

**CALIFORNIA COASTAL COMMISSION**

South Coast Area Office  
200 Ocean Gate, Suite 1000  
Long Beach, CA 90802-4302  
(562) 590-5071



August 31, 1999

TO: Coastal Commissioners and Interested Parties

FROM: Peter M. Douglas, Executive Director  
Deborah Lee, District Director, South Coast District

**TH 6A**

SUBJECT: Authorization to Utilize the Santa Monica Low Cost Visitor Accommodations Fund  
To Construct the Downtown Long Beach Youth Hostel

**SUMMARY**

In January, 1998 the American Youth Hostels (AYH), Los Angeles Council approached Commission staff of the Long Beach Office inquiring into the availability of funds that may be used for the construction of low cost lodging. They were seeking funding for the Long Beach Youth Hostel, a 200-bed youth hostel facility to be located at 224-248 E. Broadway in downtown Long Beach. The Santa Monica Low Cost Visitor Accommodations Fund, an in-lieu fee account under the Commission's control for the purpose of constructing low cost lodging in the Santa Monica area was identified as a potential funding source. AYH has requested a grant or loan of the balance of the Santa Monica Low Cost Visitor Accommodation Fund to partially fund the Long Beach Youth Hostel. As of June 30, 1999 the balance of the Fund was \$1,430,119.26. The estimated cost of the Long Beach Youth Hostel is \$8.7 million.

**STAFF RECOMMENDATION**

Staff is recommending that the Commission authorize the utilization of the Santa Monica Low Cost Visitor Accommodations Fund (SMLCVA Fund) for the construction of the Long Beach Youth Hostel. Staff is also recommending that the Commission agree to a liberal interpretation of "the Santa Monica area" to include the greater Los Angeles area to allow the use of the Fund for the Long Beach Youth Hostel. Staff is also working with the City of Santa Monica to obtain their agreement with this interpretation and use of the Fund.

**BACKGROUND OF THE SANTA MONICA LOW COST VISITOR ACCOMMODATIONS FUND**

The Santa Monica Low Cost Visitor Accommodations (SMLCVA) Fund is an in-lieu fee account that was funded by mitigation payments required by the Commission in conjunction with the approval of Santa Monica coastal development permits that displaced existing lower cost overnight lodging facilities in favor of luxury hotels or other development. Expenditures are authorized by the Executive Director and the Fund is held in the State Treasury in an interest-bearing Special Deposit Fund account. Special Deposit Fund monies can be used only for the purposes for which it was authorized. The purpose of the SMLCVA Fund account, is as follows:

Expenditures from this mitigation fund shall be made in accordance with the provisions of special permit conditions which require the funds to be expended for the provision, including land acquisition, of lower cost visitor overnight accommodations within the Santa Monica area. Upon agreement by a local jurisdiction and the California Coastal Commission for a specific project, the funds may be disbursed to the project proponent for the express purpose of constructing the project. All expenditures will be authorized by the Executive Director of the Commission.

The SMLCVA Fund is made up of mitigation fees paid by Santa Monica developers between 1988 and 1990. The in-lieu fee payments were required by the Commission to mitigate the loss of existing lower cost overnight accommodations, pursuant to Section 30213 of the Coastal Act. The City of Santa Monica also wanted low cost lodging to be built to offset the luxury hotels that were being built at the time. In 1990 the City adopted Ordinance No. 1516 that established mitigation fees for the removal of low cost lodging facilities. It requires that the mitigation fees collected by the City be deposited in a Reserve Account separate from the General Fund and used only for the purpose of financing the construction of low cost lodging accommodations in the Santa Monica Coastal Zone. Since the adoption of Ordinance 1516 the Commission has required applicants for coastal permits where low cost lodging was being displaced to show evidence that the City required mitigation fees have been paid to the City. No additional fees have placed into the SMLCVA Fund held on behalf of the Commission since the adoption of the City mitigation program. No expenditures from the Fund have ever been made. The balance in the SMLCVA Fund is \$1,430,119.26 as of June 30, 1999.

