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**W3**

**PUBLIC WORKSHOP: LOWER COST VISITOR SERVING
 ACCOMMODATIONS**

DRAFT AGENDA

Date: December 10, 2014

Location: Portola Plaza Hotel, 2 Portola Plaza, Monterey, CA 93940

Estimated duration: 3 1/2 hours; 9:00 am – 12:30 pm; *times are approximate*

Purpose: Public education and discussion of topics related to lower cost visitor accommodations

- | | |
|----------------------|--|
| 9:00 – 9:05 | I. WELCOME AND INTRODUCTION |
| 9:05 – 9:15 | II. STAFF PRESENTATION |
| 9:15 – 10:15 | III. PANEL PRESENTATIONS |
| | A. Overview of Monterey County’s Hotel Market
Tammy Blount, President & CEO
Monterey County Visitors’ Bureau |
| | B. Challenges to Development of Lower Cost Accommodations on the Coast
Patrick Tierney, PhD, Professor
Recreation, Parks and Tourism Department
San Francisco State University |
| | C. Lower Cost Accommodations in State Parks
Karl Knapp, Chief of Facilities Management Division
California State Parks |
| | D. Hostels on the Coast
Aaron Chaffee, Vice President, Hostel Development
Hostelling International USA |
| 10:15 – 10:25 | IV. 10-MINUTE BREAK |
| 10:25 – 11:25 | V. PUBLIC COMMENTS |
| 11:25 – 12:25 | VI. COMMISSION DISCUSSION AND QUESTIONS TO PANELISTS |
| 12:25 – 12:30 | VII. WRAP UP |

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Prepared November 26, 2014 (for December 10, 2014 hearing)

To: Commissioners and Interested Persons

From: Charles Lester, Executive Director
Susan Hansch, Chief Deputy Director
Madeline Cavalieri, Coastal Program Manager
Rick Hyman, Senior Coastal Planner

Subject: Public Workshop on Lower Cost Visitor Serving Accommodations

EXECUTIVE SUMMARY

The Coastal Act broadly protects public access for all by protecting and providing for lower cost public recreational and visitor serving facilities, including but not limited to overnight accommodations. As stated in the Commission's Strategic Plan Vision: "The California coast is available for all to enjoy through thousands of public accessways to and along the shoreline, a completed California Coastal Trail, a well-supported network of parks and open spaces, and a wide range of visitor-serving facilities, including lower cost campgrounds, hostels, and hotels."

Section 30213 requires permitted development to protect, encourage and, where feasible, provide lower cost visitor and recreational facilities. This protection is necessary because, as the Commission has seen throughout the history of its program, there is significant pressure to develop new higher cost accommodations, sometimes by replacing existing lower or moderate cost facilities. This is because market demand tends to push prices increasingly higher in the California coastal zone, where tourism and overnight accommodations are extremely valuable commodities.

The Commission has carried out the Coastal Act mandate to protect and provide lower cost visitor serving accommodations in various ways. The Commission has certified LCP policies throughout the coastal zone that implement Section 30213 requirements. Through coastal development permit actions, the Commission has in some cases denied permit applications for development that would eliminate existing lower cost facilities, and has in other cases required lower cost accommodations to be constructed in conjunction with new higher cost hotels. The

Public Workshop: Lower Cost Visitor Serving Accommodations

Commission has also collected over 19 million dollars in in-lieu fee mitigation for impacts to lower cost visitor serving facilities, and those fees have resulted in the development of significant lower cost visitor serving facilities along the California coast, including support for the 260-bed Santa Monica Hostel, the restoration of Crystal Cove Cottages in Orange County and nearly 200 new State Parks campsites.

To be effective, the Coastal Commission's implementation of Section 30213 must continue to adapt to new circumstances, additional information, and specific factual settings. At the same time, the general issues raised by applying section 30213 to new development have not changed.

The Commission has directly addressed issues related to lower cost visitor serving overnight accommodations several times over the past decade. In 2006, the Commission held a workshop on Condo-Hotels that addressed hotel supply and demand, hotel financing, past Commission actions, public access, and the relative affordability of overnight accommodations. The workshop focused on Condo-Hotels and other quasi-residential, limited-use overnight accommodations and it addressed many of the general issues related to lower cost visitor serving accommodations. In 2010, the Commission held a public hearing on an informational report that detailed the status of in-lieu fee mitigation that has been required for lower cost visitor serving accommodations. That report provides information regarding how the fees were collected, how they were spent, and which fees remained available. In February 2014, the Executive Director provided a memo to the Commission summarizing all in-lieu fees required and collected by the Commission, including an update of the in-lieu fees required as mitigation for impacts to lower cost visitor serving resources.

The Commission's Strategic Plan Action 1.2.2 addresses the need to work with the State Coastal Conservancy, State Parks, and other state and local partners to identify, plan for, and provide new public access and recreational opportunities and lower cost visitor-serving accommodations through effective allocation of existing and potential future in-lieu fees.

This workshop will provide an overview of the issues related to protecting and providing lower cost visitor serving overnight accommodations, including a summary of the Commission's relevant actions and relevant LCP policies. It is intended to provide a framework that will allow further discussion and innovation about this topic. Following this workshop, in spring 2015, the Commission will hold a second workshop. The second workshop will provide an opportunity to explore implementation of Coastal Act Section 30213 in more depth, and will further develop concepts that originate from this first workshop.

This report provides an overview of the Commission's program as it relates to lower cost overnight accommodations. It describes the Commission's efforts related to planning, summarizes Commission actions that have directly addressed these issues, and provides the status of the in-lieu fees that have been collected. Examples and lessons from Commission actions are cited in order to provide the most up-to-date overview of ways to evaluate and protect or provide lower cost overnight accommodations in new LCPs, LCP amendments and future development projects.

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I. BACKGROUND

The Coastal Act policy to protect lower cost visitor serving resources has its genesis in the *California Coastal Plan*. Proposition 20, which was passed by California's voters in 1972, created a temporary coastal protection program and mandated the development of the *Coastal Plan* to guide development of a law to permanently protect California's coast. Based on extensive public input in the early 1970's, the *Coastal Plan* found that few tourist facilities for persons of low and moderate income were being built in many parts of the coastal zone, and that many such facilities were being replaced by higher cost apartments, condominiums, and hotels.¹ The Coastal Act of 1976 addressed these findings in part by including the specific Section 30213 mandate to protect lower cost visitor serving facilities. The protection of lower cost facilities helps ensure that a range of accommodations can be provided, maximizing public access to the coast.

In 1981, five years after the Coastal Act was enacted, Section 30213 was amended to prohibit the Commission from setting room rates for any privately owned and operated hotel, motel, or other similar visitor-serving facility, and to prohibit the Commission from establishing or approving any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities. As such, the Commission is not able to carry out the requirements of 30213 by setting room rates for privately owned facilities, or by limiting room rentals to particular people.

Coastal Act Section 30213, as amended, requires lower cost visitor and recreational facilities to be protected, encouraged, and, where feasible, provided. It encourages developments that provide public recreational opportunities, as opposed to recreational opportunities for private clubs or groups. Section 30213 states:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

A. IMPACTS TO LOWER COST VISITOR SERVING RESOURCES

When existing lower cost accommodations are converted into or replaced by higher cost accommodations or other land uses, the supply of lower cost overnight accommodations in the

¹ California Coastal Commission, *California Coastal Plan*, 1975, p. 152.

coastal zone is reduced.² Similarly, when vacant sites designated or zoned for overnight accommodations are developed with higher-cost hotels, opportunities for lower cost overnight accommodations along the coast are reduced or eliminated entirely.

