural/semi-rural character and maintain night-sky. Linkages to the city’s other tourism opportunities—the ocean, Mission San Luis Rey, etc.—should also be explored.

3 Meeting Notes

The following are comments provided by stakeholders, organized by topic.

VIABILITY OF AGRICULTURE IN SOUTH MORRO HILLS

- Can't preserve land for agriculture if the economics don't exist for agriculture. There are isolated fields in LA that can't be farmed and can't be developed. The properties become vacant and useless. What kind of businesses would you bring in to support the area?
- People say that the land is perfect for farming, but it's really not. It's good for some kind of farming, but there are slopes and it's really not ideal land.
- Niche markets have been the way farmers have been kept alive. Premium products. Niche market crops are more labor intensive.
- Mexico is competing with us. Costco has just purchased land in Mexico, mostly doing open farms. Somewhere like NYC, you can do vertical farms where you have no transportation costs. We are too far from the population centers. Cost of doing business is much cheaper on flat open land.
- Changing crops to use less water, but everything is much cheaper flown in from South America.
- Local farmers can't invest in new technologies and then continue to try to compete with the South American farmers.
- Hard to make money – competition from offshore products/Mexico
- Water is saltier everywhere. Basin down by the river will likely be regulated by the State. On some farms, wells are too salty for the crops. They blend it with City water.
- Reverse osmosis: very expensive to run electricity, nowhere to dispose of salt brine.
- Cost of water.
- Cost of labor is so high – global issue – we have the highest labor costs. Very inefficient on hillsides - better on flat land. It's a matter of time before we will not be able to compete and we will not exist.
- Lots of the crops being planted require years of investment before they are ready to harvest.
- Being squeezed by farming. Encroachment of housing comes with new limitations.

- Importance of supportive agricultural infrastructure (workers, storage facilities, etc.)
- Not allowed to use certain products (pesticides) near residential areas.
- County wanted to get rid of Round Up, but that makes our work impossible. Most of the growers don't grow organically, we can't make it. There isn't that much added value.

POSITIVES OF AGRICULTURE IN SOUTH MORRO HILLS

- Farming can help prevent fire by making sure the land is well-tended and verdant Opportunity to learn regenerative agricultural practices. Learning and growing. Almost anything can grow, and there is little land like this left.
- Important to acknowledge that the crops being planted can changed. There are a lot of opportunities.
- Growing avocados that have existed in the area for several decades. Planted coffee about 5 years ago, sold to local roaster and online. Do direct sales of avocados through website and sell to packing house and local grocery stores.
- Cannabis planting occurs as well.

COST OF INFRASTRUCTURE

- Cities today do not provide new infrastructure. They don't have the money. Have to get developers to pay for the infrastructure to support development. What kind of development will support the infrastructure you need and the open space that you want? Have to have density in some areas.
- These uses all require infrastructure. A sewer line would have to be there. You can't do that on septic. It's tough to see how we get from here to there.
- I've heard from developers that it will take a minimum of 3 units per acre to bring infrastructure out to us.
- Uncertainty about who would pay for infrastructure improvements, and how.
- Whatever is done, infrastructure and costs need to be shared.
- Economics is important for large landowners.

AGRITOURISM

- Support for more agritourism in the future.

- In favor of agritourism but concerned about the infrastructure improvements that would be necessary (road conditions).
- Support for agritourism.
- See agritourism as an important way to support commercial agriculture.
- Open to an agricultural community center.
- Co-existence with other uses is key to success – will be a different kind of agriculture. We won't exist as commercial, strawberries, cut flowers. Nothing to the scope and scale of what we have. Maybe farm to table places, wineries.
- We need more people, boutique hotel, venues. People love being part of agriculture. They love picking out their pumpkins, they love getting married amidst the olive trees. But we need the roads, they need the parking. Operators drive up Sleeping Indian. Wilshire seems like the perfect fit for this kind of thing.
- Wedding venue in the area.
- Some would build a hotel, actually operate the place. Maybe take on one 20 acre parcel.
- Some would probably operate one thing, sell or lease other pieces to operators.
- People also raise animals. Animals can be a big tourist attraction.
- Farming/animals gives people a chance to see a lifestyle that they wouldn't otherwise have.
- Support for more animals in the area. Concerned about what would happen if more housing comes in.
- Startup costs and time can be significant.
- Have considered doing this on own property but dealing with the regulations makes it harder.
- There is some support for some aspects of current plan – preservation of agriculture, maintaining rural character. These are important objectives. Agritourism may help facilitate them.
- You'll take below market rent before you take zero. We get so many complaints about pesticides, Mexican music playing in the fields – and we don't have many neighbors now! The way to keep agriculture here is to make money through agritourism. That brings in cars and tourists. 20 acre winery and 20 acre u-pick field.
- It may be difficult to “preserve” the area as it is now, but it is important to give guests an experience of the area.