### **RATIONALE FOR THE COMMISSION'S INTERPRETATION ON THE USE OF THE FUND**

Staff is requesting that the Commission agree with a liberal interpretation of the geographic area provisions of the purpose of the SMLCVA Fund so that the "Santa Monica area" can include the greater Los Angeles area. A liberal interpretation is consistent with Section 30009 of the Coastal Act which states: *This division shall be liberally construed to accomplish its purposes and objectives.* Such a liberal interpretation would allow the Fund to be used toward the construction of the youth hostel in Long Beach being proposed by American Youth Hostels.

The Commission has precedence in a liberal interpretation of geographic areas where a viable project which otherwise met the intent of the condition would result. The Commission allowed in-lieu fee mitigation money collected from two Marina Del Rey luxury hotel projects (A-49-79 and A-207-79) to be used to construct a youth hostel in Santa Monica (5-86-175). In 1986 the Commission approved a coastal permit for American Youth Hostels, Inc. to build a 196 bed youth hostel in downtown Santa Monica, similar to the hostel that they are now proposing in downtown Long Beach, with \$730,000.00 from the Marina Del Rey projects. The special conditions of those permits stated that the mitigation funds were to be used for, "land acquisition and construction of an off-site superior grade youth hostel . . . located within the Coastal Zone of the Marina Del Rey area".

Further, as stated, the monies of the SMLCVA Fund in the State Treasury was mitigation money collected by the Commission for permits issued nearly ten years ago. Since that time no Santa Monica developers nor the City has requested the use of the Fund for the provision of low cost lodging facilities within the City of Santa Monica.

### **COORDINATION WITH THE CITY OF SANTA MONICA**

For over a year now Commission staff has been working with the City of Santa Monica to obtain their agreement in the use of the SMLCVA Fund. City planning staff initially felt that there was no desire upon the part of local developers to construct additional low cost lodging facilities in the Santa Monica Coastal Zone and had planned to get City Council concurrence in summer, 1998 to allow the money to be spent for qualified projects elsewhere. However the City subsequently decided around fall, 1998 to release a Request for Proposal (RFP) to see if there was indeed local

interest in constructing low cost overnight lodging. Due to staff turnover in the City's economic development department a draft RFP was not presented to Commission staff for review until June, 1999.

Commission staff will continue to work with the appropriate City of Santa Monica staff in obtaining their agreement on the use of the monies of the SMLCVA Fund held in the State Treasury under the Commission's control.