Over the years, numerous permit applicants have requested that the Commission approve higher cost hotel complexes on land zoned for visitor-serving uses, and in some cases on land already containing lower cost accommodations.³ In addition, the Commission has found that, in general, many low to moderately priced hotel and motel accommodations tend to be older structures that can in some cases become less and less economically viable over time. As more facilities are updated, the stock of lower cost overnight accommodations tends to be reduced, because the cost of updating the facilities is often ultimately passed on to visitors. As a result, the Commission sees far more proposals for higher cost accommodations, than for lower cost accommodations.⁴

The Commission has also received numerous applications for the conversion of hotels and motels to, or the construction of hotels and motels as, time shares, condominium ownership or a combination of both. Often such facilities are more akin to residential uses – sometimes they are categorized as “quasi-visitor-serving” or “limited use overnight visitor accommodation” – and thus these types of developments can reduce opportunities for publicly available overnight accommodations, especially lower cost facilities.

B. COMMISSION EFFORTS TO ADDRESS IMPACTS TO LOWER COST VISITOR SERVING ACCOMMODATIONS

Overall, the Commission’s permit experience confirms the need to guard against the loss or preclusion of lower cost overnight accommodations along the coast. The Commission has addressed adverse impacts on visitor serving resources in various ways. In some cases the Commission has denied development that would cause these types of impacts. Where development has been approved, mitigation has generally been required in one of three ways:

- 1) On-site lower cost accommodations;
- 2) Off-site lower cost accommodations;
- 3) Payment of an in-lieu fee to fund future development of lower cost accommodations.

In 2006, the Commission held a workshop on condo-hotel construction and conversion which encompassed the topic of overnight visitor affordability.⁵ Background research for the workshop

² For examples of proposals to replace existing lower cost accommodations with non-visitor serving uses, see: 5-88-62 (CWD Taiyo), 5-99-169 (Maguire), A-4-SBC-01-167 (S.B. Beach Properties & City of Santa Barbara Redevelopment Agency).

³ Applications for higher-cost accommodations on sites with lower cost accommodations include: 5-83-560 (City Equities Corporation), 5-89-240 (Michael Construction Enterprises), 5-89-941 (Maguire Thomas Partners Development).

⁴ See California Coastal Commission Adopted Findings, City of Ventura Local Coastal Program Amendment 1-08, available at: <http://documents.coastal.ca.gov/reports/2009/11/Th11a-11-2009.pdf>

⁵ See: <http://documents.coastal.ca.gov/reports/2006/8/W3-8-2006.pdf>

showed that only 7.9% of the overnight accommodations in nine popular coastal counties were considered lower cost, affirming the on-going need for more effective implementation of Coastal Act Section 30213. The increased attention on this issue also generated a more detailed examination of the methods for determining when and to what degree the protection or provision of lower cost overnight accommodations was necessary in any specific case.

The Commission has also reviewed the status of the in-lieu fees for lower cost visitor serving accommodations as mitigation. In 2010, the Commission held a public hearing on an informational report that detailed the status of in-lieu fee mitigation that had been required for lower cost visitor serving accommodations.⁶ That report provided information regarding how the fees were collected and how they were spent, and described the in-lieu fees that were still available. In February 2014, the Executive Director updated the Commission on the status of the in-lieu fees with a memo to the Commission summarizing all in-lieu fees required and collected by the Commission, including in-lieu fees required as mitigation for impacts to lower cost visitor serving resources.⁷

The Commission's Strategic Plan Action 1.2.2 addresses the need to work with the State Coastal Conservancy, State Parks, and other state and local partners to identify, plan for, and provide new public access and recreational opportunities and lower cost visitor-serving accommodations through effective allocation of existing and potential future in-lieu fees. The Lower Cost Visitor Serving Workshops will provide a framework within which the Commission can work with its partners to achieve this goal.

Finally, the Commission's and local government's implementation of Section 30213 will need to continue to adapt to new circumstances, increased knowledge, and specific factual settings. At the same time, the general issues raised by applying Section 30213 to new development have not changed. These issues are described in more detail throughout this report.

II. LCP PLANNING

Measures to protect and provide lower cost overnight accommodations can be addressed comprehensively through updates to LCP land use designations, policies and zoning ordinances. LCPs must be consistent with Chapter 3 Coastal Act policies. Thus, LCPs must have policies that maximize public access (Section 30210), give priority to visitor-serving commercial recreational facilities on suitable private lands (Section 30222) and protect and provide lower cost facilities where feasible (Section 30213). The Coastal Act defines feasible as: "...capable of being accomplished in a successful manner within a reasonable period of time, taking into account economic, environmental, social, and technological factors" (Coastal Act Section 30108).

⁶ See: <http://documents.coastal.ca.gov/reports/2010/5/F14c-5-2010.pdf>

⁷ See page 9 of the following document: <http://documents.coastal.ca.gov/reports/2014/2/W5a-2-2014.pdf>

In addition to the above, designating sites for overnight accommodations through LCP amendments and updates must follow Coastal Act direction for: locating new commercial development in or around existing developed areas (Section 30250), reserving necessary upland areas for commercial recreational support uses (Section 30223) and protecting wetlands (Section 30233), environmentally sensitive habitat areas (Section 30240), visual resources (Section 30251) and agricultural lands (Section 30241). These and all other relevant Coastal Act policies must be considered together in determining where and how to protect and provide lower cost visitor accommodations.

A. LCP UPDATE GUIDE

The Commission's LCP Update Guide addresses these requirements by explaining what information an LCP should include related to lower cost visitor serving resources, and suggesting what issues should be addressed through LCP policies.⁸ The Update Guide calls for the following elements to be incorporated into the LCP when updating policies related to visitor serving uses:

- 1) Inventory and map of existing shoreline and near-shore recreational areas and facilities and support facilities (e.g., beaches, harbors, parking lots/spaces, visitor-serving commercial);
- 2) Inventory and map of existing visitor-serving accommodations (e.g., campground, RV parks, motels, inns) by type, capacity, ownership and price range;
- 3) Occupancy rates or other usage statistics for day use and overnight visitor-serving facilities and recreation areas;
- 4) Demand projections for future recreational and visitor-serving facilities;
- 5) Designations and zoning of suitable oceanfront lands for recreational uses;
- 6) Land use map designations and corresponding zoning for adequate recreation and visitor-serving facilities suitably located and sufficient to meet projected demand;
- 7) Designations and zoning for upland facilities needed to support expanded recreational water use and suitably located;
- 8) Measures to impart priority to visitor-serving commercial uses in mixed-use zones;
- 9) Requirements for deed restrictions and other measures to ensure that visitor-serving uses retain their primary function of serving visitors over time;
- 10) Identification of potential public agency acquisitions, development or redevelopment, and management of public recreation and visitor-serving facilities.
- 11) Measures to provide parking for and alternative transportation to recreation and visitor-serving facilities.

⁸ http://www.coastal.ca.gov/lcp/LUPUpdate/LCPGuidePartI_Full_July2013.pdf

LCP updates that incorporate these items will go far in protecting existing lower cost accommodations and ensuring that new lower cost accommodations are planned and developed.

III. DEFINING LOWER COST ACCOMMODATIONS

In order to protect, plan for, and provide lower cost accommodations, pursuant to Section 30213, it is necessary to understand and perhaps specifically define what “lower cost” means. In general, the concept depends on the specific context and facts in each case, including the type of facility or facilities being evaluated. Lower cost accommodations are different in different areas, and the definition may vary significantly throughout the state (especially for example, when comparing the far northern areas of the state with Southern California).

Campgrounds, cabins, cottages, yurts, hostels and similar uses are by their nature usually lower cost (although this too is not necessarily the case), and many certified LCPs identify and protect these facilities as lower cost. In contrast, hotels and motels may or may not be defined as lower cost, depending on various factors, such as room rates, type of amenities provided, and overall quality.

A. CAMPGROUNDS

In several permit actions, when the Commission determined that proposed hotel facilities were not lower cost, it required construction of campground facilities as mitigation.⁹ As such, campgrounds in these cases were undoubtedly considered lower cost.

