

*Ju 24h***CALIFORNIA COASTAL COMMISSION**

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Staff: AJP-LB *JP*
Staff Report: 6/18/99
Hearing Date: 7/13-16/99
Commission Action:

STAFF REPORT: REGULAR CALENDAR

APPLICATION NUMBER: 5-99-169
APPLICANT: Maguire Partners
AGENT: Christopher M. Harding, Esq.
PROJECT LOCATION: 1733 Ocean Avenue, Santa Monica

PROJECT DESCRIPTION: Demolition of a 81-unit motel and construction of a 4-story, 56 foot high, 78,321 square foot office building with 267 parking spaces provided within 3 subterranean levels; and provide a mitigation fee in accordance with the City of Santa Monica's established fee for the removal of affordable overnight visitor accommodations.

Lot Area	34,200 square feet
Building Coverage	22,572 square feet
Pavement Coverage	8,208 square feet
Landscape Coverage	3,420 square feet
Parking Spaces	267
Zoning	Civic Center
Ht above final grade	56 feet

SUMMARY OF STAFF RECOMMENDATION:

Staff recommends approval of the project with special conditions addressing the protection of lower-cost visitor facilities and public access.

LOCAL APPROVALS RECEIVED: Development Agreement No. 89-001

SUBSTANTIVE FILE DOCUMENTS: Coastal Development Permits 5-83-560 (Santa Monica Hotel Associates); 5-85-062 (Perloff), 5-87-431 (Fiondella Group); 5-89-842 (Janss Corporation); 5-88-062 (CWD Taiyo); 5-89-56 (Search Builders); 5-89-240 (Michael Construction Enterprises); 5-89-941 (Maguire Thomas Partners Development) and 5-90-017 (Janss Corp.). The Policy Rational for Economy Lodging in the City of Santa Monica, 1988. Hotel Development Update Report, by the City of Santa Monica, Community and Economic Development Department, May 1989.

STAFF RECOMMENDATION:

The staff recommends that the Commission adopt the following resolution:

I. APPROVAL WITH CONDITIONS

The Commission hereby **GRANTS** a permit, subject to the conditions below, for the proposed development on the grounds that the development 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, and will not have any significant adverse effects 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. **Compliance.** 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. **Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
5. **Inspections.** The Commission staff shall be allowed to inspect the site and the project during its development, subject to 24-hour advance notice.

6. Assignment. 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. Terms and Conditions Run with the Land. 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. SPECIAL CONDITIONS

1. Low Cost Visitor Accommodation Mitigation

Prior to the issuance of the permit, the applicant shall submit to the Executive Director, for review and approval evidence that the applicant has submitted, to the City of Santa Monica, a mitigation fee for the removal of low cost overnight visitor accommodations in accordance with the applicant's proposed project description and City ordinance No. 1516.

2. Public Parking

a) A minimum 159 of the 267 required on-site parking provided by the project shall be open for public parking on weekends and holidays, and after 5:00 p.m. on weekdays. If a fee is charged, rates shall not exceed that charged at the public beach parking lots.

b) PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall execute and record a deed restriction in a form and content acceptable to the Executive Director, reflecting the above restrictions on development within the applicant's parcel or parcels. The deed restriction shall include legal descriptions of the applicant's entire parcel or parcels. The deed restriction shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens that the Executive Director determines may affect the enforceability of the restriction. This deed restriction shall not be removed or changed without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

3. Parking, Car Pool and Transit Incentive Program

a) The applicant shall provide for a parking, carpool and transit incentive program as follows:

(1) The applicant shall actively encourage employee participation in a Transportation Ride Sharing Program and take appropriate measures to ensure

that employees utilizing the car pool program are give locational preference for parking within the garage.

(2) A public transit fare reimbursement program shall be implemented by the applicant. The system shall be in effect for at least a 30-year period. The applicant shall provide for partial reimbursement to one hundred percent of the employees of the development for public transit fare to and from work.

(3) The applicant shall provide a bicycle parking area, free of charge, within the parking garage in a preferred, secured location.

(4) The applicant shall implement a publicity program, the contents of which is subject to the review and approval of the executive Director, that indicates how the future occupants of the development will be made aware of the provisions of this special condition, The publicity program shall be implemented during the first month of occupancy of the new development.

b) PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall execute and record a deed restriction in a form and content acceptable to the Executive Director, reflecting the above restrictions on development within the applicant's parcel or parcels. The deed restriction shall include legal descriptions of the applicant's entire parcel or parcels. The deed restriction shall run with the land, binding all successors and assigns, and shall be recorded free of prior liens that the Executive Director determines may affect the enforceability of the restriction. This deed restriction shall not be removed or changed without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is required.

IV. FINDINGS AND DECLARATIONS:

The Commission hereby finds and declares:

A. Project Description and Location

The applicant proposes to demolish an 81-room motel and construct a 4-story commercial office/retail facility to include a 3-level subterranean garage with 267 parking spaces (see Exhibits #3 & 4); and provide a mitigation fee in accordance with the City of Santa Monica's established fee (Ordinance No. 1516) for the removal of affordable overnight visitor accommodations (see Exhibit #5).

The existing 81-room motel (Flamingo Motel) consists of three separate buildings. Heights range from approximately 16-24 feet. The motel has been vacant since 1989.

The proposed project is located on the east side of Ocean Boulevard, between Colorado and Pico Boulevards, in the City of Santa Monica. The project site is one block from the Santa Monica Beach and approximately 800 feet southeast of the Santa Monica municipal pier (see Exhibits #1 & 2).

Development along Ocean Avenue consists of a mixture of high rise hotels, smaller motels, and commercial businesses interspersed with residential uses. Residential uses are mostly multiple family apartments and condominiums with some single-family residences.

The Commission previously approved a coastal development permit for the same proposed project in 1991 [CDP #5-90-928 (Maguire Thomas Partners)]. After three one-year extensions of the permit, the permit expired in 1995.

B. Protection of Low Coast Visitor Facilities

Section 30213 of the Coastal Act states in part that:

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

The intent of Section 30213 is to ensure that there is a balanced mix of visitor and recreational facilities within the Coastal Zone, so as to provide coastal recreation facilities to all economic sectors of the public. Access to coastal recreation facilities is also enhanced when there are overnight lodging facilities for all economic sectors.

