



DATE: March 23, 2026

TO: Chairperson and Members of the Planning Commission

FROM: Development Services Department – Planning Division

SUBJECT: **CONSIDERATION OF A CONDITIONAL USE PERMIT (CUP25-00003) FOR A CANNABIS CULTIVATION FACILITY WITHIN 25 HOOPHOUSE STRUCTURES LOCATED AT 1319 SLEEPING INDIAN ROAD – SOUTH MORRO HILLS 47 – APPLICANT: SOUTH MORRO HILLS 47, LLC**

### **RECOMMENDATION**

Staff recommends that the Planning Commission, by motion:

1. Confirm issuance of a Class 1 Categorical Exemption per the California Environmental Quality Act (CEQA), Article 19, Section 15301 “Existing Facilities;”
2. Adopt Planning Commission Resolution No. 2026-P02 recommending City Council approval of Conditional Use Permit CUP25-00003 for a proposed cannabis cultivation facility at 1319 Sleeping Indian Road.

### **PROJECT DESCRIPTION AND BACKGROUND**

**Site Review & Background:** The project site is a 1.88-acre portion of the Campbell Ranch property, comprised of four parcels totaling 78.61 acres, located at 1319 Sleeping Indian Road in the South Morro Hills Neighborhood Planning Area. The property has a General Plan land use and zoning designation of Agricultural (A). Surrounding properties are zoned Agricultural and are primarily used for agricultural and/or single-family residential purposes.

The project site currently operates as a cultivator of hemp and hosts a variety of agricultural operations, including production of industrial hemp, ornamental plants, succulents, and box-trees. The hemp cultivation takes place within twenty-five existing hoop houses which total 43,375 square feet. Armstrong Growers is the main tenant of the property, who occupies existing greenhouse structures on a separate portion of the property. There are no residential uses on the property.

The South Morro Hills 47 (originally Morro Hills Cultivators, LLC) (Applicant), submitted for a Cannabis license under Chapter 7, Article XIII of the Oceanside Municipal Code. Per Section 7.119, the applicant must submit for both a local license and Conditional Use Permit.

The Applicant was approved for a local license for cannabis cultivation through a merit-based selection process on September 1, 2019.

**Project Description:** Applicant request for a Conditional Use Permit (CUP25-00003) to allow a mixed-light (utilizing both artificial and natural light) cannabis cultivation facility. Within the City of Oceanside, there are varying license types consisting of cultivation, testing laboratories, nurseries, distribution, non-storefront and storefront retail. As authorized by the state and local licenses subject to Article XIII, Section 7.115, the cannabis use would be permitted to cultivate and harvest cannabis to be transported off-site by another licensed distributor to a processing facility or retail establishment of another licensed business.

The project site consists of twenty-five existing hoop houses, measuring 30 feet by 58 feet (43,375 square feet total), to be used for the proposed growing operations. The subject hoop houses were erected and used previously for cultivation of industrial hemp. No growing operations would be conducted outside the hoop houses. All cannabis companies in California must utilize the State's track-and-trace software to monitor movement of cannabis products from seed-to-sale. Onsite-sales or direct delivery to the public is strictly prohibited.

Access to the project site would be provided from Sleeping Indian Road. Public access would be prohibited. Employee parking areas would be provided on site, with 20 proposed parking spaces. Up to eight employees are anticipated for the facility, excluding security personnel (which would likely consist of a single guard). As proposed, the facility would operate from 6:00 A.M. to 5:00 P.M., seven days a week.

The hoop houses would be split into five hoop house clusters, each which would consist of five connected structures totaling 150 feet wide with a maximum height of 17.5 feet. As proposed, the hoop houses would be secured with polyethylene or polycarbonate panels. Each hoop house would be equipped with solar-powered LED lights to provide a mixed-light growing environment.

