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PETE WILSON, Governor

CALIFORNIA COASTAL COMMISSION

SOUTH COAST AREA 245 W. BROADWAY, STE. 380 P.O. BOX 1450 LONG BEACH, CA 90802-4416 (310) 590-5071

Filed: 2/27/96 49th Day: 4/16/96 180th Day: 8/25/96

Staff: A. Padilla Staff Report: 3/20/96 Hearing Date: 4/9-12/96

Commission Action:

STAFF REPORT: CONSENT

APPLICATION NO.: 5-96-016

APPLICANT: The 1351 Palisades Beach Road Partnership

AGENT: Lynn Heacox

PROJECT LOCATION: 1351 Palisades Beach Road, Santa Monica

PROJECT DESCRIPTION: Conversion of an office/commercial building to a three unit condominium. The existing building was damaged by the 1992 Northridge earthquake and is being rebuilt under the natural hazard replacement provisions of the Coastal Act.

Lot area:

5,000 square feet

Building coverage:

4,860 square feet

Pavement coverage:

160 square feet

Landscape coverage: Parking spaces:

10

Zoning:

R2B-Medium Residential

Plan Designation

Area of Deferred Certification

Project density:

26 du/ac

Ht abv fin grade:

55 feet

LOCAL APPROVALS RECEIVED: City Earthquake Recovery Permit EO-PC 95-002; Vesting Tentative Parcel Map No. 24337; Approval In Concept.

SUBSTANTIVE FILE DOCUMENTS: Coastal Exemption dated June 15, 1995; Coastal Development Permits #5-89-354(Rucco), #5-89-867(Ehrman), 5-92-033(Hillgruber), #5-92-303(Hillgruber), #5-94-068(Baettig).

SUMMARY OF STAFF RECOMMENDATION:

Staff recommends approval with no special conditions.

STAFF RECOMMENDATION:

The staff recommends that the Commission adopt the following resolution:

I. Approval with Conditions.

The Commission hereby grants a permit for the proposed development on the grounds that the development, as conditioned, will be in conformity with the provisions of Chapter 3 of the California Coastal Act of 1976, will not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3 of the Coastal Act, is located between the sea and first public road nearest the shoreline and is in conformance with the public access and public recreation policies of Chapter 3 of the Coastal Act, and will not have any significant adverse impacts on the environment within the meaning of the California Environmental Quality Act.

II. Standard Conditions.

- 1. Notice of Receipt and Acknowledgment. The permit is not valid and development shall not commence until a copy of the permit, signed by the permittee or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
- 2. Expiration. If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
- 3. <u>Compliance</u>. All development must occur in strict compliance with the proposal as set forth in the application for permit, subject to any special conditions set forth below. Any deviation from the approved plans must be reviewed and approved by the staff and may require Commission approval.
- 4. <u>Interpretation</u>. Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 5. <u>Inspections</u>. The Commission staff shall be allowed to inspect the site and the project during its development, subject to 24-hour advance notice.
- 6. <u>Assignment</u>. The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 7. <u>Terms and Conditions Run with the Land</u>. These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

III. Findings and Declarations.

The Commission hereby finds and declares as follows:

A. Project Description and Background

The applicant proposes to convert a office/commercial building to a three unit condominium. The building was damaged by the 1994 Northridge earthquake and demolished by the applicant. The applicant received an earthquake replacement permit from the City and an disaster replacement exemption from the Commission to rebuild the structure.

The applicant demolished the entire structure and is in the process of rebuilding consistent with the provisions of the exemption criteria. In addition to the disaster replacement approval issued by the City the City has also approved the conversion of the structure from its previous office use to a residential use.

The proposed project is located in the City of Santa Monica's North Beach area on Palisades Beach Road (Pacific Coast Highway). The North Beach area contains the City's northern sandy beach area, beach clubs, the "Gold Coast" single-family residential neighborhood, and multi-family residential development. The subject lot is located within a row of residentially developed lots consisting of a mix of single and multiple family residences. This area of single and multiple-family residences is the first residential row or tract north of the pier. There are approximately 30-40 residences in this tract. The subject lot is located in the middle of this tract.

The 5,000 square foot parcel is zoned R2B. Under the City's R2B zoning the 5,000 square foot parcel is allowed a maximum of 3 units.