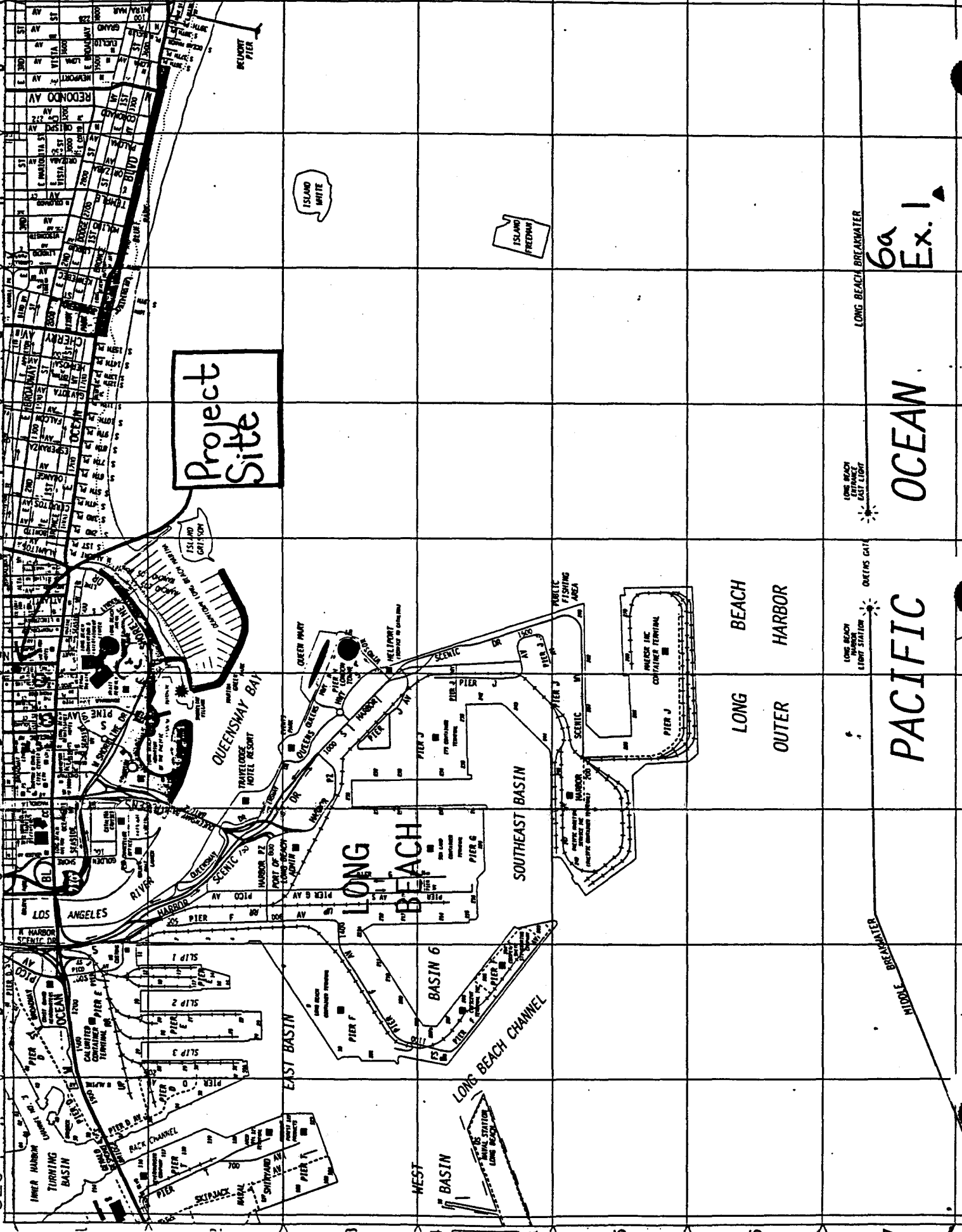
### LONG BEACH YOUTH HOSTEL PROPOSAL

The Long Beach Youth Hostel would be located at the southwest corner of Broadway and Long Beach Boulevard in downtown Long Beach, at 224-248 E. Broadway (see Exhibit 1). The two existing structures of the site would be renovated, including demolition and new construction, to provide a 3-story, 200 bed hostel facility which will also include associated offices and a small retail travel store (see Exhibit 2). Although the hostel site is just outside of the Coastal Zone by one block, it is ideally located to provide the necessary support facilities for hostel users as well as an excellent opportunity for individuals and families of modest economic means to enjoy the resources of the Coastal Zone of Long Beach as well as the resources of the greater Los Angeles area. The site is adjacent to the First Street Metro Blueline Station and the Long Beach Transit Mall which provides economical travel from the Los Angeles Airport and to many tourist destinations throughout the Los Angeles and Orange County areas. A broad range of restaurants, including lower cost eating establishments, and lower cost recreational facilities, including the beach, shoreline park, and the Aquarium of the Pacific, are all within walking distance of the site.

Commission staff has been working with AYH for nearly 18 months in assisting them in identifying funds for the proposed Long Beach Youth Hostel. They have been working closely with the Long Beach Redevelopment Agency (RDA) and had obtained control of hostel site through an Exclusive Negotiating Agreement. However, due to their inability to secure adequate funding within a specified time period the Agreement was cancelled. However the RDA still considers the youth hostel proposal a viable project and has given AYH additional time to submit evidence of adequate funding.

AYH has also been working with the Coastal Conservancy for additional funding and have applications pending for grants and loans totaling \$500,000.00. At this point AYH is at a critical stage of their project development and must demonstrate their ability to obtain the necessary financing to realize the project.