The facility would be secured via a double-layer security fence, lined with 16 360-degree surveillance cameras and 12 security lights. In addition, each individual hoop house would be equipped with an internal surveillance camera. Pursuant to OCC Chapter 7, cannabis businesses must have video surveillance, an active alarm system, signage prohibiting access, security lighting, commercial grade locks, and 24-hour armed security personnel onsite. The project would be conditioned to require continual compliance with Chapter 7 of the City Code including the above requirements. Oceanside Police Department (OPD) staff also reviewed the subject request and gave security suggestions. The applicant is proposing to satisfy all applicable OPD suggestions.

Odor control would be provided in the enclosed structures through a negative air pressure system with a carbon scrubber. Each fan would be fitted with exterior misting bars to increase effectiveness of the odor control system. Additional odor control may be provided, as needed, via odor neutralizers added to the proposed water wall evaporative cooling system.

## **ANALYSIS**

The project is subject to review for consistency with the following plans, policies, and ordinances:

1. General Plan
2. Zoning Ordinance
3. Oceanside City Code
4. State Licensing
5. California Environmental Quality Act (CEQA)

### **1. General Plan Consistency**

The General Plan land use designation of the subject property is Agricultural (A). The proposed cannabis cultivation facility is an agricultural use and is consistent with this designation. It is also consistent with several goals and policies of the City's General Plan as follows:

*Land Use Element Policy 1.12C: The use of land shall not subject people to potential sources of objectionable noise, light, odors, and other emissions nor to exposure of toxic, radioactive, or other dangerous materials.*

The proposed project would incorporate various features into the design of the project to ensure that surrounding properties would not be affected by the proposed operations. Odor would be controlled within the proposed structures via a negative air pressure system with carbon scrubbers as well as misting apparatuses on each fan. All proposed lighting, interior and exterior, would be directed downward as to not trespass onto surrounding properties.

*Land Use Element Policy 2.5A: Agricultural areas are characterized by their primary function that is to farm, graze, or conduct animal husbandry. Agricultural areas typically involve contiguous tracts of agricultural land uses with only a very minor intrusion of non-agricultural land uses. These nonagricultural land uses are only of the type and size to service the special needs of the agricultural area.*

The proposed cannabis cultivation facility is an agricultural use consistent with the agricultural operations of the property and the surrounding area. The project would not introduce nonagricultural uses inconsistent with the purposes of the Agricultural land use designation.

*Economic Development Element Goal EDE-3e: Consistent with the land use element, take actions to help agriculture remain economically viable over the long term.*

According to the San Diego County Farm Bureau, the San Diego region currently has the 12<sup>th</sup> largest farm economy in the United States. Several of the industry clusters are within the North County area, including manufacturing, biomedical devices and products, fruits

and vegetables, horticulture and specialty foods/microbreweries. The owners of the project site state that they moved their business to south Morro Hills in 1994 and have been downsizing their avocado and ornamental container business every year since moving. Currently they are only farming 25 of the 142 acres. They also state that the hardship created by drought, water cost increases, high property taxes, and imports of fruit and flowers and other external factors beyond their control have led them to seek a new tenant. The project helps the agricultural use within Oceanside, and it also adds to the non-storefront and storefront retail sustainability and ecosystem.

*Economic Development Element Policy EDE-3e-4: Support the adoption of advanced farming methods and the development of new crops that will thrive in local conditions and increase financial returns.*

The proposed cannabis cultivation facility is consistent with this policy as it would introduce a new crop that uses advanced farming methods (mixed-light, using artificial and natural light) as described in the project’s description and justification. According to the applicant, the proposed cannabis operations would be LEED Platinum while utilizing organic farming methods and inputs. All proposed artificial light would be provided through energy-efficient LED string lights powered by solar photovoltaic (PV) panels attached to each hoop house.

**2. Zoning Compliance**

Cannabis cultivation facilities are allowed in the Agricultural District subject to compliance with Oceanside Zoning Ordinance Articles 14 (Agricultural District), 36 (Separation of Regulated Uses), and 41 (Use Permits and Variances), the Local License requirements in Oceanside City Code (OCC) Chapter 7 Article XIII, and all applicable state licensing requirements. As proposed, the project complies with all applicable development standards.