To the north of the parcel there is a single-family residence and a 20 foot public beach accessway; to the south is a multiple-family residence; to the east is Palisades Beach Road (Pacific Coast Highway) and Palisades Park bluffs; and to the west is the paved Ocean Front Walk (Promenade) and the beach.

The proposed site is located within the City's Beach Overlay District. The boundary of the Beach Overlay District is the area west of Ocean Avenue and Neilson Way (excluding the Pier area) extending from the City's northern boundary line to the southern boundary line. The Beach Overlay District was created with the passage of a voter initiative (Proposition S). The initiative prohibits hotel and motel development, and restaurants over 2,000 square feet in the Beach Overlay District (the initiative was not certified by the coastal Commission).

In 1992, Commission denied the LCP for the Beach Overlay District and denied certification because the Commission found that Proposition S discouraged visitor serving uses along the beach resulting in an adverse impact on coastal recreation and access. In an earlier action in 1987, the Commission certified, with suggested modifications, a LUP that included the area presently known as the Beach Overlay District. In its action in 1987, the

Commission found that the submitted LUP would also result in adverse impacts on coastal access and recreational opportunities and denied the LUP as submitted and approved it with suggested modifications to mitigate any adverse impacts. As modified the 1987 LUP allowed limited residential development with a small amount of commercial development in the north beach area. The 1987 LUP certification has lapsed.

B. Recreation--Ocean Front

Section 30221 of the Coastal Act States:

Oceanfront land suitable for recreational use shall be protected for recreational use and development unless present and forseeable future demand for public or commercial recreational activities that could be accommodated on the property is already adequately provided for in the area.

Section 30222 of the Coastal Act states:

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

As stated, the proposed project is located between the first public road and the sea. The Coastal Act requires that public coastal recreational facilities shall have priority over other types of development on any private land suitable for such use. Sections 30221 and 30222 gives priority land use to visitor-serving commercial and public recreational facilities on public and private oceanfront and upland areas where necessary.

In acting on the 1992 LUP submittal, the Commission found that the LUP, which incorporated the provisions of Proposition S, discouraged visitor serving uses along the beach, resulting in an adverse impact on coastal access and recreation, and the LUP did not adequately mitigate these and other adverse impacts, therefore, the Commission could not find the LUP consistent with Section 30221 and 30222 of the Coastal Act.

In the 1987 certified LUP, the Commission found that maximum public access was not being provided on the beach, especially in the north beach area, and allowing private residential development along the north beach would adversely impact public access and would preclude higher priority recreational uses. Therefore, the Commission required a modification to Policy 59 of the LUP, which, as modified, stated in part:

which are currently designated for but not built out to the high density level. Development on these lots shall not exceed their existing density and shall be redesignated as such. Residential development shall be allowed only on those parcels which are currently both developed with and zoned for private residential use. . . Residential development of

properties currently developed with beach clubs or other recreational uses shall be prohibited. These parcels shall accommodate beach related visitor-serving recreational and commercial uses including but not limited to overnight visitor accommodations and public parking uses. . .

As modified, the 1987 LUP allowed residential use on lots currently developed with residential use, however, the lots were not allowed to exceed their existing densities in order to minimize the impacts to recreational and access opportunities. Although the subject project site is currently developed with a low priority use the passage of Proposition S places further limits on developing visitor serving uses that were not there in 1987 when the Commission approved the 1987 LUP with suggested modifications.

In 1978, when the State Parks and Recreation Department prepared a Master Plan for this beach, the department prepared statistics indicating that the use of the area of the beach north of the pier was less than the use of the beach south of the pier. The beaches within the City of Santa Monica receive over 18 million visitors per year (based on the 1987 LUP beach use figures) making them the most heavily used beaches in southern California, if not the State. Although the beaches within Santa Monica receives a large number of visitors per year, the use of its beaches is disproportional. The Beach area south of the Pier receives approximately 62% of the beach users. The beach north of the Pier receives approximately only 38%. The reason for the imbalance is due to limited access, caused by insufficient public parking and lack of a continuous walkway, and the amount of residential development in the north beach area. Access to the north beach is difficult due to the speed and amount of traffic on Pacific Coast Highway (PCH) and the relatively small size of the parking lots that are wedged in between residential development. of the smaller parking lots are difficult to see due to the adjacent residential development, which is nearly built out to PCH and block motorists views of the parking lots.