RESIDENTIAL DEVELOPMENT

- 2.5 acres is a very large lot, and there are not a lot of people that can afford that. There is a housing need in California so we should look at allowing smaller lots.
- 2.5 acre zoning is ok in some locations.
- 2.5 acres works well for some but going forward there does need to be compromise with farmers.
- High density housing doesn't seem appropriate.
- There are certain locations where it wouldn't be safe to having more residential (concerns about fire and evacuation, road quality).
- Clustering housing is more desirable than allowing it everywhere.
- Three development proposals - everyone sees cluster housing. We did not get specific proposals. We never knew exactly what the developers had in mind. We have a fixed price they are supposed to pay us.
- Important to consider how the benefits of housing development will be distributed among different landowners (i.e., not every property can sustain high density housing)
- Whether clustering could work depends on number of units. The more units, the more infrastructure is needed
- Needs to be smart – cluster housing
- It's better when housing is integrated into the community
- Concerned about the limitations that residential development imposes of commercial agriculture
- Housing squeezes agriculture out, tourism + agriculture works
- Large farming next to housing doesn't work
- There would be opposition to an assessment district
- Would be open to tiny homes or air b&b type uses, in order to support agritourism
- Preference for fewer homes and less infrastructure (lighting, signage).
- Good examples: cannery in Davis, village homes in Davis, Agritopia in Arizona, Harvest Hills in Texas

FUTURE DEVELOPMENT/CHARACTER OF DEVELOPMENT

- Not opposed to cluster housing if it helps support the agricultural character of the land
- “Massive area wide clustering” seems like it wouldn’t preserve agricultural character.
- One of the great parts about South Morro Hills now is knowing your neighbors. Friendliness,
- Preserve the beauty—fields and hills.
- Sense of community. Neighborhood get togethers.
- Ability to live on a farm but be close to the city.
- Proximity to ocean. Agricultural opportunities are also something that few beach communities have (farm to sea).
- In favor of preserving agricultural values. SMH is a unique asset.
- Ocean to farm trail.
- Support for agricultural “mosaic”.
- Farm mosaic—development is pushed back.
- Don’t like North River Farms project – too intense, too much traffic.
- Need large landowners on board for development (agritourism, cluster housing, trails, etc.)
- There are good examples out there, but SMH shouldn’t lock itself into looking like another community.
- Opportunities for year-round tourism.
- Hoping to attract millennials to homes.
- Detached single-family homes.
- Resorts/hotels could bring in revenue to the community. Smaller and boutique type resorts would work well in the area.
- Authenticity is important. However, it needs to be balanced with other needs such as infrastructure improvements (which are needed and need to be paid for).
- Development necessitates some infrastructure changes, which may make things look less “authentic”.

- People crave development but also fear traffic, cars, etc. and back off when they see things changing too much too fast.
- Important to remember that, even in its current state, SMH isn't the same now as how it was historically.
- The area doesn't look the same now as it did 15 years ago. What are we "preserving"?
- Different architectural styles, while maintaining an overall agricultural theme.
- Milling area is special. Good for public space.

TRANSPORTATION

- If there were transit stops near us, employees would take the transit. Now they are carpooling, driving.
- Can't get our labor out here – we have employees that take the bus to the transit center then walk 2 miles or hitch a ride. We have had all kinds of difficulty with just getting our employees here.

4 List of Participating Stakeholders

Following stakeholder were invited or participated in the interviews:

Commercial Farmers / Large Property Owners

Michelle Castellano Keeler (Mellano & Co)
Neil Nagata (Nagata Farms)
Rachel and Justin Jonte (property owners, farmers)
Dustin Campbell
Craig Murai
Karl Metz (DM Color Express)
Hank Shaeffer (Self Realization Fellowship; property owner)
Jane Gilligan (Gilligan Farms)

South Morro Hills Association

Larry Balma, President of SMHA
Phil, Board member of SMHA
Karen, Board member/resident
Eric (farmer)
Faye (property owner)
Laura (resident)
Dennis (resident)
Kim (farmer)
SMH Association Board
SMH Membership open invite

Agritourism Stakeholders

George and Kim Murray (Beach House Winery)
Mraz Family Farms
Paradise Falls Wedding Venue
Leslie Gaul (Visit Oceanside)

Ninia, Integral Communities / NRF (Owner of Bree Property)

Michelle Geller (Economic Development)

Louise Balma (Agrivision)