The proposed project includes the demolition of an 81-room motel (Flamingo Motel). According to information submitted by the City and by the applicant, room rates for the Flamingo Motel, prior to closing, were approximately \$45 to \$50 per night. In October 1989, after discussions with Commission staff, the City of Santa Monica defined economy or lower-cost overnight visitor accommodations as:

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 these facilities, room rates for lower-cost/economy hotels/motels were identified to be in the range of \$35 to \$80 per night. Based on the room rates of the Flamingo motel, prior to its closing, the motel is considered a lower-cost overnight visitor-serving facility. As such, this lower-cost overnight visitor accommodation is protected under the above stated section of the Coastal Act.

Within the coastal zone in Santa Monica there are a variety of tourist accommodations. According to the certified Land Use Plan (LUP) there are approximately 2,000 hotel and motel rooms within

the coastal zone of the City. These accommodations are mainly located along Ocean Avenue. About 20% of the rooms are located in facilities considered by the Santa Monica Convention and Visitors Bureau to be lower-cost budget facilities (motels and hostels) falling within the range of \$35 to \$80 per night.

According to a 1988 study, The Policy Rational for Economy Lodging in the City of Santa Monica, the City is experiencing a decline in the supply of moderately priced hotel and motel accommodations. The report states that many of the moderately priced hotel and motel accommodations are older structures that are considered no longer economically viable. As more recycling occurs in the area, the stock of lower-cost overnight facilities will be reduced since it is not economically feasible to replace these facilities with accommodations that would charge the same rate.

According to a 1989 survey by the City, there were 24 lodging establishments containing a total of 2,375 rooms within the Coastal Zone. Of this total, 650 rooms distributed, among 15 to 16 different motels and hotels, were considered as lower-cost/economy units.

Since 1986 there has been a loss of approximately five separate hotel/motels containing a total of 363 rooms that are considered lower-cost overnight facilities. Within this 13-year period there has been only one lower-cost overnight facility constructed within the Santa Monica coastal zone. In 1986 the Commission approved a 196-bed youth hostel [CDP #5-86-175 (American Youth Hostel)]. Room rates range from \$19 to \$21. Within this same period there has been 2 first class hotels (Loews Hotel and Shutters Hotel) constructed and 3 new first class hotels are under construction or refurbishment to upgrade into first class hotels (Mariott, Hotel Casa del Mar, and the Le Merigot Hotel). Room rates for these five hotels are comparable at approximately \$300 and up per night.

With the further removal of lower-cost overnight facilities, lodging opportunities for more budget-conscious visitors to the City will be increasingly more limited. The 1988 study, The Policy Rational for Economy Lodging in the City of Santa Monica, further states that:

The character of available hotel accommodations in the City of Santa Monica is rapidly evolving. While the City's Rent control laws may have moderated the rate of increase in the median income of the City's residents, the commercial sector has undergone a rapid, and in some instances dramatic, transition in the last fifteen years. Swept by the affluence of the Westside of the Los Angeles Basin and driven locally by a dramatic surge in commercial office construction and the expansion of upscale retail and dining establishments, the City's economic base has expanded at a rate that far exceeds national and State norms. As a part of this transformation, the City's visitor serving industry is increasingly being geared to serve a more affluent segment of the market.

The report goes on to state that on a national level 77% of Econo Lodge (budget motels) guests have incomes under \$50,000.00, whereas the same economic sector make up only 36% to 48% of the guests within the City of Santa Monica's hotels and motels. This difference is due to the

higher room rates for the City of Santa Monica's hotels and motels. The 1989 median household income for Los Angeles County was \$34,965. The mean earned income was \$47,710. Based on these figures for the Los Angeles area and the segment of the population that would be staying at these budget accommodations, it is evident that there is a need for low-cost or budget accommodations to serve the general area.

As the trend continues within the City of Santa Monica to build First Class/Deluxe hotels and demolish lower-cost hotels/motels, persons with incomes under \$50,000 will make up less of the guests staying in Santa Monica. By forcing this economic group to lodge elsewhere, there will be a direct impact on public access within the Santa Monica area. With the loss of lower-cost lodging facilities, a large segment of the area's population will be excluded from overnight stays within this coastal area. Therefore, by protecting and providing low-cost lodging for the price sensitive visitor, a larger segment of the population will have a greater opportunity to enjoy access to the beach area through overnight stays along or near the coast. Furthermore, access to coastal recreational facilities, such as the beaches, piers, and other coastal points of interest, are also enhanced when there are overnight lodging facilities that serve a greater economic segment of the population.

The City of Santa Monica has recognized the problem of the loss of affordable overnight accommodations and the need to provide overnight accommodations for all economic sectors. The City adopted ordinance No. 1516 in 1990 to establish a mitigation fee for the removal of low cost lodging accommodations in the Santa Monica Coastal Zone (see Exhibit #5). The City found that:

(a)... there has been a significant shift in the development of visitor accommodations within the Santa Monica Coastal Zone from low cost lodging accommodations to luxury lodging accommodations...

(b) The City of Santa Monica has experienced a significant reduction in the number of low cost lodging accommodations due to demolition and conversion of existing units and construction of office development and luxury lodging accommodations...

(d) The demolition of low cost lodging accommodations in combination with the replacement by, and new construction of, luxury lodging accommodations has altered the balance and has contributed to the scarcity of affordable visitor accommodations in the City.

(h) New commercial and new hostel and motel development which requires demolition of existing low cost lodging accommodations is generating a reduction in the City's affordable visitor accommodations, and increases the imbalance between coastal activities and affordable visitor accommodations in the City.

The City's finding further state that the purpose of the ordinance is to:

(g)...reduce the negative impact on affordable visitor accommodations caused by new commercial and new hotel and motel development which requires demolition of existing visitor accommodations.

The amount of the fee is based on the reasonable costs of constructing replacement units within the City of Santa Monica. As set out in the ordinance the required fee is as follows:

(b) The amount of fee required pursuant to this Section shall be based on the number of units to be removed. For each low cost-lodging unit removed, a fee of Eight Thousand Dollars(\$8,000.00) shall be required.