The area north of the pier was divided into the Sunset Tract, the tract in which this development is found, and the tract further north on the beach. The uses at the time were duplexes, single family houses, a few apartment buildings, three private clubs and a few small beach parking lots. The State Park's Beach Master Plan suggested demolishing some of the houses along this portion of the beach and creating additional parking lots. The owners all along the beach protested the construction of additional parking lots on the grounds that the parking lots would be difficult to manage and were incompatible with residential development. Moreover, the property owners in the Sunset tract stated that their smaller older houses were mostly rentals, and were unique in that there was an existing paved Promenade between them and the ocean. Secondly, they indicated that the low profile of the houses did not block views of the cliffs from the beach or views of the beach from Pacific Coastal Highways.

Since the preparation of the Beach Master Plan a number of events have occurred:

- 1) State parks abandoned its plan to create additional parking lots.
- 2) The older cottages in this area began to recycle to 45-foot high single-family dwellings.

3) Residential rentals are recycling to owner occupied.

4) The State and the City settled a lawsuit and the State assumed ownership of all land seaward of the 1928 mean high tide line, which gave the state a property interest in the 200 foot wide beach seaward of the residences in the norther beach area.

5) One of the three private beach club's leases expired and a developer proposed the construction of a hotel on the property. The citizens of Santa Monica by initiative rejected the hotel, and in so doing passed a second initiative that in addition to prohibiting future hotel development within the beach area, also in effect protected the beach property owners from other commercial construction.

6) The Coastal Commission deferred from certification that portion of the LUP that included the Beach Overlay District due to the restrictions

placed on the area by Proposition S.

If the development trend continues, the Sunset Beach area will recycle at a scale of permanent development that will commit the area to single-family residences precluding visitor-serving facilities and the enhancement of public access. Moreover, conflicts between residents and beach users will continue to intensify. Past conflicts are well documented in previous coastal development permits. In the past, residents have tried to close the beach parking lots in the evening due to perceived conflicts between residents and beachgoers [5-86-048 (City of Santa Monica)], have strongly opposed the extension and location of the bike path [5-87-041 (City of Santa Monica)], and currently oppose the extension of the pedestrian promenade which currently terminates less than midway between the Pier and the City's northern boundary. Other past conflicts were with the planned construction of the South Beach park [5-84-59 (Santa Monica Redevelopment Agency)] and the nearby residents that opposed the construction of beach amenities in front of their condominium project. In addition, years after the construction of the South Beach park, residents objected to the barbecue grills that were located within the park [5-91-469 (City of Santa Monica)]. The grills were removed after Commission approval. Residents also objected to recreational and visitor-serving improvements on the Pier [5-92-345, 5-92-52 and 5-92-51 (City of Santa Monica)].

To mitigate the effects of Proposition S and to evenly distribute beach use throughout the City's beaches it may be necessary to deny future residential development along the beach and encourage more visitor serving uses. The City contends that public facilities can encourage beach recreation just as well as restaurants, hotels and nightclubs, therefore, Proposition S does not necessarily prohibit the City from providing and enhancing visitor-serving facilities and access. This may be true, however, allowing recycling of residential uses with no provisions for visitor serving facilities and access precludes the development of recreation and access facilities within the area. It may be necessary to provide additional public facilities on this beach in order to protect and enhance public access to the shoreline. The City's options on methods to increase recreational support facilities include increasing privately operated facilities or exploring an alternate program that allows homeowners and residences who might benefit from the absence of commercial support facilities, nightclubs, restaurants and hotels to provide a public facility network. Until an alternative is selected, however, there will continue to be residential projects proposed in the north beach area where residential uses have been routinely approved in the past.

The subject property is located within a residential tract, just north of the Santa Monica Pier, consisting of mainly older single and multiple family residences with some recycling occurring. The tract is situated between two public beach parking lots. This area, because of its proximity to a State beach parking lot and the Pier, would normally be suitable for visitor-serving commercial development. One of the basic Coastal Act goals is to maximize public recreation and access to the beaches. The development of single and multiple family development along the beach is clearly not maximizing public recreation and access. The proposed residential development is not a priority use and allowing this area to continue to develop with low-priority uses will have adverse individual and cumulative impacts on coastal access and public opportunities for coastal recreation.