YouthhostelDDR9'99(2)



Project Site

6a Ex. 1

OCEAN

PACIFIC

LONG BEACH OUTER HARBOR

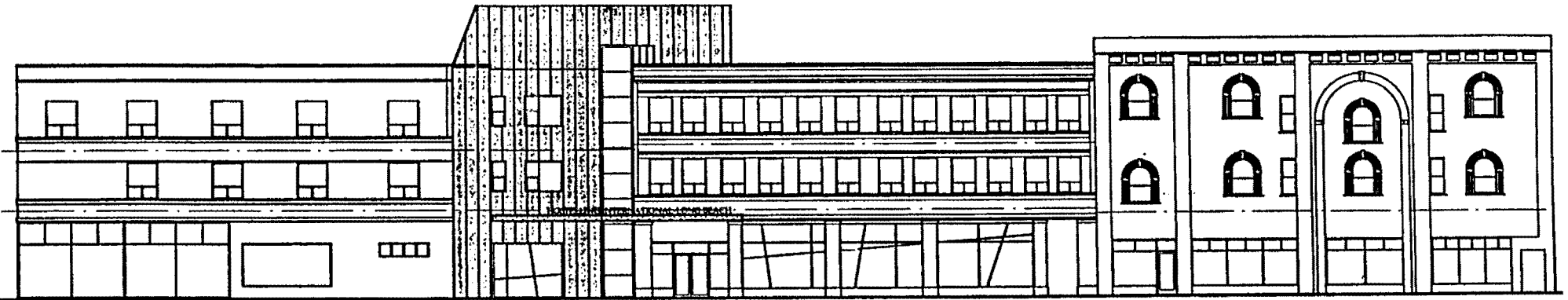
LONG BEACH BREAKWATER

LONG BEACH LIGHTHOUSE

LONG BEACH LIGHTHOUSE

PIER E BREAKWATER

SEE V



NORTH ELEVATION

SCALE: 1/16" = 1' 0"



HOSTELLING INTERNATIONAL -- LONG BEACH

RALPH MECHUR ARCHITECTS  
MARCH 25, 1999

6a  
Pg 1, Ex. 2



EAST ELEVATION

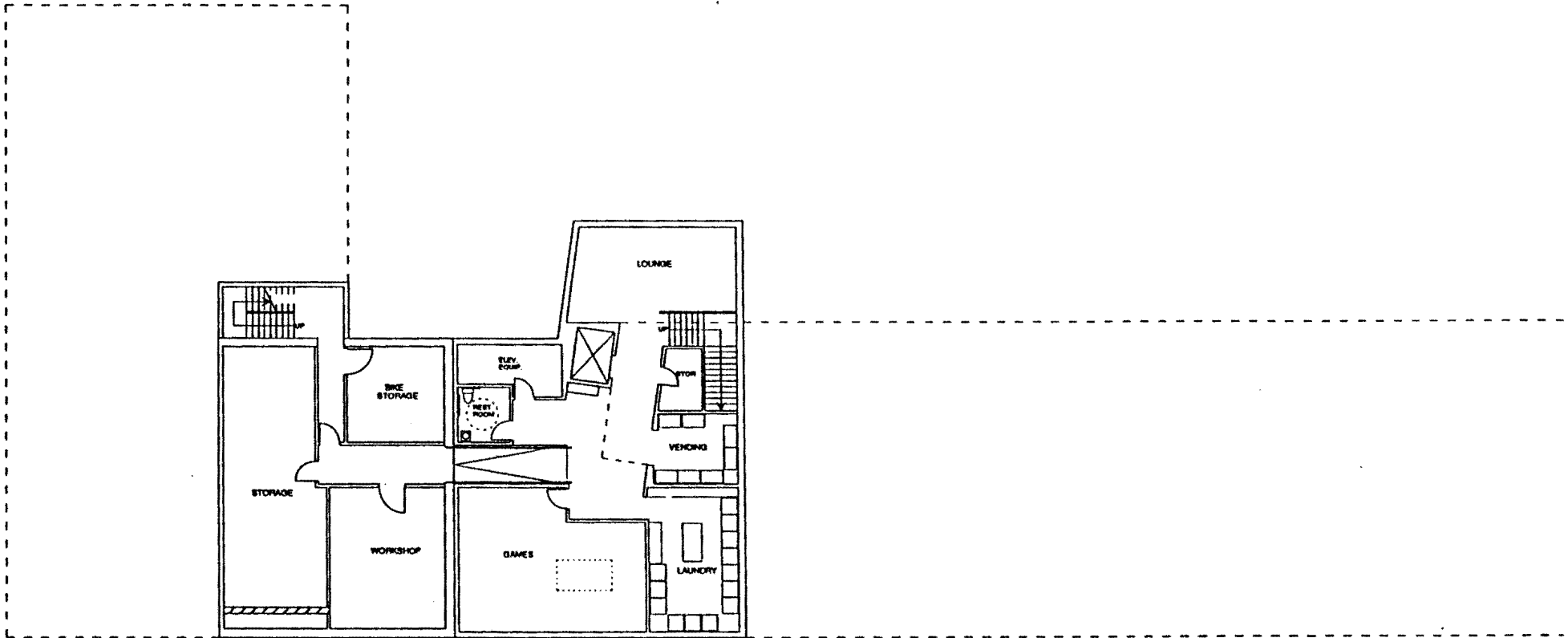
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HOSTELLING INTERNATIONAL -- LONG BEACH