(c) Any fee payment required pursuant to this Section shall be adjusted for inflation by the percentage change in the Consumer Price Index ("CPI") multiplied by .65 plus the percentage change in land cost multiplied by .35 between the date of adoption of this Ordinance through the month in which payment is made.

The Commission has approved a number of Coastal Development Permits for projects that included the removal of lower-cost lodging facilities prior to the City's adoption of the above identified ordinance. In 1983, the Commission approved the demolition of the 97-room Surfrider Motel and the construction of a new hotel [CDP #5-83-560 (Santa Monica Hotel Associates)]. The Surfrider Motel, with room rates approximately \$25 to \$35, was considered a lower-cost visitor accommodation. One of the major conditions of the City's approval, which the Commission accepted, was the mitigation of the loss of the affordable overnight accommodations. The City required the applicant to pay an in-lieu fee of \$500,000 (\$5,155 per room). The City was to use this fund for the construction of a hostel facility or for other such affordable overnight facilities as may be deemed desirable by the City.

The \$500,000 was not based on any specific formula or from an official mitigation program but was instead a negotiated figure, according to the City. The money was subsequently granted to the American Youth Hostel, Inc. to partially fund the construction of the 200-bed Westside Hostel [CDP #5-86-175 (American Youth Hostels, Inc.)] that, at the time, was under construction in downtown Santa Monica, within the coastal zone.

In 1988, the Commission approved the demolition of a low-cost, 34-room motel and the construction of a retail/office project [CDP #5-88-062 (CWD Taiyo)]. After discussions with staff the applicant agreed to pay an in-lieu fee of \$200,000 to mitigate the loss of low-cost visitor accommodations. This amount was presented to the Commission by the applicant and was based on the ratio of the fee required for the demolition of the 97-room Surfrider Motel under CDP #5-83-560. Although the Commission approved the project and accepted the applicant's proposed mitigation fee, there was lengthy discussion on the issue regarding the appropriate amount of the mitigation fee and how such a fee should be determined. During the hearing, some of the Commissioners expressed concern that the amount proposed by the applicant would be inadequate to mitigate the number of low-cost, overnight visitor accommodations being removed from the coastal zone in Santa Monica.

In 1989, the Commission approved the demolition of a low-cost 30-room motel (Auto Motel) and construction of a 62-room, four story hotel [CDP #5-89-240(Michael Construction Enterprises)]. Staff was originally recommending that the Commission deny the project because the City was

preparing to submit a total LCP which would include a program to determine a mitigation fee for the loss of low cost overnight visitor facilities. The project, as originally proposed, could have prejudiced the local government's ability to prepare an LCP in conformity with the Chapter 3 policies of the Coastal Act since the applicant was providing no provisions for the protection of the existing low cost overnight visitor facilities. The applicant postponed the application and developed a proposal to pay an in-lieu fee to mitigate the loss of the affordable visitor units. The applicant based the proposed fee on the assumption that appropriate mitigation would be mitigation of the loss of each room of lower cost visitor serving accommodations by an amount adequate to produce a "bed of lowest cost accommodations". A "bed of lowest cost accommodations" was determined by the applicant to be the subsidy cost per bed of the Westside Youth Hostel that was under construction at that time in downtown area of Santa Monica. Using this formula the subsidy cost per bed was calculated to be \$8,515.00. The existing Auto Motel had 30 rooms and thus the mitigation fee under the above scenario was \$22,450. The Commission noted that this amount was approximately \$3,000 more per room than proposed in the previous permit (CDP #5-88-062).

At that time staff had been in contact with the City of Santa Monica regarding the applicant's proposed mitigation fee. The City of Santa Monica had retained an economic consultant to provide an analysis to determine the proper amount of the fee to mitigate the loss of low-cost visitor accommodations within the coastal zone. The City was unsure of the results of their study and the ultimate outcome of the mitigation program for the loss of affordable overnight units. The City, however, was not opposed to the applicant's proposed fee if the fee could be increased consistent with their findings if their study and program determined that the applicant's proposed fee was inadequate. Based on this information the Commission accepted the applicant's proposed mitigation fee with an added condition to increase the amount of the fee consistent with the fee program if the fee program, that was being developed by the City, was approved by the Commission within 18 months. No fee program was ever approved by the Commission. In addition, the proposed fee of \$8,515 per unit exceeds the \$8,000 per unit fee later established by the City.

In December 1989, the Commission approved the demolition of a 91-room motel and construction of a 175-room hotel [CDP #5-89-941 (Maguire Thomas Partners Development)]. To mitigate the loss of the 91 low cost rooms the applicant proposed a mitigation fee and the Commission approved the project consistent with CDP #5-89-240 (Michael Construction Enterprises).

Subsequently, on December 12, 1989, the City of Santa Monica's City Council approved the City's consultant's recommendation and adopted an ordinance to establish a mitigation fee for the removal of low cost lodging accommodations. Since the City's adoption of the ordinance the Commission has had only one permit application submittal [CDP #5-90-928 (Maguire Thomas Partners)] involving the removal of a lower-cost overnight lodging facility. The permit was for the same development as being proposed by this permit application. In the previous permit, after discussions with the applicant, the applicant agreed to accepted a to mitigate the loss of the 81 low cost overnight rooms by paying an in-lieu fee. However, in this case, the proposed fee was based on the methodology established by the City in City Ordinance No. 1516. The permit expired in 1995 and the mitigation fee was not paid.

In this permit application, the applicant has again proposed to provide a mitigation fee consistent with the ordinance adopted by the City. Consequently, the Commission can find the proposed project consistent with the low cost visitor-serving policies of the Coastal Act. However, to ensure that lower-cost visitor and recreational facilities are protected the applicant shall submit evidence that the applicant has submitted the in-lieu fee payment to the City of Santa Monica pursuant to the applicant's project description and City's Ordinance 1516. The amount will be at a minimum \$8,000.00 per room, for a total of \$648,000 (\$8, 000.00 x 81 rooms). The fee shall be adjusted for inflation and land cost changes consistent with the methodology established in the City of Santa Monica's Ordinance No.1516, Section 5(b)(c). The Commission finds that, only as conditioned, will the proposed project be consistent with Section 30213 of the Coastal Act.