Campgrounds are a valuable and popular lower cost visitor serving resource. According to the 2013 American Camper Report, in 2012, 38 million Americans — or 13 percent of the US population over age six, went camping.¹⁰ Campers traveled approximately 200 miles to reach their destination, and approximately 81% camped in tents, and approximately 16% camped in RVs.¹¹ An earlier survey of campers in California was completed in 2000 as a cooperative project of the California Roundtable on Recreation, Parks and Tourism and California Tourism. That survey found that 87% of campers in California were California state residents, and that, similar to the 2012 American Camper Report discussed above, campers traveled an average of 220 miles to reach their destination. In addition, this survey found that approximately 82% of campers were with family members on camping trips.

⁹ See, for example: A-71-78 (City of Long Beach Convention Hotel); A-55-80 (Santa Catalina Island Company); 3-82-171 (Ventana Inn); A-3-SMC-89-063 (Gould/Costanoa); 3-91-071 (Half Moon Bay Resort); A-3-MCO-99-097 (Handy), and; SLO 1-05 Part 1 (Port San Luis/Harbor Terrace).

¹⁰ The 2013 American Camper Report was a national survey presented by the Coleman Company and the Outdoor Foundation that analyzed camping trends throughout the country.

¹¹ Also according to this study: “Research continues to confirm that reaching Americans at an early age is one of the best ways to instill a lifelong love of camping and the outdoors. Sixty percent of current campers participated in regular outdoor activities during childhood, while a mere quarter of non-participants were exposed to the outdoors. Participation during adolescence has a similar effect. If camping is to be accessible, we must reach children early when they are still open to new and different experiences.”

Campgrounds in California, especially along the California coast, are affordable to many residents, and are in extremely high demand. In California State Parks along the coast, tent camping fees range from \$5 (for hike-in sites) to \$60 (for premium sites).¹² The average daily occupancy rates at State Parks near the coast, in the month of August, are around 65% to 70%, while the average rates at inland State Parks are around 35% to 40% (see chart in Exhibit 1). Because most visitors stay during the weekend, it is likely that coastal State Parks campgrounds are full during August weekends. In addition, average daily occupancy rates at many State Park campgrounds up and down the coast during the month of August are more than 90% (see table of selected occupancy rates in Exhibit 1). Therefore, camping along the coast is a significant recreational resource that is in very high demand, provides overnight accommodations for many Californians, and is far less expensive than staying in a hotel or motel.

Further, camping has the potential to grow significantly in the future, due to population growth and increased popularity. In particular, the 2012 American Camper Report looked at camping activity in the Hispanic population and found that 23 percent of Hispanic campers ages 18 and over had tried camping for the first time in 2011 as compared to just two percent of Caucasian/non-Hispanic campers.¹³ In other words, a much larger portion of the Hispanic population is now camping for the first time, and these first-time campers have the potential to become regular campers in the future; therefore, the popularity of campgrounds as a recreational resource has the potential to increase significantly.

B. RV CAMPGROUNDS

The Commission has typically considered RV campgrounds to be lower cost or moderate cost visitor serving accommodations, depending on the location and circumstances. As early as 1979, the Commission required the development of a 70-space RV campground as mitigation for the development of the Long Beach Convention Hotel. There is also at least one example of a case in which the Commission treated RV camping as a moderate cost use (not lower cost) and required mitigation in the form of tent campsites to offset the RV sites (see SLO 1-05 Part 1 (Port San Luis/Harbor Terrace)).

Although the Commission has typically considered RV camping to be a lower or moderate cost visitor serving use, it has generally not factored the cost of RV ownership or rental into its analysis. According to a 2011 survey by the Recreational Vehicle Industry Association, only 8.5% of U.S. households own an RV.¹⁴ Purchasing an RV can cost anywhere from \$5,000 to \$300,000, with additional costs for maintenance. For the more than 90% of U.S. households that do not own an RV, it is possible to rent one. The cost of renting an RV in California, that sleeps five people, during the peak season, ranges from approximately \$240 per night to over \$650 per night (see Exhibit 2). Therefore, when the cost of purchasing and maintaining, or renting an RV, is combined with the campground fee (which ranges from \$50 to \$80 per night at State Parks

¹² See State Parks camping rates: http://www.parks.ca.gov/pages/737/files/current_geoloc%20web_camping.pdf

¹³ The 2012 American Camper Report was a national survey presented by the Coleman Company the Outdoor Foundation, and KOA that analyzed camping trends throughout the country.

¹⁴ RV Ownership Trends, <http://www.rvia.org/?ESID=trends>, accessed November 7, 2014.

campgrounds along the coast), and the cost of gas (with typical RVs requiring a gallon of gas every ten miles), RV campgrounds would no longer be considered lower cost.

C. CABINS, COTTAGES AND YURTS

Given the demand for comfortable and affordable camping-like experiences, providing on-site rustic accommodations has proven popular. These can include cabins, cottages, and yurts. Capitalizing on this trend, State Parks has a series of very popular accommodations within their system. For example, occupancy rates at the Crystal Cove Cottages in Crystal Cove State Park are estimated to be approximately 97%.

Several studies have evaluated the use of cabins and other similar accommodations. State Parks conducted a survey of cabin use within the State Parks system in 2011.¹⁵ The survey found that the most popular cabin facilities were near urban areas, that 94.5% of visitors were from California, and that visitors to the facilities did not reflect the State's ethnic and demographic diversity. In particular, whereas, according to the U.S. Census, white/non-Hispanic people make up 39% of California's population, 82.8% of respondents identified themselves as white/non-Hispanic.¹⁶ This difference is particularly noteworthy given that the 2012 American Camper Report, discussed above, looked specifically at attitudes towards camping among the Hispanic population (a population which is expected to grow significantly in California over the next several decades), and found that a larger percentage of Hispanic campers camped in cabins, as compared to Caucasian/non-Hispanic campers.¹⁷ Finally, research conducted for the Parks Forward Commission in 2014 identified significant opportunities for providing additional cabin facilities, and for reaching a wider spectrum of visitors. Therefore, the current supply of these types of facilities has not kept up with existing demand, and demand has the potential to increase significantly, especially as California's population grows.

D. HOSTELS

There are many examples of actions in which the Commission found that developing new hostel facilities would qualify as lower cost accommodations that would mitigate for impacts caused by proposed higher cost facilities. Some examples include the approval for the San Clemente Inn (A-92-81), Maguire Thomas Partners (5-89-941) and Highlands Inn (A-3-MCO-98-083).

Hostels have been an integral part of providing lower cost accommodations along California's coast for many decades. In 1978, California State Parks prepared a plan for California's hostels, calling for a series of hostels to be located every 30 to 40 miles along the entire length of the coast.¹⁸ Although the entire plan did not come to fruition, many hostels have operated along the

¹⁵ Alternative Camping at California State Parks: A Report on Results of a 2009-2010 Visitor Survey and a 2010 Management and Maintenance Survey, California State Parks, Planning Division, 2011.

¹⁶ For Census data, see: <http://quickfacts.census.gov/qfd/states/06000.html>.

¹⁷ The study found that 17% of the Hispanic respondents camped in cabins, whereas only 6% of the Caucasian/non-Hispanic respondents camped in cabins.

¹⁸ California State Park System, Coast Hostel Facilities Plan, Department of Parks and Recreation, January 1978.

coast over the last four decades, providing significant overnight resources to many visitors of the coast.

Hostelling International USA (HI) is a non-profit organization that oversees development and operation of numerous hostels in the United States. HI currently operates 11 hostels on the California coast, serving over 250,000 guests per year, including individuals, school groups and families. The majority of HI's hostels are the result of public-private partnerships with local, state and federal agencies, including State Parks, Golden Gate National Recreation Area and the U.S. Coast Guard.¹⁹ Occupancy rates at HI's coastal hostels are very high, with average occupancy rates of 75% to 95% during the high season and 65% to 85% throughout the entire year, with average daily rates (per bed) ranging from approximately \$20 to \$30 dollars (see Exhibit 3). In rural areas, more than 80% of HI's visitors are domestic visitors, as opposed to international visitors, while in urban areas, there is a higher proportion of international visitors served (again, see Exhibit 3).