Over the past few years this area has been slowly recycling. There are approximately 71 single and multiple family residential structures on approximately 130 lots that range between 25 feet and 50 feet in width. Current zoning limits development to one dwelling unit on parcels of 40 feet or less. The Commission has approved approximately nine new residential projects and two remodels in the north beach area in the past seven years. Five of the projects have been located within the same residential tract as the proposed project.

Prior to the certification of the 1992 LUP the Commission has been limiting residential development to the standards set forth in policy #59 of the 1987 LUP. Since the certification of the 1992 LUP the Commission has approved two development project in this north beach area of Santa Monica. The two projects were for new single-family residences [5-92-303 (Hillgruber) and 5-94-68 (Baettig)]. In both projects the Commission found that development of residential development along the beach would cause adverse impacts to coastal recreation and access, therefore, the Commission approved the developments with a special condition to mitigate the impacts. In 5-92-303 (Hillgruber) the Commission required the applicant to participate, in the future, on the same basis as all similarly situated projects, in any comprehensive program that was to be set-up by the City to improve beach access and recreation opportunities along the Santa Monica State beaches. The amount of the fee was to be established by the City once a program had been developed and approved by the Commission. Then in permit 5-94-068 (Baettig) the Commission required a similar condition. However, the condition was modified from the one required for permit 5-92-303 (Hillgruber). The condition was modified after Commission staff met with City Staff and determined that the City had an existing Beach Fund where fees, acquired for beach access and recreation improvements from residential development along the beach, could be deposited. In permit #5-94-068(Baettig) the Commission required a fee of one percent of the construction costs to be deposited into the capital improvement account of the City's Beach Fund. The amount was based on an estimate of the cost, per lot owner, for constructing a walkway.

An alternative to requiring the applicant to participate in the above mentioned in-lieu fee program is to reserve the subject lot, along with other lots that are beginning to be recycled, for commercial recreational uses. This would be one way to enhance coastal recreation and access in the area. The Commission could deny development— converting the previous building from office to multiple residential—on grounds that the owners currently have a use of their property and that this recycling further commits this area to

permanent residential, which is not a priority use. The Commission could also deny individual development until the City has developed a plan, received approval for their plan of public facilities and identified funding and have convinced the Commission that a row of single family residences and private clubs, which are landward of a row of public access facilities is determined to conform to the Coastal Act.

However, in this particular case the circumstances surrounding this development are different than the previous North Beach developments that have come before the Commission. Because of these circumstances the impacts caused by this residential development will not be significant and will not require mitigation. The subject parcel (lots 18 and 19) was developed with an office use which was demolished by the applicant due to earthquake damage. Under the disaster replacement provisions of the Coastal Act and the City's earthquake recovery ordinance the applicant has the right to replace the damaged building and continue the same use. Since the applicant can rebuild and continue the previous low priority office use on the parcel a change to a three-unit residential project, which would generate less traffic than the office use, would not significantly adversely impact coastal access.

The previously existing office use was an anomaly for this area. As stated earlier this North Beach area consists of residential development, beach clubs, a few concession stands and public parking lots. This was the only office use in the North Beach area. As situated the office use was not in an area that would be considered appropriate for such a use since it was surrounded by residential development and adjacent to Pacific Coast Highway which creates ingress and egress traffic problems due to the high volume and speed of vehicles. Although residential use is not a priority use under the Coastal Act it is consistent with the character of the surrounding area and is more compatible with existing development than the previous office use.

The fact that the site can be improved with a low priority use under the disaster replacement provisions and that the conversion from office to residential will not increase traffic the impact to coastal access and recreation in this area caused by this proposed project will not be significant. The Commission, therefore, finds that as proposed the project will be consistent with Sections 30221 and 30222 of the Coastal Act.

C. <u>Development</u>

Section 30250 of the Coastal Act states in part that:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have a significant adverse effects, either individually or cumulatively, on coastal resources.