C. Parking

The Commission has consistently found that a direct relationship exists between the provision of adequate parking and the availability of public access to the coast. Section 30252 of the Coastal Act requires that new development should maintain and enhance public access to the coast by providing adequate parking facilities.

Section 30252 of the Coastal Act states in part:

The location and amount of new development should maintain and enhance public access to the coast by. . . (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation. . .

Therefore, in order to conform to the requirements of the Coastal Act, the proposed project must provide adequate support parking in order not to negatively impact parking for the visitor serving area of Main Street or for beach parking.

The total parking requirement for the project would be 267 spaces using the City of Santa Monica code requirements. Using the Commission parking standards the project would require 326 spaces. Based on the parking standards established by the Commission through permit action the proposed 68,400 square foot mixed-use project would require a total of 326 parking spaces. The parking demand for each separate use is as follows:

<u>Use</u>	<u>Area</u>	<u>Parking Demand</u>
Retail	4,846 sq. ft.	22
Restaurant	5,983 sq. ft. (3,717 sq. ft. of service area)	74
Office	57,571 sq. ft.	230
		<hr/>

Total parking demand

326

The proposed project will provide a total of 267 on-site parking spaces within three levels of subterranean parking. Based on the parking demand and the on-site supply of parking the proposed project will be deficient 59 parking spaces. However, according to the parking analysis in the EIS, there is potential for shared use of parking spaces, thus, reducing the actual parking demand for the project.

The basic concept of shared parking is that differing peaking characteristics of various land uses allows multiple use of parking spaces and that mixed uses can be supportive of one another in generating market activity. For example, office and retail uses traditionally have afternoon parking peaks, while restaurants traditionally have evening parking peaks.

The parking analysis states that the peak weekday demand of the project, using the shared use concept, will occur between 3pm-4pm. The demand at this time, based on Commission parking requirements, will be 286 parking spaces. This indicates that the proposed project will have a deficiency of 19 parking spaces during the weekday. On the weekend, since most offices are closed during the week, the demand will be significantly less. The peak demand during the weekend generally occurs in the evening between the hours of 8pm and 9pm. Using the parking standards established by the Commission through permit action the peak weekend demand will be approximately 108 spaces. Therefore, during the weekend peak period there will be a surplus of approximately 159 parking spaces.

Although the proposed project provides adequate parking during the weekend the project's proposed office use is a low priority use and is located approximately one block from the beach and Pier. Given the location of the project to coastal recreational areas, and due to the additional traffic that will be generated by the project, the project will impact traffic circulation and beach access due to the additional employees and customers generated by the proposed project.

Section 30222 of the Coastal Act states in part that lands suitable for visitor-serving, commercial-recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over...general commercial development. The Commission has allowed general commercial uses, above the first floor, within this area if properly mitigated to ensure protection and enhancement of public access. The Commission has found that the appropriate mitigation measures for allowing low priority uses within this area would be to allow beachgoers and the general public the use of the project's on-site parking on weekends, holidays, and after 5:00 pm during the week when the demand for parking is greatest among beachgoers and visitors to the coastal recreational areas [CDPs #5-85-062 (Perloff), #5-87-431 (Fiondella Group); #5-89-842 (Janss Corporation); #5-88-062 (CWD Taiyo); #5-89-56 (Search Builders); and #5-90-017 (Janss Corp.)].

The applicant has indicated that public parking will be made available, but would like to reserve some parking for the restaurant and office use. The applicant is proposing that 159 of the 267 parking spaces be open for public parking on weekends and holidays, and after 5:00pm on

weekdays. This will leave 108 spaces to support the restaurant and office use. Reserving some parking for these uses is reasonable and consistent with past Commission permit actions where office use was proposed. To further mitigate the adverse impact that high intensity commercial uses will have on public access, the Commission has also required in past permit actions, that high intensity commercial uses provide public transit incentives, carpool and on-site bicycle parking programs. Such public transit and parking programs require employees to be reimbursed for public transit fares, provides preferential parking for car pool vehicles, and ensure that projects provide secure bicycle parking facilities. The imposition of this condition will encourage the use of public transit, ride sharing and use of other modes of transportation to reduce the project's traffic and parking generation.

Therefore, the Commission finds that, providing, at a minimum, 159 parking spaces for public use, and participation in a parking, car pool and transit incentive program, will enhance public access opportunities in the area and will properly mitigate the impact the project will have on public beach access parking. The project, as conditioned, is consistent with past Commission permit actions for the area and with Section 30252 and 30222 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 proposed project is located on Ocean Avenue in an area excluded from the 1992 certified Land Use Plan. As conditioned 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 a Local Coastal Program consistent with the policies of Chapter 3 of the Coastal Act as required by Section 30604(a).

E. California Environmental Quality Act

Section 13096 of the Commission's 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)(A) 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 effect which the activity may have on the environment.

The proposed project, as conditioned, will mitigate the impacts to lower-cost visitor overnight accommodations and to beach access and is consistent with the applicable policies of the Coastal Act. There are no feasible alternatives or mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment. Therefore, the Commission finds that the proposed project is consistent with CEQA and the policies of the Coastal Act.