E. LOWER COST HOTELS AND MOTELS

In contrast to campgrounds, cabins and hostels, which by their nature are generally lower cost, establishing whether hotels, motels and similar establishments are lower cost requires more detailed analysis. Further, ensuring that hotel/motel projects that are intended to provide lower cost accommodations are maintained over time as lower cost is similarly complex.

Early in the Commission's program, in requiring off-site mitigation for one of the luxury hotels within the Laguna Niguel development (5-82-291), the Commission acknowledged the challenge of ensuring that lower cost hotels were truly lower cost given the restriction in Section 30213 against setting room rates. It found, in that case, that the Commission's intention was that the lower cost facilities required as mitigation for the project would be assured by constructing units that are lower cost by their nature and design. For example, that the facilities be built with smaller rooms, minimal or no recreational facilities, no restaurants, and interior fixtures compatible with lower cost accommodations. The Commission also found that it may be possible for the developer to assure such affordability by subleasing the motel site to a chain specializing in lower cost hotels/motels.

Although identifying physical characteristics (such as smaller rooms), and level of amenities could ensure lower cost facilities are maintained as lower cost while avoiding conflicts with the Coastal Act's restriction on setting room rates, when assessing whether existing hotels and motels are lower cost, the Commission has more often relied on their room rate. For example, in its approval of 5-99-169 (Maguire Partners), which authorized replacing an existing 81-unit motel with a commercial office building, the Commission relied on a definition of lower cost that was established by the City of Santa Monica in 1989. That definition stated:

¹⁹ For example, the Point Montara is located on U.S. Coast Guard property, the Pigeon Point Hostel is located on State Parks property, etc.

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A low-cost overnight facility is an overnight lodging facility which charges no more than the average per room, per night rate of lodging facilities such as a hostel, Motel 6, Super 8 Motel or other similarly priced lodging facility.

Based on this definition, the Commission found that the subject hotel was a lower cost facility, and therefore required mitigation for its demolition.

Defining Lower Cost Hotels and Motels by Cost

In some cases, the Commission has relied on a fixed amount to determine whether a hotel is lower cost. For example, in 1981, in its action on the Fess Parker Convention Center in Santa Barbara (4-81-205), the Commission found that hotels under \$20 per night (which is equivalent to \$52 in 2014 dollars, as adjusted by the consumer price index) could be considered low cost. More recently, in the Commission's 2006 workshop on condo-hotels, the Commission relied on a figure of \$100 to determine affordability. However, relying on a fixed amount is problematic because it does not factor in economic changes over time, and because different areas of the state are subject to different economic conditions.

In 2007, a more site-specific approach was taken in the Commission's approval of 3-07-002 (Estero Landing), which was a mixed-use project with a six-unit inn in Morro Bay. In that case, the Commission relied on a survey of room rates for surrounding hotels (which yielded a range of \$49 to \$138), as well as for nearby hostels and campgrounds (which yielded a range of \$9 to \$25), to determine that the proposed inn, with proposed rates from \$175 to \$345, was not lower cost. A similar approach to defining lower cost accommodations was taken in the approval of 3-07-003 (Front Street Hotel), also in Morro Bay in 2007.

Defining Lower Cost Hotels and Motels Using a Survey Methodology

Around 2008, the Commission utilized a more complex survey methodology for defining lower cost, moderate, and higher cost hotels, that was used in several cases. This methodology is also based on room rates, as opposed to physical characteristics that would result in a lower cost facility, such as smaller rooms and lack of amenities. The methodology compares the average daily rate of lower cost hotels in the subject area, with the average daily rate of all types of hotels across the state. Under the methodology, lower cost was defined as the average room rate of budget and economy hotels/motels that have a room rate less than the statewide average daily room rate.

A hypothetical example is as follows: if there were 10 budget hotels/motels with an average daily rate less than the statewide average of \$100, and the average cost of those 10 hotels/motels was \$75, then a lower cost hotel would be defined as a hotel that charges no more than 75% of the statewide average daily rate. If the average cost of the budget hotels/motels at a particular location was more than \$75, then the definition of lower cost would be a higher percentage, and if it was less than \$75, it would be lower. Because it is based on a percentage, as the statewide average daily room rate fluctuates, so does this definition of lower cost.

Using this approach provides for a distinction between different parts of the state (e.g., budget hotels will cost less in the rural, northern part of the state than in southern California), but it also ensures that there is an upper limit on the cost (i.e., the Statewide average room rate). This upper

limit is necessary to ensure that travelers that are coming from all areas (and economic conditions) are accommodated. The fluctuations in the statewide average daily room rate also provide for a more appropriate adjustment than relying on other more general economic indicators, such as the consumer price index, would provide. It should be noted that this methodology does not address the absolute affordability of a facility based on a person's ability to pay, since it is tied to market rate averages.

In most instances in which this methodology was utilized, peak season room rates were used. In addition, to ensure that the lower cost hotels and motels surveyed met an acceptable level of quality, including safety and cleanliness, only AAA rated properties were surveyed. According to their website, "to apply for [AAA] evaluation, [hotel] properties must first meet 27 essential requirements based on member expectations – cleanliness, comfort, security, and safety."

Seacoast Inn Example

One example of where this survey methodology was used was in the Commission's 2008 approval of a project that replaced an existing moderate-cost hotel with a larger condo-hotel in Imperial Beach (A-6-IMB-07-131 (Seacoast Inn)). In that case, Commission staff searched the AAA online database for AAA rated hotels within 5 miles of the cities and towns along the San Diego coast. There were a total of 25 budget hotels/motels (those rated one or two diamond) in the coastal zone within this area. Commission staff then gathered room rate information for these 25 hotels. Using the peak season room rates, the statewide average daily room rate in California in 2008 was projected to be \$133. Of the 25 hotels surveyed, eight charged less than the \$133 statewide average. The average room rate of the eight hotels was \$108. Therefore, using this survey methodology, for San Diego County in 2008, lower cost accommodations were defined as those charging less than \$108 per night, or 82% of the statewide average room rate. In this case, the Commission also estimated that "higher-cost" could be defined as hotels with room rates that are 120% of the average, and that moderate room rates were between 82% and 120% of statewide average daily room rates.

Using the Survey Methodology in LCP Planning

This general approach to defining lower cost accommodations was certified in several LCPs. For example, in 2008, the Commission approved the following definition of Lower Cost Overnight Accommodations for the City of Oceanside LCP through LCP amendment 1-07:

When referring to overnight accommodations, lower cost shall be defined by a certain percentage of the Statewide average room rate as calculated by the Smith Travel Research website (www.visitcalifornia.com). A suitable methodology would base the percentage on market conditions in San Diego County for the months of July and August and include the average cost of motels/hotels within 5 miles of the coast that charge less than the Statewide average or 82%. High cost would be room rates that are 20% higher than the Statewide average, and moderate cost room rates would be between high and low cost. The range of affordability of new and/or replacement hotel/motel development shall be determined as part of the coastal development permit process and monitored as part of the City's inventory of visitor overnight accommodations.

Public Workshop: Lower Cost Visitor Serving Accommodations

The following year, in 2009, the Commission approved the following definition for the City of Ventura, which is similar, but slightly more straightforward, through LCP amendment SBV-MAJ-2-08:

When referring to any overnight visitor accommodations, lower cost facilities shall be defined as any facility with room rates that are below 75% of the Statewide average room rate, and higher cost facilities shall be defined as any facility with room rates that are 125% above the Statewide average room rate. Statewide average room rates can be calculated by the Smith Travel Research website (www.visitcalifornia.com) or other analogous method used to arrive at an average Statewide room rate value.

A similar definition was also approved for use in the City of Long Beach LCP, in 2011 (LCPA 1-10).²⁰ More recently, in 2012, the Commission approved a similar definition in the Solana Beach LUP, as follows:

When referring to overnight accommodations, lower cost shall be defined by a certain percentage of the Statewide average room rate as calculated by the Smith Travel Research website (www.visitcalifornia.com) or other comparable or similar website or study such as www.Calif.AAacom. A suitable methodology would base the percentage on market conditions in San Diego County for the months of July and August and include the average cost of motels/hotels within five (5) miles of the coast that charge less than the Statewide average. High cost would be room rates that are 20% higher than the Statewide average, and moderate cost room rates would be between high and low cost.