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MARCH 25, 1999

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Pg 2 Ex. 2



**BASEMENT FLOOR PLAN**  
 SCALE: 1/16" = 1' 0"

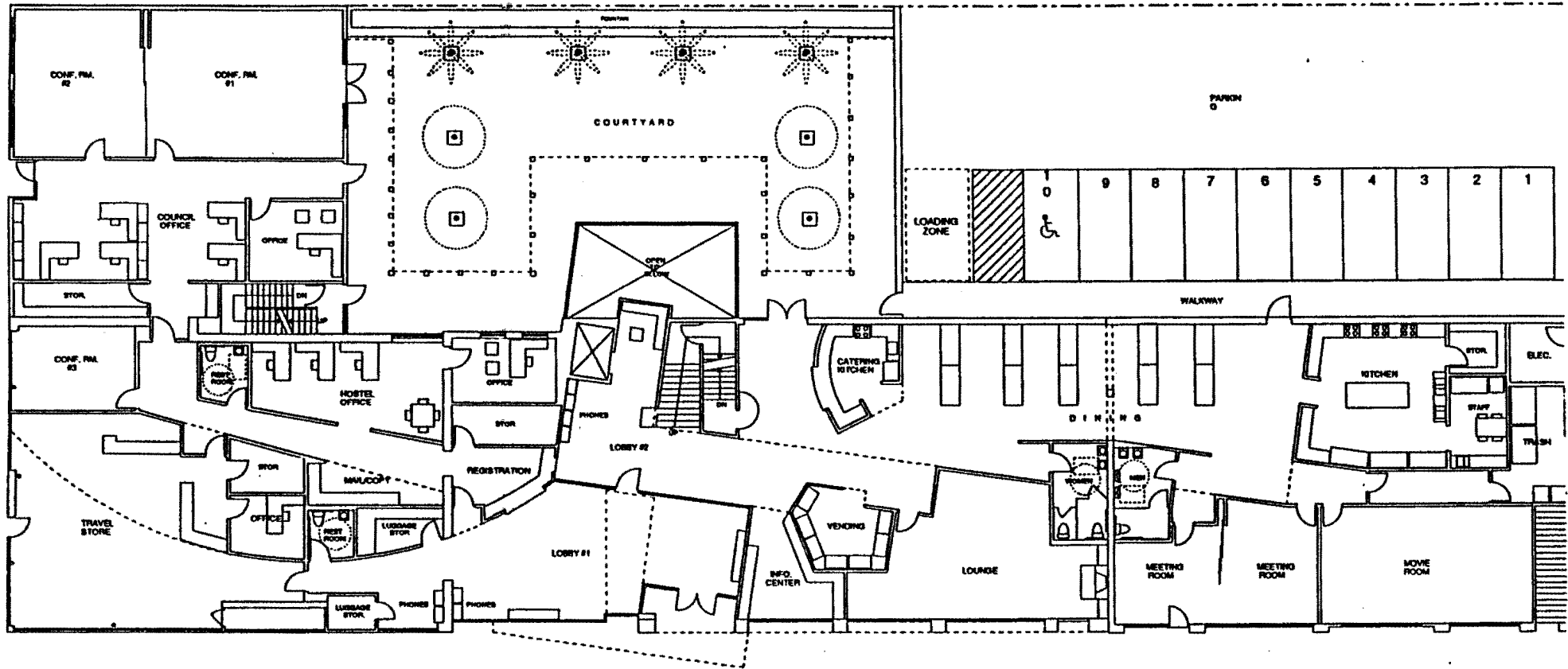


**HOSTELLING INTERNATIONAL -- LONG BEACH**

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 Pg. 3, Ex. 2

EXISTING SIDEWALK



EXISTING SIDEWALK

FIRST FLOOR PLAN  
SCALE: 1/16" = 1' 0"