SEE MAP 631

MAP

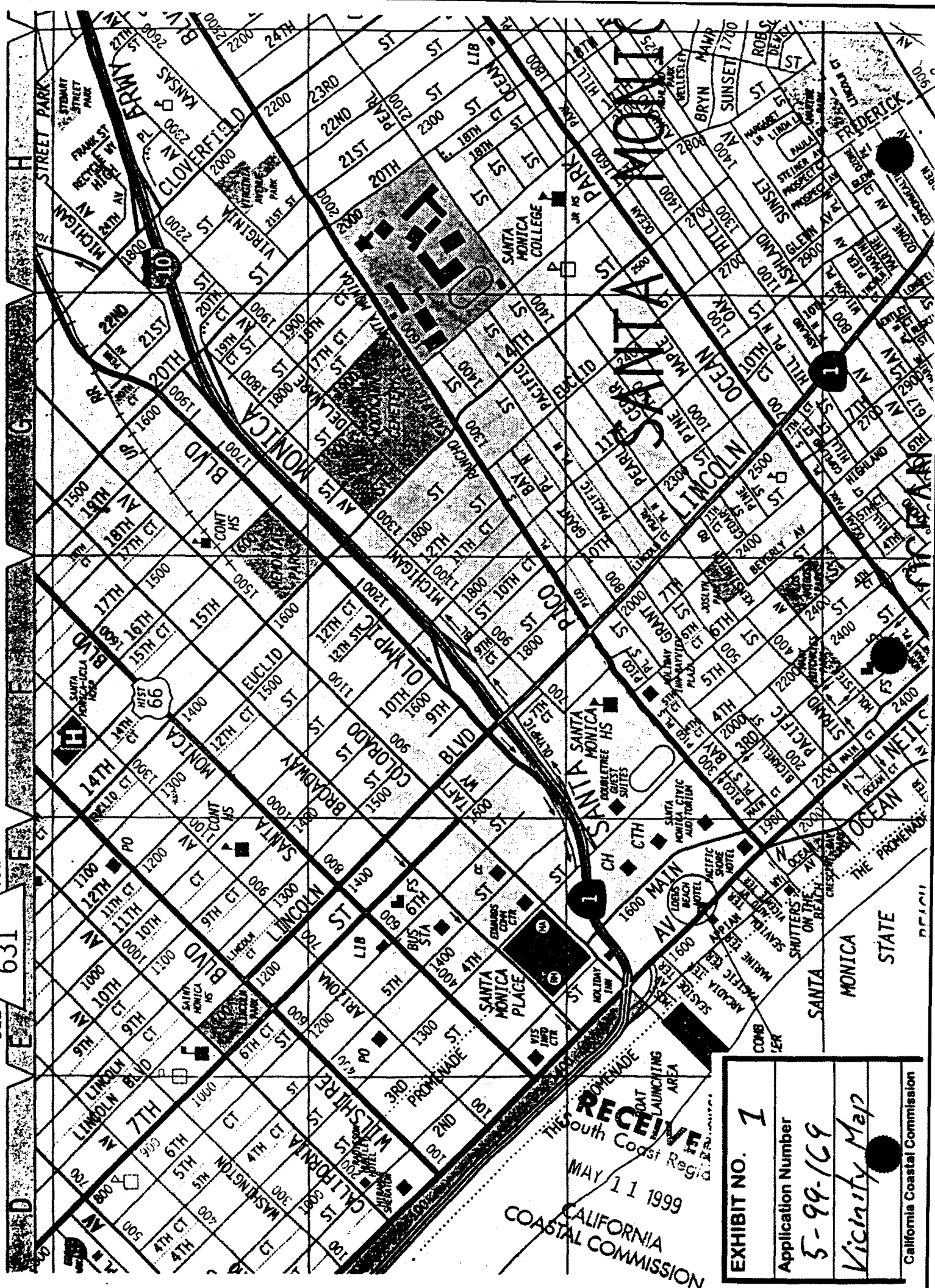


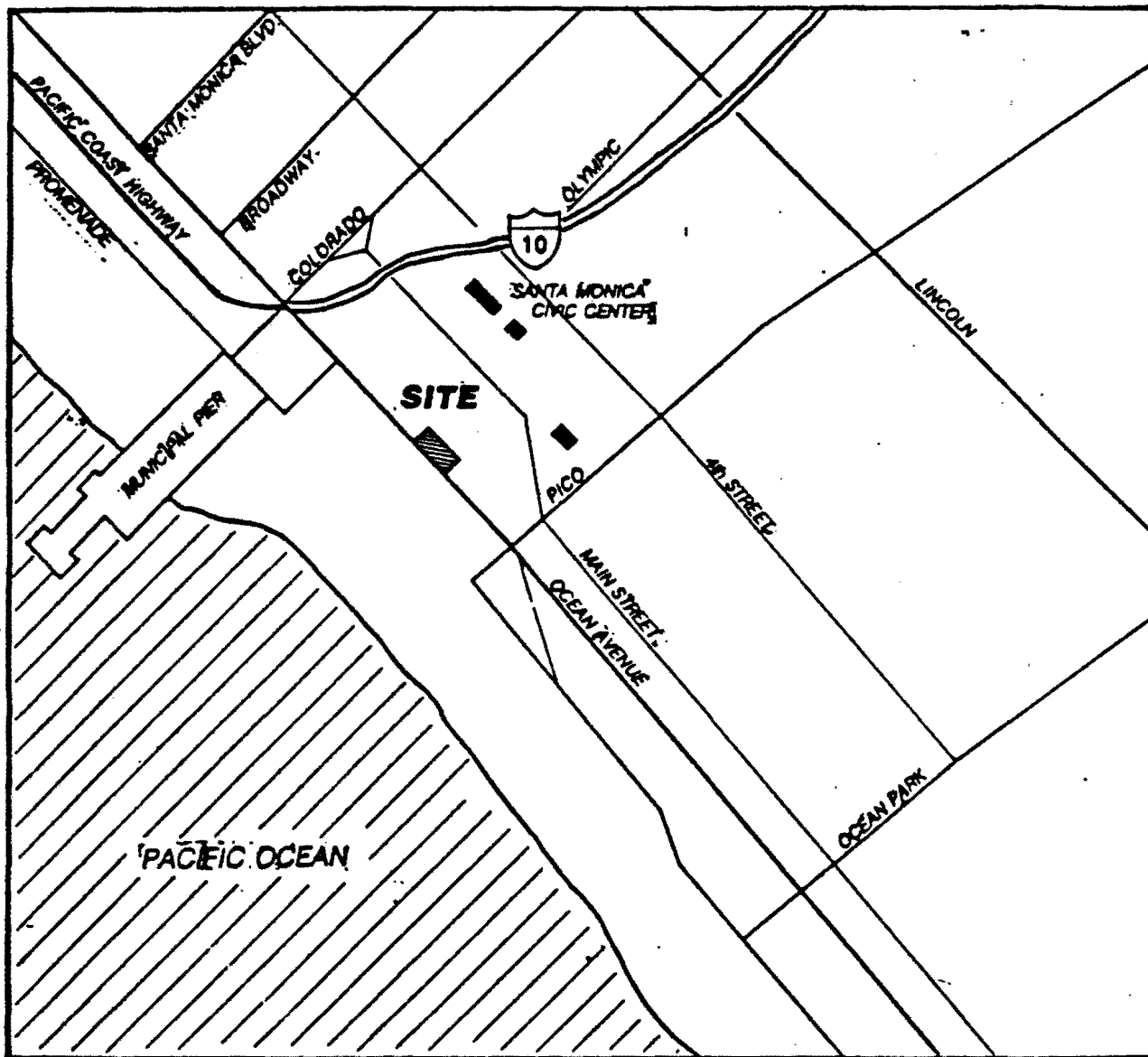
EXHIBIT NO. 1

Application Number

5-99-169

Vicinity Map

California Coastal Commission



VICINITY MAP