The survey methodology allows for the cost of accommodations that are defined as lower cost to be variable, reflecting inflation, economic changes and other factors. As such, it has the potential to be more accurate at any given time than a fixed amount (such as \$100 per night). In addition, the methodology recognizes that average overnight room rates may vary considerably because of regional supply and demand for visitor accommodations; what might be considered a high rate in Crescent City may be a more moderate rate, on average, for the San Diego area.

IV. PROTECTING LOWER COST VISITOR SERVING ACCOMMODATIONS

A. PERMIT DENIALS TO PROTECT LOWER COST VISITOR SERVING ACCOMMODATIONS

The Commission has protected lower cost visitor serving facilities in a variety of ways, including by denying projects that would have resulted in the loss of existing lower cost facilities. One notable example early in the Commission's program was the denial of the demolition of the Steep Ravine cabins in Mt. Tamalpais State Park in Marin County. The cabins, which had been privately leased, were slated for demolition. However, the Commission ultimately denied their demolition because of the potential to convert them to hostel-type facilities in the future. Today,

²⁰ City of Long Beach LCP Amendment 1-10 (Golden Shore Master Plan)

the Steep Ravine cabins are extremely popular overnight accommodations within the park. More recently, in 2014, the Commission denied the demolition of a lower cost motel in Long Beach, based on concerns over the loss of the existing lower cost units.²¹

B. LCP POLICIES PROTECTING LOWER COST VISITOR SERVING ACCOMMODATIONS

The Commission has approved numerous LCP policies that prohibit the loss of existing lower cost facilities unless they are replaced with comparable facilities. For example:

- **Malibu** – The Commission approved an LCP policy when the LCP was first certified in 2002 prohibiting new visitor-serving uses from displacing existing lower cost visitor serving uses unless an equivalent replacement is provided.
- **Point Arena** – The Commission approved a policy in 2006 prohibiting the removal or conversion of existing lower cost opportunities unless the use is replaced with another offering comparable visitor serving or recreational opportunities.
- **Dana Point Harbor** – The Commission approved a policy in 2011 ensuring that existing lower cost visitor serving accommodations cannot be lost without a comparable replacement being provided.
- **Long Beach** – The Commission approved a policy in 2011 ensuring that existing lower cost visitor serving accommodations cannot be lost without a comparable replacement being provided.
- **Solana Beach** – The Commission approved a policy in 2012 ensuring that existing lower cost visitor serving accommodations cannot be lost without a comparable replacement being provided.

Other certified LCPs have taken more unique approaches to protecting lower cost visitor serving facilities, given the specific circumstances of the jurisdiction. For example, in Fort Bragg, where there were found to be a high percentage of lower cost accommodations, and where occupancy rates were extremely low (approximately 30%), the Commission agreed that the requirement to replace lower cost units when hotels were upgraded could be delayed until the average occupancy rate increased to 70%. The policy the Commission approved for Fort Bragg is as follows:

If and when average annual occupancy rates at Fort Bragg visitor facilities exceed 70%, removal or conversion of existing lower cost facilities shall be prohibited unless the use will be replaced with another facility offering comparable visitor serving or recreational facilities.

The approved policy ensures lower cost accommodations will be protected when demand increases, but also encourages facilities to be upgraded, thereby protecting all visitor-serving

²¹ See A-5-LOB-13-0246 (Silversands Properties USA)

resources in the area. Similar approaches were taken by Crescent City and Del Norte County (see CRC-MAJ-1-03 and DNC-MAJ-2-03).

Another unique approach to lower cost visitor serving resource protection can be seen in the City of Oceanside LCP. This LCP contains a policy that states:

The City shall protect a minimum of 375 lower cost hotel and motel units and 220 recreational vehicle/camping sites within the coastal zone. Twenty percent of those hotel/motel units shall be maintained in shorefront locations. The City shall not allow any demolition of affordable hotel/motel units which would allow the coastal zone inventory of such units to drop below the number required by this policy.

This policy ensures there will not be a loss in the number of units of lower cost accommodations, and moreover, ensures that such accommodations will be available directly along the shore.

V. MITIGATING IMPACTS TO LOWER COST ACCOMMODATIONS

There are numerous examples of Commission actions requiring mitigation in cases where development has impacts on lower cost visitor serving resources that cannot be avoided. The most direct mitigation requirement is for in-kind replacement of any lower cost visitor serving resource that is lost with a comparable resource. Such mitigation can be provided in-kind on the site, but has more often been provided off-site. Where there is no current feasible opportunity available to provide in-kind mitigation, the Commission has allowed for mitigation to be provided through an in-lieu fee that funds future facilities. Mitigation requirements have also included provision of non-overnight public access and recreational amenities, such as public plazas, restaurants, and retail areas.

A. ON-SITE MITIGATION

The Commission has required development of on-site mitigation in only a handful of permit actions, and only five of those projects have been completed. All five required development of a campground, and all of the campgrounds remain in operation.²² They include:

- 1) Appeal No. A 71-78 for the City of Long Beach Convention Hotel resulted in 70 RV camping sites at the Golden Shore RV Resort.
- 2) Appeal No. 55-80 for Lifetime Communities/Santa Catalina Island Company resulted in 120 camping sites at Hermit Gulch Campground on Catalina Island.
- 3) CDP 3-82-171 for the Ventana Inn in Big Sur resulted in 100 camping sites at Ventana Campground.
- 4) Appeal No. A-3-SMC-89-063 for Gould, San Mateo County resulted in 112 RV sites and 76 tent camping sites at Costanoa, just south of Pigeon Point Lighthouse.

²² The Ventana Campground recently reopened after being closed for several years.

- 5) Appeal No. A-3-MCO-99-097 for Handy, in the Big Sur area, resulted in 5 tent camping sites at Treebones Resort.

B. LCP POLICIES REQUIRING ON-SITE MITIGATION

The Marina del Rey LCP, approved in 1995 (LCP Amendment 1-94), provides an early example of an LCP policy requiring on-site mitigation in the form of overnight accommodations. As approved, this LCP required applicants for any hotel use to designate no less than 25% of the land area of the site for a lower cost overnight facility, and required the applicant to provide plans and agree to construct the facility as part of the project. The lower cost overnight facility was required to provide at least one tenth of the number of beds as the hotel had rooms (e.g., for a 100 room hotel, the lower cost facility would be required to provide at least 10 beds). If the lower cost facility could be provided on a smaller portion of the site than the required 25%, then the designated land area could be reduced. This LCP policy also had an in-lieu fee option, but the in-lieu fee could only be utilized if the applicant could provide evidence of the infeasibility of providing the lower cost facility. If the in-lieu fee was allowed, it was required to cover the full cost of constructing the lower cost facility offsite.

In Dana Point Headlands (Dana Point 1-03), the City and landowner were considering development of a 65-90 room luxury inn on the large, undeveloped Headlands property. However, given the requirements of Section 30213, the landowner agreed to construct a lower cost hostel as well. The hostel is to include a minimum of 40 beds, and the landowner committed to provide the hostel as a 'turn-key' facility (i.e., constructed, fully furnished, and open for business) that would be open for use prior to or concurrent with the opening of the luxury inn. The Commission approved the LCP amendment in 2004 with suggested modifications ensuring that the proposed lower cost mitigation would be carried out as planned.²³

In its 2006 approval of the amendment that provided for the Harbor Terrace development proposed by the Port San Luis Harbor District (SLO 1-05 Part 1), the Commission authorized an LCP policy that required at least one tent campsite to be developed for every 1.5 motel units, as well as one campsite for every three RV camping sites within the proposed Harbor Terrace visitor-serving development.