Section 30251 of the Coastal Act states in part that:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural landfroms, to be visually compatible with the character surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

As stated earlier the proposed project is a conversion of a previously existing building damaged by the Northridge earthquake. The previous building was approximately 19,000 square feet. The building height was approximately 50 feet with a corner tower extending to approximately 58 feet. The disaster replacement structure will be approximately 15,600 square feet, 49.5 feet in height with a 55.5 foot tower.

The previous use did not provide any on-site parking. To convert the previous use to residential, however, the project must provide parking to support the new use. In past Commission permit action for the North Beach area the Commission has required that multiple-family residential projects provide two parking spaces per unit and one guest parking space for each four units or fraction there of. In this case the project is providing a total of ten on-site parking spaces which exceeds the Commission parking requirement of seven on-site parking spaces. The project as proposed is consistent with past Commission permit action for the area. The Commission finds, therefore, that the proposed project, as conditioned, is consistent with Sections 30250 and 30251 of the Coastal Act.

D. Local Coastal Program

(a) Prior to certification of the Local Coastal Program, a Coastal Development Permit shall be issued if the issuing agency, or the Commission on appeal, finds that the proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a Local Coastal Program that is in conformity with the provisions of Chapter 3.

In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson way (Beach Overlay District), and the Santa Monica Pier. On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications.

The area within the Beach Overlay District was excluded from certification due to Proposition S discouraging visitor serving uses along the beach resulting in an adverse impact on coastal access and recreation. In deferring this area the Commission found that, although Proposition S and its limitations on development were a result of a voters initiative, the policies of the LUP were inadequate to achieve the basic Coastal Act goal of maximizing public access and recreation to the State beach and did not ensure that development would not interfere with the public's right of access to the sea.

The subject site, because of its proximity to the State beach and Santa Monica Pier, is suitable for visitor-serving commercial development. However,

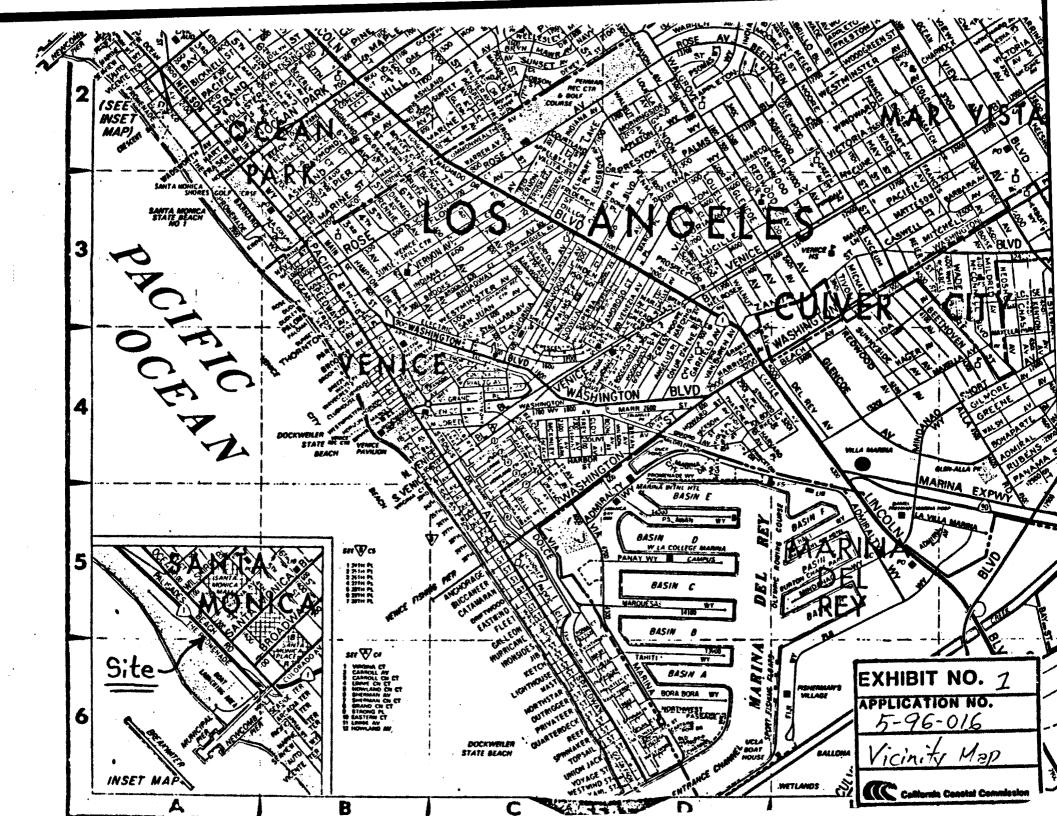
because the applicant, under the disaster replacement provision of the Coastal Act, has a right to rebuild the office use, which is a low priority use and would have a greater traffic generating impact than residential use, and the fact that the site is surrounded on both sides by residential development staff is recommending approval of the development of the site with the proposed residential use. As proposed the project will not adversely impact coastal resources or access. The Commission, therefore, finds that the proposed project will be consistent with the Chapter 3 policies of the Coastal Act and will not prejudice the ability of the City to prepare Land Use Plan policies for the Beach Overlay District (deferred area) and a Local Coastal Program implementation program consistent with the policies of Chapter 3 of the Coastal Act as required by Section 30604(a).