EXHIBIT NO.

2

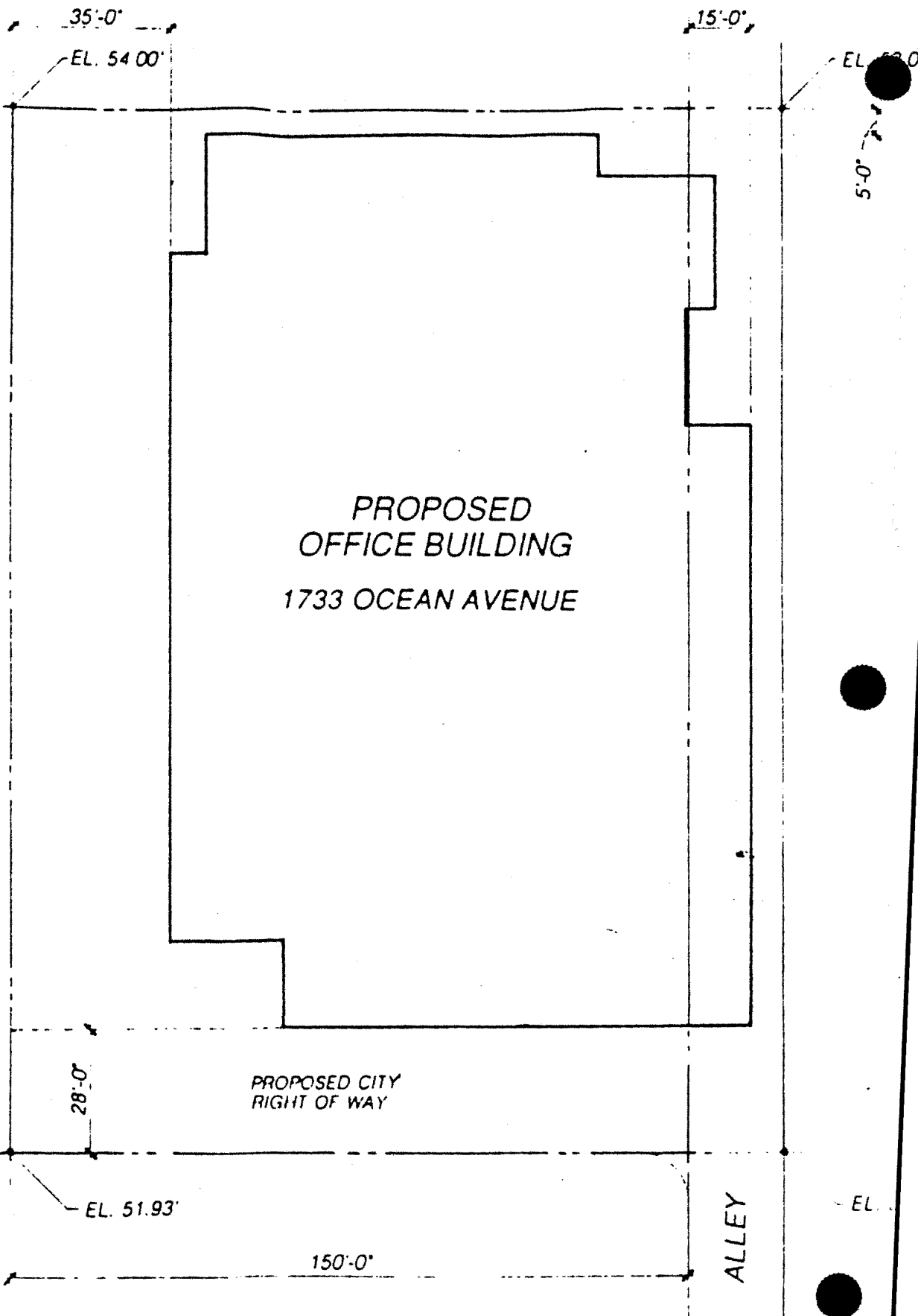
Application Number

5-99-169

Vicinity Map

California Coastal Commission

OCEAN AVENUE



PROPOSED
OFFICE BUILDING
1733 OCEAN AVENUE

EXHIBIT NO.