C. REQUIREMENTS FOR DAY USE OR OTHER NON-OVERNIGHT, ON-SITE MITIGATION

The Commission has also approved numerous permits and certified LCP policies that require developers to provide non-overnight lower cost facilities within new hotels, such as public plazas, restaurants, retail units, etc. Although these lower cost facilities do not provide overnight accommodations, they do ensure that visitors who cannot or choose not to pay for a hotel room can nonetheless access the facility for recreational activities during the day.²⁴ These requirements have in some circumstances been found sufficient to comply with Section 30213, while in other cases, in lieu fees for lower cost accommodations have also been required.

²³ The Dana Point Headlands development has not yet been constructed.

²⁴ For example, see Grover Beach LCPA 1-12 Part 1 (Grover Beach Lodge); 3-84-139 (Monterey Peninsula Hotel).

D. OFF-SITE MITIGATION AND IN-LIEU FEES

The Commission has been requiring off-site mitigation for impacts to lower cost overnight accommodations for over 35 years. As just discussed, although there have been a handful of cases in which the Commission initially required such mitigation to be constructed as part of the proposed project, most mitigation has been required through in-lieu fees. Moreover, even in those cases where actual construction was initially required, payment of an in-lieu fee was sometimes ultimately allowed (through CDP amendment or otherwise).

Laguna Niguel Example

In 1979, the Commission required, and the applicant agreed, to provide one lower cost accommodation for every three new hotel units in the Laguna Niguel planned development (Master Permit P-79-5539). In subsequent permit actions on the hotels, the Commission required provision of lower cost visitor accommodations in conjunction with the hotel development, but permitted the developer to contribute in-lieu fees to be used for construction of the lower cost facilities. For example, both the Marina Beach and Marina Plaza Hotels (A-49-79 and A-207-79) were required to provide \$365,000 each, for construction of a superior grade youth hostel within the Marina del Rey Coastal zone.²⁵ AVCO Community Developers, applicants for what became the Ritz Carlton Hotel in Laguna Niguel (5-82-291, as amended), was required to construct 132 units of lower cost visitor accommodations, including a minimum 66 bed youth hostel. This requirement was subsequently converted to an in-lieu fee, which was ultimately used for restoration of the Crystal Cove Cottages.

E. IN-LIEU FEE CALCULATION

The purpose of the in-lieu fee is to provide funding for the development of lower cost accommodations that will adequately mitigate for project impacts to lower cost visitor serving resources. Determining the appropriate in-lieu fee amount requires valuing the impact as well as estimating the cost of providing the appropriate mitigation.

In-lieu fees have been calculated in various ways throughout the Commission's history. One approach has been a one-time payment that approximates the value of the impact to low cost visitor serving resources, often calculated in consultation with the Applicant. For example, in 2007, the Commission approved a policy in Newport Beach allowing for conversion of a site designated for visitor-serving uses to residential use with payment of a \$5M fee. And in 2010, the Commission approved a policy in Malibu allowing for conversion of the 24-acre Crummer Trust property from commercial visitor-serving to residential with payment of a \$2M fee for lower cost accommodations at the former Topanga Ranch Hotel.²⁶

More recently, the Commission has approved policies that specify an amount equivalent to providing each new lower cost unit, and then require that amount to be paid for each existing lower cost overnight accommodation that would be lost. In cases where no existing units are

²⁵ These in-lieu fees were used for development of the Santa Monica hostel.

²⁶ The Commission-approved modifications were not accepted by the City of Malibu.

being lost, but higher cost units are proposed, the policies generally specify what portion of the new hotel rooms must be offset with lower cost accommodations. For example:

- In 2002, when it certified the Malibu LCP, the Commission approved a policy requiring an in-lieu fee of \$10,419 per lower cost unit (adjusted for inflation) for 15% of new higher cost units.
- In 2006, the Commission approved a policy for Huntington Beach requiring new condo-hotel units to pay a mitigation fee of \$3,000 for each new unit.
- In 2009, the Commission approved an amendment for Newport Beach requiring in-lieu fees to provide for 100% of the number of lower cost units that are lost, and 25% of the number of new higher cost units.
- In 2009 and 2011, the Commission approved similar policies for Redondo Beach, Ventura and Long Beach, but those policies specified that the in-lieu fee is \$30,000 per unit of mitigation.

The figure of \$30,000 that was used in Redondo Beach, Ventura and Long Beach recently held true in the estimates for the 45-bed Seaside hostel, which is about to be constructed. The total cost of that hostel is approximately \$1.3M, or approximately \$29,000 for each bed. Most recently Commission staff have adjusted the \$30,000 cost upwards to \$33,970 to account for inflation.²⁷

There are numerous examples of permit actions where the Commission has relied on in-lieu fees to mitigate impacts to lower cost overnight accommodations. The actions that resulted in eventual payment of a fee are summarized below.

VI. STATUS OF IN-LIEU FEES

The Commission has required more than \$25M in in-lieu fees to mitigate impacts of development on lower cost overnight accommodations in over 30 cases throughout the coastal zone. To date, more than \$19M has been collected (including interest) and more than \$10M has been spent on the acquisition, construction or renovation of lower cost overnight accommodations along the coast. The remaining fees are either being held by various organizations waiting for projects to fund (\$9,716,249) or have not yet been paid by project applicants for reasons related to individual circumstances. The Coastal Commission does not hold any of the available funds. Table 1 summarizes the fees that have been collected and utilized, and Table 2 summarizes the fees that are currently available.

There are several steps in the process for completing a mitigation project with the in-lieu fees. The process begins with adopting a condition that will adequately ensure the mitigation. The process continues through fee collection as part of condition compliance, project selection by the

²⁷ See Staff's initial recommendation for A-5-LOB-13-0246 (Silversands Properties USA), which was not adopted by the Commission: <http://documents.coastal.ca.gov/reports/2014/4/F22a-4-2014.pdf>

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responsible entity with authority to implement the mitigation, and finally to development and implementation of the mitigation project. The Commission retains no accounts of its own and does not regularly audit the accounts of other parties, although it typically retains the ability to do so, if necessary. The Commission has executed Memorandums of Understanding with the organizations holding the funds that establish the process and limitations for use of the money.

As discussed above, in 2010, the Commission reviewed the status of the in-lieu fee mitigation that had been required for lower cost visitor serving accommodations. The Commission was provided with an update on the status of the fees in February 2014, through the Executive Director's Report. The status of the fees remains the same as it was in February 2014, except that the full \$5M fee amount to the Crystal Cove Alliance for 5-07-085-A1 (New Home Company Southern California, LLC) has now been received. In addition, both the February 2014 report and the 2010 report include fees that were required and collected by local governments, not by the Commission.²⁸ Because this report is focused on the Commission's program related to in-lieu fees, and the Commission is not directly charged with overseeing these local government funds, they have not been included here.

As detailed below, more than \$10M of Commission-required in-lieu fees have been spent on mitigation that provides public access to lower cost overnight accommodations, including the following:

- Construction of the 260-bed Santa Monica Hostel;
- Construction of the 100-bed Wayfarer Hostel in Santa Barbara;
- Rehabilitation of the Crystal Cove Cottages;
- Construction of 32 Sonoma Coast State Park campsites;
- Installation of a group campsite at Doheny State Beach (Dana Point);
- Construction of 161 campsites at San Onofre State Beach.

Table 1: Preliminary Summary of Fees that have been used for Lower Cost Facilities

Permit Number and Name	Funds Spent	Recipient	Project Funded
5-05-385 (Seal Beach Six)	\$87,810	State Parks	Group campsite at Doheny State Beach in Dana Point
5-99-169 (Maguire); 5-89-941 (Maguire Thomas Partners Dev.), 5-89-240 (Michael Const. Ent.); 5-88-062 (CWD Taiyo) ²⁹	\$823,700	City of Santa Monica	60-bed expansion of the Santa Monica Hostel

²⁸ These include: \$1,395,000 held by Santa Barbara County; \$1,140,794 held by the City of Santa Barbara, and; \$99,353 held by Los Angeles County.