BROADWAY

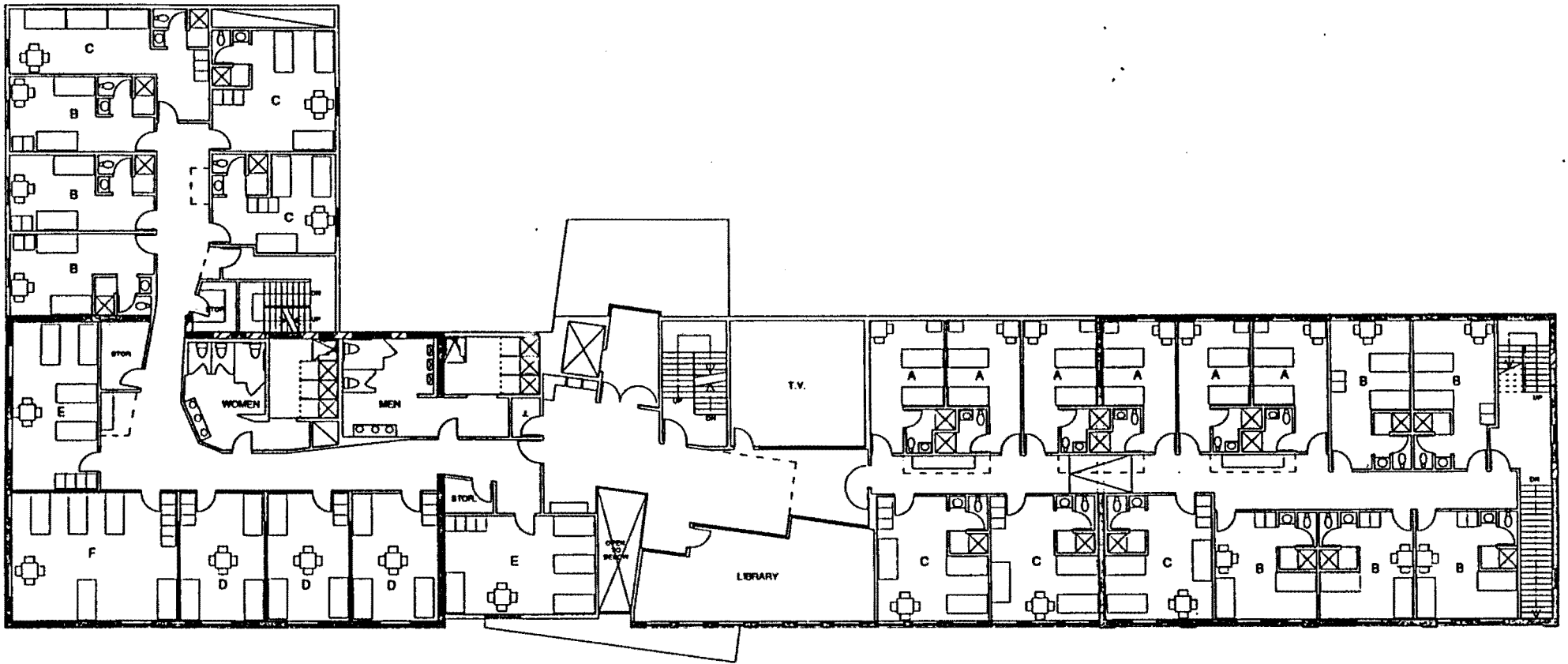


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P4, Ex. 2





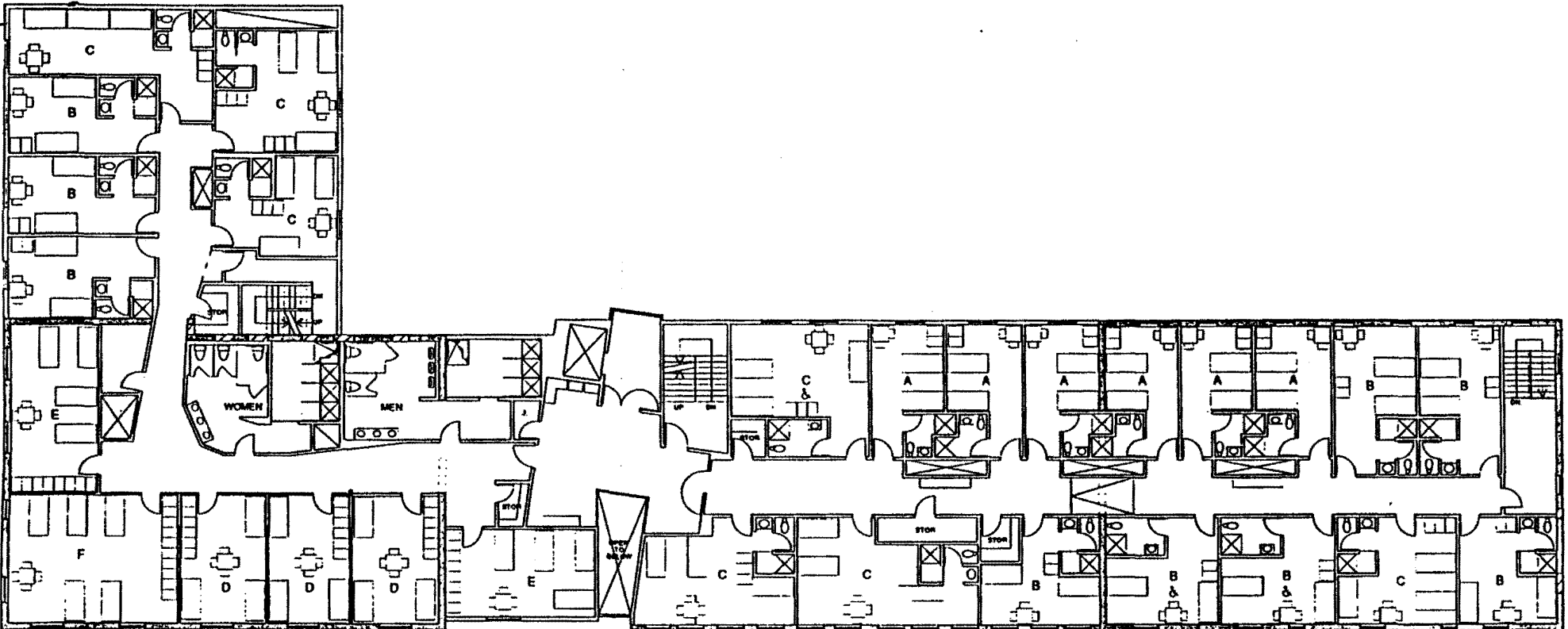
SECOND FLOOR PLAN  
SCALE: 1/16" = 1' 0"



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Pg 5, Ex. 2



THIRD FLOOR PLAN  
SCALE: 1/16" = 1' 0"



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Pg. 6, Ex. 2