3

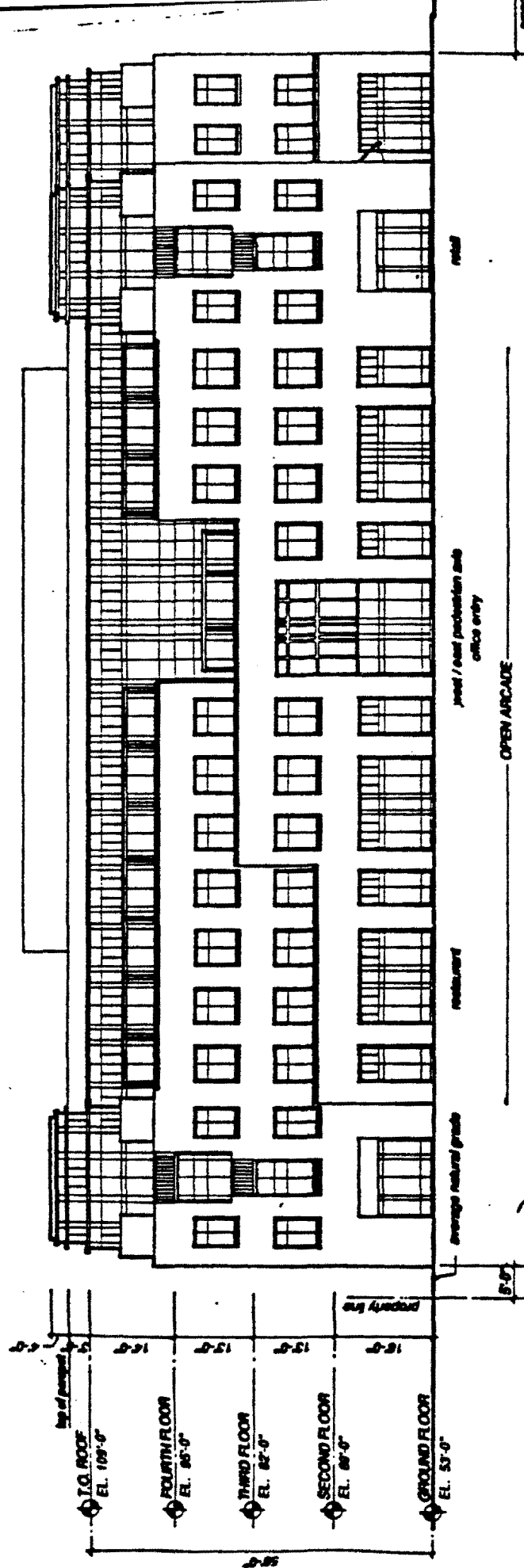
Application Number

5-99-169

Site Plan

California Coastal Commission

OFFICE SITE P



WEST ELEVATION

EXHIBIT NO.	4
Application Number	5-99-169
	West Elevation

EXHIBIT NO. 5
Application Number 5-99-169
City Ordinance # 1516
California Coastal Commission

g 2-20-90

Santa Monica, California

ORDINANCE NUMBER 1516 (CCS)

(City Council Series)

AN ORDINANCE OF THE CITY COUNCIL OF THE
CITY OF SANTA MONICA IMPLEMENTING POLICY 45 OF THE CITY
OF SANTA MONICA DRAFT LOCAL COASTAL PROGRAM ESTABLISHING
MITIGATION FEES FOR THE REMOVAL OF LOW COST LODGING
ACCOMMODATIONS IN THE SANTA MONICA COASTAL ZONE

THE CITY COUNCIL OF THE CITY OF SANTA MONICA DOES ORDAIN AS
FOLLOWS:

SECTION 1. Findings and Purpose. The City Council finds
and declares:

(a) In recent years, there has been a significant shift in
the development of visitor accommodations within the Santa Monica
Coastal Zone from low cost lodging accommodations to luxury
lodging accommodations. Since 1984, six luxury hotels containing
1,109 rooms have received City approvals within the Coastal Zone
while no new low cost rooms have been proposed in this area.

(b) The City of Santa Monica has experienced a significant
reduction in the number of low cost lodging accommodations due to
demolition and conversion of existing units and construction of
office development and luxury lodging accommodations. Since
1984, approximately 355 low cost rooms in the Coastal Zone have
been demolished and not replaced, representing a loss of
forty-five percent (45%) of the low cost rooms existing in the
Coastal Zone as of 1984.

(c) The vast majority of visitor accommodations in the Coastal Zone removed from the market due to demolition are low cost lodging accommodations.

(d) The demolition of low cost lodging accommodations in combination with the replacement by, and new construction of, luxury lodging accommodations has altered the balance and has contributed to the scarcity of affordable visitor accommodations in the City. Only fifteen percent (15%) of the total hotel-motel accommodations which will exist in the Coastal Zone once the new City-approved accommodations are completed, will be low cost accommodations.

(e) Policy 45 of the Draft Local Coastal Program provides for a mitigation fee where new development removes low cost lodging accommodations.

(f) Pursuant to the police power, the City has the authority to address both the imbalance created by the removal of existing low cost lodging accommodations and the overall need for affordable visitor accommodations in the City.

(g) The purpose of this Ordinance is to reduce the negative impact on affordable visitor accommodations caused by new commercial and new hotel and motel development which requires demolition of existing visitor accommodations.

(h) New commercial and new hotel and motel development which requires demolition of existing low cost lodging accommodations is generating a reduction in the City's affordable visitor accommodations, and increases the imbalance between coastal activities and affordable visitor accommodations in the City.

(i) The City has a continuing need for low cost visitor accommodations and such need is exacerbated by the demolition and conversion of such units and construction of new commercial developments.

(j) Any fees collected pursuant to this Ordinance shall be used only to finance the construction of low cost lodging accommodations.

(k) The fee requirements of this Ordinance will help diminish the overall loss of low cost lodging accommodations in the City and to mitigate the adverse consequences of removal of low cost lodging accommodations in the Coastal Zone.

(l) The facts and evidence presented in the Draft Local Coastal Program dated October, 1989, in the "Santa Monica Coastal Zone Motel and Hotel Room Survey" prepared by Willdan Associates, dated January 18, 1990, and in the California Coastal Act of 1976, establish that there is a reasonable relationship between the need for the replacement of low cost visitor accommodations which is removed by demolition and the fee established by this Ordinance, and also that there is a reasonable relationship between the use of the fee and the type of development for which the fee is charged.

(m) The fees required by this Ordinance do not exceed the reasonable costs of constructing replacement units as demonstrated by the "Evaluation of Financial Assistance Requirements for the City of Santa Monica's Overnight Affordable Accommodations Program," a study prepared by Natelson Levander Whitney, Inc., dated December 11, 1989.

SECTION 2. Definitions. The following words or phrases as used in this Ordinance shall have the following meanings:

(a) Fee. A fee paid to the City by a developer pursuant to this Ordinance to mitigate the removal of low cost lodging accommodations.

(b) Low Cost Lodging Accommodation. Any hotel or motel unit, designed, occupied, or intended for occupancy, as a temporary lodging place for individuals for less than thirty (30) consecutive calendar days for which the room rate was Eighty Dollars (\$80.00) or less as of December 12, 1989, or as of the last day of operation if the hotel or motel was not in operation as of that date.