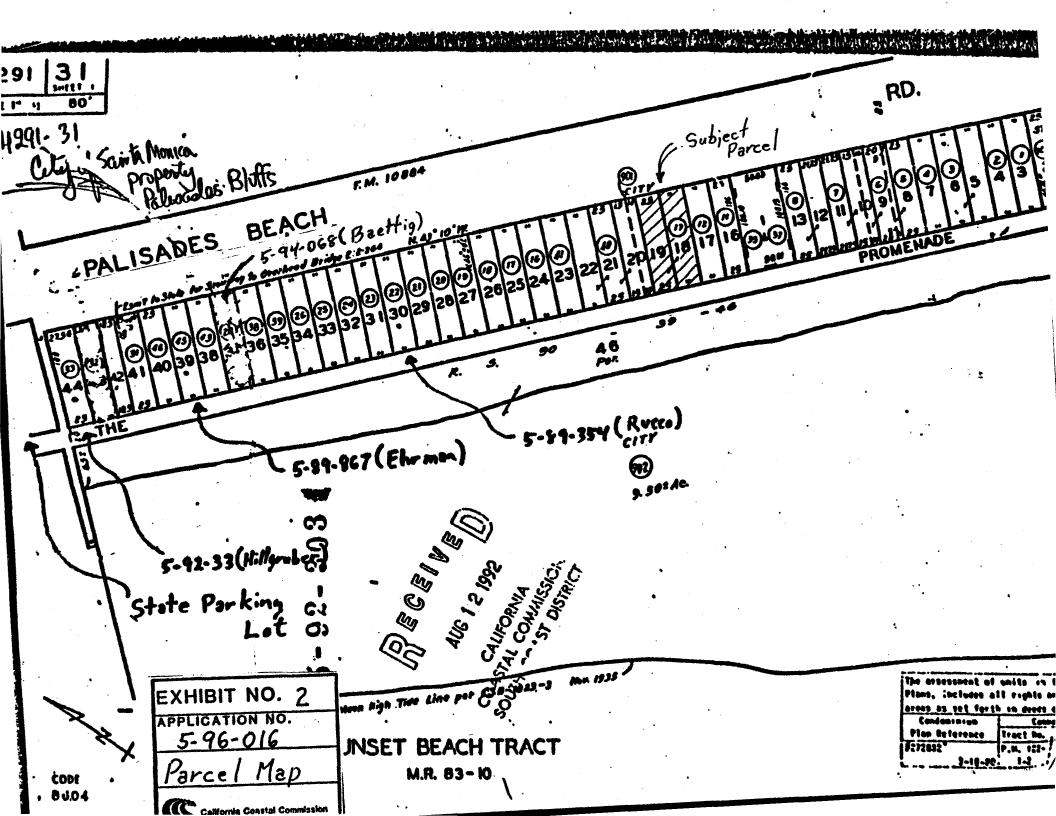
E. CEOA

Section 13096(a) of the Commission's administrative regulations requires Commission approval of Coastal Development Permit applications to be supported by a finding showing the application, as conditioned by any conditions of approval, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(i) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impact which the activity may have on the environment.

There are no negative impacts caused by the proposed development which have not been adequately mitigated. Therefore, the proposed project is found consistent with CEQA and the policies of the Coastal Act.

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