**Table 1: Agricultural Development Standards**

<b>Development Standard</b>	<b>Requirement</b>	<b>Proposed</b>
Minimum Front Yard Setback	40'	±290'
Minimum Side Yard Setback	20'	±390'
Minimum Rear Yard Setback	30'	±650'
Maximum Building Height	36'	±17'
Maximum Lot Coverage	20%	±2.1%
Minimum Landscaping	n/a	n/a
Parking Spaces	Per CUP	20

Pursuant to Article 36 – Separation of Regulated Uses, cannabis facilities shall be located more than 1,000 feet from residential districts, other regulated uses (excluding cannabis

cultivation or nursery facilities), and sensitive land uses including schools, parks, and religious facilities. Sites which cannot meet the prescribed separations must request a waiver of locational requirements. The site is not located within one-half mile of any of the above uses and therefore does not require a waiver.

### **3. Oceanside City Code**

South Morro Hills 47, LLC (originally Morro Hills Cultivators) was granted a local license on September 1, 2019 through the City’s merit-based licensing process. The license has been renewed annually since 2019 and is currently valid.

OCC § 7.126 prescribes operational requirements for all cannabis facilities throughout the City. Among these are requirements for seed-to-sale tracking, delivery time restrictions, armed security personnel, odor control, and a prohibition on storing cash overnight. Additional requirements include utilizing commercial-grade locks and providing the Police Department a live feed of the surveillance cameras. Annual facility inspections would be required to ensure ongoing compliance with all applicable requirements. As proposed, the project is compliant with the local license requirements of OCC Chapter 7 Article XIII – Cannabis Facilities.

### **4. State Licensing**

The cannabis cultivation facility is required to obtain and annually renew a state license issued by the Department of Cannabis Control. Pursuant to OCC § 7.119, no person or entity shall operate a cannabis facility without all of the following: a valid state license, a valid local license, and a conditional use permit. Failure to maintain a valid state license may result in license revocation.

### **5. Environmental Determination**

Staff finds the proposed project to be categorically exempt from review under the California Environmental Quality Act (CEQA) as it qualifies for issuance of a Class 1, “Existing Facilities” categorical exemption per 14 CCR § 15301. The proposed project does not represent expansion of the existing agricultural use as the request would repurpose existing structures used for industrial hemp cultivation for the production of commercial cannabis.

### **PUBLIC NOTIFICATION**

Pursuant to City Council Policy 300-14, legal notice was published in the newspaper and mailed notices were sent to property owners of record within 1,500 feet and tenants within 100 feet of the subject property and interested parties. To date, staff has not received any comments in response to the proposed project.

The applicant has also initiated community outreach per City Council Policy 300-14 (Enhanced Notification Program) by conducting an outreach meeting on September 9, 2025 at the Milano Farms office. According to the applicant, the project was well received.

Letters of support from various parties, including surrounding property owners, can be found in Attachment 4.

**SUMMARY**

The proposed cannabis cultivation facility would not be detrimental to the surrounding area and the location of the proposed business will not create any land use incompatibilities.

Therefore, staff recommends that the Planning Commission, by motion:

1. Confirm issuance of a Class 1 Categorical Exemption per the California Environmental Quality Act (CEQA), Article 19, Section 15301 "Existing Facilities;"
2. Adopt Planning Commission Resolution No. 2026-P02 recommending City Council approval of Conditional Use Permit CUP25-00003 for a proposed cannabis cultivation facility at 1319 Sleeping Indian Road.

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SUBMITTED BY:



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Attachments:

1. Planning Commission Resolution 2026-P02
2. Plans
3. Description & Justification
4. Community Outreach Report
5. Other Attachments (Application Page, Legal Description, Notice of Exemption)