(c) Remove or Removal. The demolition of low cost lodging accommodations or the conversion of such units to other use.

(d) Santa Monica Coastal Zone. The approximately 1.5 square miles bounded on the west by the Pacific Ocean, on the south by the City's southern boundary, on the east by Lincoln Boulevard south of Pico Boulevard, and by 4th Street north of Pico Boulevard as far north as San Vicente Boulevard. Along the San Vicente Boulevard centerline, the boundary goes inland to 7th Street to the northern City boundary.

(e) Site. One or more contiguous parcels under common ownership which have been used, developed, or built upon as a unit.

SECTION 3. Mitigation Fee Requirement.

(a) No person shall remove low cost lodging accommodations in the Santa Monica Coastal Zone unless the person has complied with the provisions of this Ordinance.

(b) No permit, license, or other approval shall be issued or granted by the City for the development or use of any property from which any low cost lodging accommodations have been removed until the person seeking the license, permit, or other approval has complied with this Ordinance.

SECTION 4. Applicability. This Ordinance shall apply to:

(a) Any development, project, or other activity involving the removal of any low cost lodging accommodations in the Santa Monica Coastal Zone. For purposes of this Ordinance, development, project, or other activity shall include the creation of a parking lot, open space, or vacant land on a site previously occupied by low cost lodging accommodations.

(b) Any site located in the Santa Monica Coastal Zone from which the removal of low cost lodging accommodations has been approved and as to which a condition requiring the payment of a mitigation fee has been imposed by the California Coastal Commission.

SECTION 5. Fee.

(a) The low cost lodging mitigation fee required by this Ordinance shall be satisfied by payment of a fee to the City in the amount required by this Section.

(b) The amount of fee required pursuant to this Section shall be based on the number of units to be removed. For each

low cost lodging unit removed, a fee of Eight Thousand Dollars (\$8,000.00) shall be required.

(c) Any fee payment required pursuant to this Section shall be adjusted for inflation by the percentage change in the Consumer Price Index ("CPI") multiplied by .65 plus the percentage change in land cost multiplied by .35 between the date of adoption of this Ordinance through the month in which payment is made.

(1) For purposes of this Section, CPI shall mean the index for Urban Wage Earners and Clerical Workers for the Los Angeles/Long Beach/Anaheim statistical area, as published by the United States Department of Labor, Bureau of Labor Statistics.

(2) For purposes of this Section, "land cost" shall mean the average purchase price per square foot for commercially zoned property, as determined through an independent survey performed for the Community and Economic Development Department by a qualified real estate consultant and adjusted on an annual basis.

SECTION 6. Payment of Fee.

(a) At the time of application for a demolition permit or other approval necessary for the removal of low cost lodging accommodations located in the Santa Monica Coastal Zone, the developer shall enter into a compliance agreement for payment of the fee in accordance with the provisions of this Section.

(b) The compliance agreement shall contain the following requirements:

(1) At least fifty percent (50%) of the fee shall be paid prior to issuance of a demolition or building permit for a project on the site.

(2) The balance of the fee shall be paid prior to issuance of the certificate of occupancy for any development or conversion on the subject site. If no certificate of occupancy is required for the conversion or other new activity on the subject site, the balance of the fee shall be due upon commencement of the new activity or within one year, whichever occurs sooner.

(3) The agreement shall create a lien on the property which shall be binding on the developer and any successor of the developer, including any person acquiring an interest in the property by foreclosure, trust sale, or other proceeding.

(4) Payments shall be adjusted annually for inflation pursuant to Section 5.

(5) The compliance agreement shall be recorded.

(6) Such other provisions as are reasonably deemed necessary by the City to ensure payment of the fees required by this Ordinance.

(c) The fee required by this Ordinance shall not become effective until sixty (60) days from its adoption, pursuant to Government Code Section 65962(a).

SECTION 7. Deposit and Use of Fee. Any payment made pursuant to this Ordinance shall be deposited in a Reserve Account separate from the General Fund to be used only for

development of low cost lodging accommodations in the Santa Monica Coastal Zone. Any interest income earned by monies in such account shall be expended only for development of low cost lodging accommodations in the Santa Monica Coastal Zone.


SECTION 8. Applicability of Other City Ordinances and Regulations. None of the provisions in this Ordinance are intended to supersede any provisions of the City Charter, ordinances, regulations, or resolutions concerning demolition of residential housing, relocation of displaced tenants, rent control removal within fifteen (15) days after its adoption.

SECTION 9. Any provision of the Santa Monica Municipal Code or appendices thereto inconsistent with the provisions of this Ordinance, to the extent of such inconsistencies and no further, are hereby repealed or modified to that extent necessary to affect the provisions of this Ordinance.

SECTION 10. If any section, subsection, sentence, clause, or phrase of this Ordinance is for any reason held to be invalid or unconstitutional by a decision of any court, of any competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance, and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the Ordinance would be subsequently declared invalid or unconstitutional.

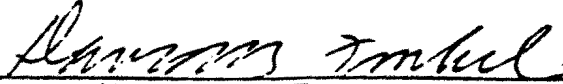
SECTION 11. The Mayor shall sign and the City Clerk shall attest to the passage of this Ordinance. The City Clerk shall cause the same to be published once in the official newspaper within 15 days after its adoption. This Ordinance shall become effective 30 days from the date of its adoption.

APPROVED AS TO FORM:



ROBERT M. MYERS
City Attorney

Adopted and approved this 27th day of February, 1990.



Mayor Pro Tempore

I hereby certify that the foregoing Ordinance No. 1516(CCS) was duly and regularly introduced at a meeting of the City Council on the 20th day of February 1990; that the said Ordinance was thereafter duly adopted at a meeting of the City Council on the 27th day of February 1990 by the following Council vote:

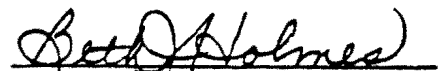
Ayes: Councilmembers: Abdo, Finkel, Jennings, Katz,
Reed

Noes: Councilmembers: None

Abstain: Councilmembers: None

Absent: Councilmembers: Genser, Mayor Zane

ATTEST:


Ast. City Clerk