²⁹ A portion of the in-lieu fees collected for 5-89-941 (Maguire Thomas Partners Dev.) and 5-89-240 (Michael Const. Ent.) were spent on the Santa Monica hostel expansion, and the remainder are held by Hostelling International for use at a future LA-area hostel (see Table 2).

Public Workshop: Lower Cost Visitor Serving Accommodations

Permit Number and Name	Funds Spent	Recipient	Project Funded
5-87-980 (Hemmeter-Laguna Niguel Partners); 5-82-291 (AVCO); 5-86-503 (Stein Brief Group)	\$2,946,125	State Parks	Restoration of Crystal Cove Cottages
5-87-675 (Ritz Carlton, Marina del Rey)	\$452,848	LA County Beaches & Harbors	Replace boat docks in Burton Chase Park in Marina del Rey
4-85-343 (Bacara Resort and Spa)	\$100,000	Rodney J. Shull Memorial Foundation	Wayfarer Hostel in Santa Barbara
5-83-560 (City Equities Corp.); A-49-79 (Interstate Marina); A-207-79 (Marina Plaza)	\$1,230,000	-	200-bed Santa Monica Hostel
2-83-026 (Duncan Mills)	\$132,300	State Parks Foundation	32 campsites and day-use facilities at Sonoma Coast State Park
6-81-330-A1 (Southern California Edison, San Onofre)	\$4,654,088	State Parks	161 campsites and day-use facilities at San Mateo State Park
4-81-205 (Park Plaza Corp)	-	Rodney J. Shull Memorial Foundation	Wayfarer Hostel in Santa Barbara
A-92-81 (San Clemente Inn)	-	American Youth Hostels	San Clemente Hostel (operated for approximately 20 years, now closed)

Table 2: Preliminary Summary of Available Funds for Lower Cost Visitor Serving Facilities

Permit Number and Name	Available Funds	Organization Holding Funds	Targeted Project
A-6-COR-08-098&099 (Hotel Del Coronado)	\$1,080,000	State Coastal Conservancy	Hostel in San Diego County
5-07-085-A1 (New Home Company Southern California, LLC)	\$5,000,000	Crystal Cove Alliance	Additional cottage restoration at Crystal Cove State Park, Orange County
3-07-048 (Smith-Held Mixed Use) and 3-07-002 (Scott)	\$21,395	City of Morro Bay	None targeted at this time
A-4-VNT-07-009 (Crown Pointe Estates)	\$700,000	State Parks	Campground at Point Mugu State Park
A-3-PSB-06-001 (Beachwalk)	\$97,020	City of Pismo Beach	Campground in San Luis Obispo County
A-5-RPV-02-324 (Destination Development Corp.), 5-89-941 (Maguire Thomas Partners Dev.), 5-89-240 (Michael Const.)	\$1,624,685	Hostelling International	Hostel in Santa Monica or the urban coastal area of Los Angeles County
A-3-MCO-98-083 (Highlands Inn)	\$808,594	State Coastal Conservancy	Seaside Hostel and Hostel or Campground in Big Sur, Piedras Blancas or Carmel area
3-91-071 (Half Moon Bay Properties)	\$384,555	State Parks	Cabins or campground at McNeely Ranch, or expansion of Point Montara Hostel

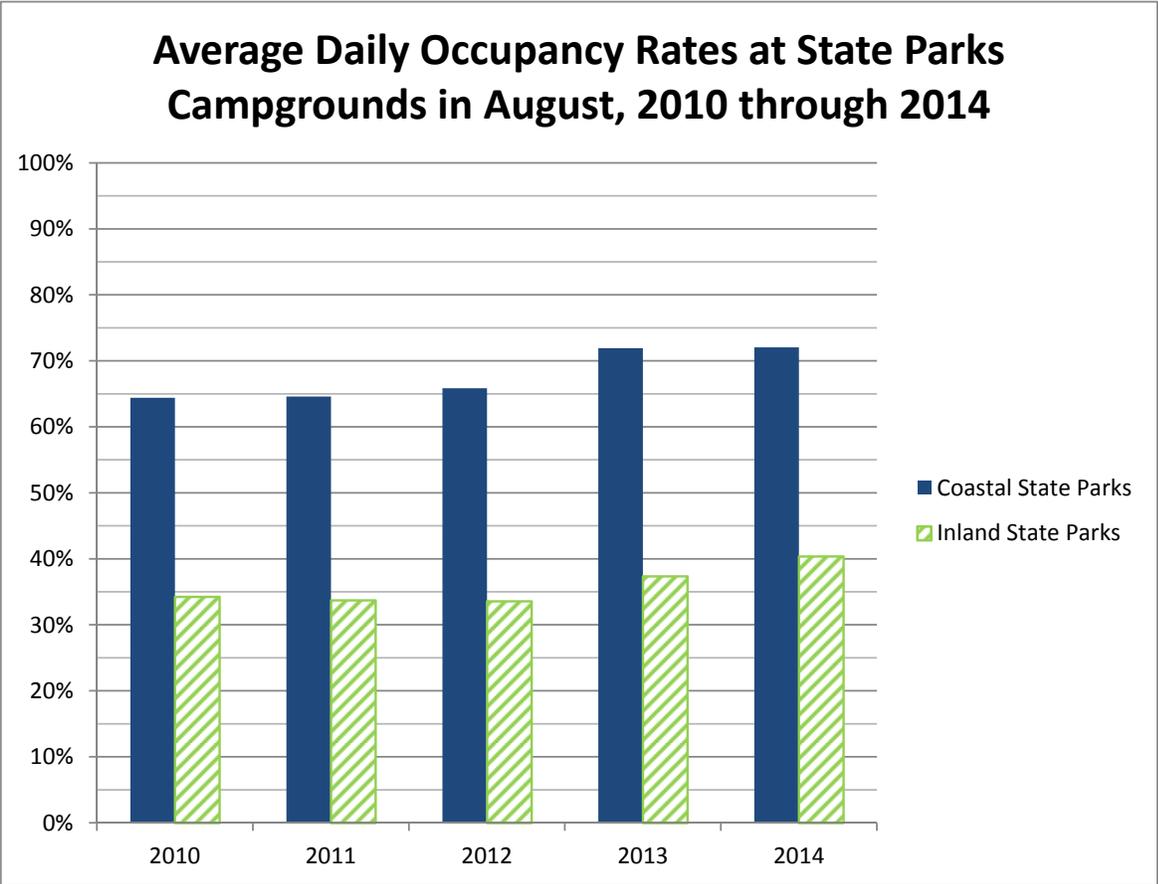
Currently, there is \$9,716,249 available to be spent on lower cost accommodation mitigation projects. The organizations that hold the funds are working to use them, and many MOUs require status reports to be provided annually. The Commission continues to track these ongoing efforts, and will continue to assist the organizations that hold the funds. Commission management recently has reassigned an experienced Coastal Program Manager to spend a portion of her time on accelerating the implementation of these important mitigation funds.

VII. POTENTIAL TOPICS FOR WORKSHOP II

The Commission will be holding a second workshop on lower cost visitor serving accommodations in spring 2015. The second workshop will focus on future implementation of the Commission's lower cost in-lieu fee program and, if possible, will provide additional information to support ideas raised during the first workshop. The following topics may be addressed. Additional topics may be identified during the first workshop and added to this list.

- 1) **Opportunities and constraints for future fees.** The second workshop may describe opportunities and constraints for requiring and utilizing future in-lieu fees, such as:
 - i) Appropriate duration of mitigation requirements;
 - ii) Similarities with affordable housing programs;
 - iii) Potential use of fees to support motels;
 - iv) Expanded partnerships with the Coastal Conservancy and State Parks to pool and utilize fees;
 - v) Potential for additional cabins and yurts in the coastal zone;
 - vi) Outreach to underserved communities to ensure lower cost visitor serving accommodations in the coastal zone reach a wider spectrum of visitors.
- 2) **Next steps for unspent fees.** Existing fees are held in funds pursuant to memorandums of understanding (MOUs) with various partner agencies. The use of each fund is limited by the Commission's original approval of the project that required the in-lieu fee, and in some cases, by the MOU itself. Commission staff has been working with the organizations that hold the funds to pursue suitable lower cost visitor serving projects, and the follow up workshop may provide a summary of these efforts.
- 3) **Condition compliance and enforcement issues.** Although the availability of staff time to monitor lower cost visitor serving mitigation requirements is extremely limited, there have been efforts over the years to help ensure mitigation is carried out as required. The second workshop may explore approaches to LCP amendments and permit conditions that could more readily ensure compliance with lower cost visitor serving resource protections.

Average Daily Occupancy Rates at Selected Coastal State Parks Campgrounds in the Month of August, 2010 through 2014					
	2010	2011	2012	2013	2014
PRAIRIE CREEK REDWOODS	84%	83%	88%	90%	90%
HALF MOON BAY SB	95%	92%	93%	95%	93%
JULIA PFEIFFER BURNS	94%	97%	92%	94%	95%
CARPINTERIA	90%	89%	87%	89%	91%
BOLSA CHICA	96%	95%	95%	95%	96%
SOUTH CARLSBAD	97%	96%	97%	97%	97%



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Rent an RV - Search Results - El Monte RV

SEARCH CONTROLS

Pickup Location:
San Francisco RV Rentals &
 Pickup/Drop Off Dates:
7/23/2015 - 7/28/2015



CLASS C CABOVER STYLE



Cabover Style C25 RV	sleeps 5	\$1,195.00
Cabover Style C22 RV	sleeps 5	\$1,195.00
Cabover Style C28 RV	sleeps 5	\$1,420.00



CLASS C SLIDE-OUT CABOVER STYLE



Cabover Style CS25 Slide-out RV	sleeps 5	\$1,295.00
Cabover Style CS26 Slide-out RV	sleeps 5	\$1,395.00
Cabover Style CS28 Slide-out RV	sleeps 6	\$1,545.00
Cabover Style CS30 Slide-out RV	sleeps 6	\$1,570.00
Cabover Style FS31 Slide-out RV	sleeps 8	\$1,745.00



CLASS A BUS STYLE



Slideout AS32 RV	sleeps 4	\$1,645.00
Slideout AF34 Family Sleeper RV	sleeps 6	\$2,045.00
Slideout AC37 Luxury Class RV	sleeps 5	\$3,370.00
Slideout AB35 RV	sleeps 5	\$1,870.00

**Limited availability on July 23.
 Please call: 1-888-337-2228**

rent an rv - search results

Rent an RV - Search Results - El Monte RV

SEARCH CONTROLS

Pickup Location:

San Diego N RV Rentals (S

Pickup/Drop Off Dates:

7/23/2015 - 7/28/2015



CLASS C CABOVER STYLE



- Cabover Style C25 RV** sleeps 5 **\$1,245.00**
- Cabover Style C22 RV** sleeps 5 **\$1,245.00**
- Cabover Style C28 RV** sleeps 5 **\$1,470.00**



CLASS C SLIDE-OUT CABOVER STYLE



- Cabover Style CS25 Slide-out RV** sleeps 5 **\$1,345.00**
- Cabover Style CS30 Slide-out RV** sleeps 6 **\$1,620.00**
- Cabover Style FS31 Slide-out RV** sleeps 8 **\$1,795.00**
- Cabover Style CS26 Slide-out RV** sleeps 5 **\$1,445.00**

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Please call: 1-888-337-2228**



CLASS A BUS STYLE



- Slideout AS32 RV** sleeps 4 **\$1,695.00**
- Slideout AF34 Family Sleeper RV** sleeps 6 **\$2,095.00**

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Rent an RV - Search Results - El Monte RV

SEARCH CONTROLS

Pickup Location:

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Pickup/Drop Off Dates:

8/6/2015 - 8/11/2015



CLASS C CABOVER STYLE



Cabover Style C25 RV	sleeps 5	\$1,195.00
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**Limited availability on August 06.
Please call: 1-888-337-2228**

rent an rv - search results

Rent an RV - Search Results - El Monte RV

SEARCH CONTROLS

Pickup Location:

San Diego N RV Rentals (S

Pickup/Drop Off Dates:

8/6/2015 - 8/11/2015



CLASS C CABOVER STYLE



- Cabover Style C25 RV** sleeps 5 **\$1,245.00**
- Cabover Style C22 RV** sleeps 5 **\$1,245.00**
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CLASS C SLIDE-OUT CABOVER STYLE



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**Limited availability on August 06.
Please call: 1-888-337-2228**



CLASS A BUS STYLE



- Slideout AS32 RV** sleeps 4 **\$1,695.00**
- Slideout AF34 Family Sleeper RV** sleeps 6 **\$2,095.00**

Occupancy Information for Hostelling International USA's Coastal California Hostels

		2011	2012	2013	OCCUPANCY
Point Reyes	Overnights	7914	9,711	9,196	Yearly Average; 67% High Season; 75%
	FIT/Group%	75/25	80/20	78/22	
	Average Daily Rate	\$ 22.06	\$ 23.53	\$ 23.93	
	Domestic/ International%		92/8	93/7	
Marin Headlands	Overnights	18312	18,784	19,251	Yearly Average; 65% High Season; 78%
	FIT/Group%	51/49	56/44	53/47	
	Average Daily Rate	\$ 25.50	\$ 25.80	\$ 27.55	
	Domestic/ International%	93/7	92/8	90/10	
Fort Mason	Overnights	49723	50,454	47,927	Yearly Average; 90% High Season; 95%
	FIT/Group%	85/15	79/21	83/17	
	Average Daily Rate	\$ 29.08	\$ 29.03	\$ 30.47	
	Domestic/ International%	50/50	52/48	51/49	
Montara	Overnights	9997	10,232	10,252	Yearly Average; 75% High Season; 78%
	FIT/Group%	76/24	65/35	67/33	
	Average Daily Rate	\$ 24.45	\$ 25.40	\$ 26.16	
	Domestic/ International%	86/14	86/14	85/15	
Pigeon Point	Overnights	12602	12,621	13,394	Yearly Average; 70% High Season; 75%
	FIT/Group%	69/31	63/37	61/39	
	Average Daily Rate	\$ 24.25	\$ 24.47	\$ 25.18	
	Domestic/ International%	90/10	89/11	90/10	
Santa Cruz	Overnights	9647	10,963	10,819	Yearly Average; 70% High Season; 80%
	FIT/Group%	93/7	97/3	100/0	
	Average Daily Rate	\$ 22.45	\$ 22.23	\$ 24.03	
	Domestic/ International%	56/44	61/39	58/42	
Monterey	Overnights	11081	10,899	11,209	Yearly Average; 75% High Season; 80%
	FIT/Group%	89/11	88/12	81/19	
	Avg. ADR	\$ 22.71	\$ 23.47	\$ 24.90	
	Domestic/ International%				
Santa Monica	Overnights	79000	82,558	79,582	Yearly Average; 85% High Season; 92%
	FIT/Group%	94/6	93/7	92/8	
	Average Daily Rate	\$ 31.64	\$ 32.61	\$ 36.43	
	Domestic/ International%	11//89	12//88	13/87	
San Pedro	Overnights	3519	1,782	3,331	Average; 30%
	FIT/Group%	71/29	84/16	55/45	
	Average Daily Rate	\$ 21.43	\$ 20.90	\$ 23.26	
	Domestic/ International%	67/33	43/57	31/69	
Point Loma	Overnights	15644	15,529	15,250	Yearly Average; 78% High Season; 87%
	FIT/Group%	92/8	93/7	93/7	
	Average Daily Rate	\$ 22.09	\$ 22.61	\$ 23.68	
	Domestic/ International%	45/55	42/58	46/54	
SD DT	Overnights	32877	34,322	33,377	Yearly Average; 65% High Season; 82% Lower Cost Visitor Serving Accommodations
	FIT/Group%	98/2	97/3	97/3	
	Average Daily Rate	\$ 26.64	\$ 28.72	\$ 28.97	
	Domestic/ International%	24/76	24/76	40/60	