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COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

**Analysis of Market Demand in
Oceanside, California**

Prepared for:
City of Oceanside
300 North Coast Highway
Oceanside, California 92054

Prepared by:
PKF Consulting
Los Angeles, California

April 2007

File No. 51193

EXHIBIT #3
PKF Study
LCPA #1-07 Downtown "D" District  California Coastal Commission



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April 18, 2007

Ms. Jane McVey
City of Oceanside
300 North Coast Highway
Oceanside, California 92054

Dear Ms. McVey:

Pursuant to your request, we have completed our analysis of current and projected market demand for overnight accommodations in the City of Oceanside in California. The purpose of this study is to:

- Analyze supply and demand by type and cost of accommodations;
- Evaluate whether the region has adequate supply of overnight accommodation to meet its current and projected demand;
- Perform an analysis of supply and demand for low cost visitor accommodations.

Our market research for this project was undertaken in March and April of 2007.

This report is subject to the General Statement of Assumptions and Limiting Conditions presented in the Addenda.

We would be pleased to hear from you if we can be of further assistance in the interpretation of our findings. We express our appreciation to both of you for the cooperation extended to us during the course of this engagement and look forward to working with you further.

We thank you for the opportunity to complete this assignment on your behalf.

Sincerely,
PKF Consulting

Bruce Baltin
Senior Vice President

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EXECUTIVE SUMMARY

PKF Consulting has been retained by the City of Oceanside to conduct a study of supply and market demand in order for the California Coastal Commission to perform the necessary analysis to evaluate an LCP amendment that would allow for the development of fractional ownerships, condo-hotels and other limited use overnight visitor accommodations.

To develop conclusions and recommendations concerning the supply and market demand of visitor-serving accommodations in Oceanside, PKF has conducted an analysis of the supply of overnight visitor-serving accommodations in and out of the coastal zone, historical Transient Occupancy Tax Revenues, daily occupancy, and average daily room rates in Oceanside. Our analysis of overnight visitor-serving accommodations in the City of Oceanside includes hotels, motels, RV parks, camp grounds, vacation rentals, condo hotels, fractionals and time shares. This report identifies all legitimate visible and quantifiable visitor-serving accommodations. Several of these overnight accommodations are difficult to identify and track, such as vacation ownership. This is largely due to varying availability, private rental, and unlicensed operations.

Upon careful analysis, PKF has concluded that there is a sufficient supply of affordable coastal hotels in the City of Oceanside. With the exception of one hotel, all of the existing accommodations in Oceanside are affordable. Affordable Coastal Accommodations have low demand as reflected in their occupancy rates. In addition, there is a lack of Coastal Accommodations over \$100 in Oceanside; and there is sufficient demand for the addition of visitor-serving Coastal Accommodations over \$100. The City needs the development of upscale overnight accommodations in order to establish itself as a destination. Therefore, there is no mitigation suggested for affordable coastal hotels nor limited use/fractional ownership or condo-hotels.

CITY OF OCEANSIDE

The City of Oceanside is a coastal community in northern San Diego County with a 2006 estimated population of 175,000 people. It is situated 35 miles north of downtown San Diego, and 83 miles south of Los Angeles. Oceanside has historically been known as a military town; however, the City is undergoing a dramatic transformation with redevelopment projects planned or currently under construction including: research and development buildings, office buildings, industrial buildings, retail projects, hotels, timeshare projects, improvements to transportation, residential buildings, parking structures and public parks. The City of Oceanside rests at the brink of a period of strong economic development.

Total Hotel Supply in Oceanside, California

An inventory of all the visitor-serving accommodations available throughout Oceanside was completed. Table 1 on the following page presents historical, current, and projected

total hotel supply in the City of Oceanside. Currently, there are a total of 1,295 hotel rooms in the City of Oceanside including units at motels and hotels.

Table 2 shows an inventory of all the current and projected coastal hotels/motels in Oceanside.

Table 1
Total Hotel Supply in Oceanside
Historical, Current, and Projected Competitive Supply

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Coastal/Non-Coastal	28									
Affordable/Coastal	27									
Accommodations over \$100	25									
Beachwood Motel	Coastal	Affordable								
Coast Inn	Coastal	Affordable								
Dolphin Hotel	Coastal	Affordable								
Hilltop Motel*	Coastal	Affordable								
Motel 6 Coastal Highway	Coastal	Affordable								
Ocean Breeze Inn	Coastal	Affordable								
Ocean Inn & Suites	Coastal	Affordable								
Pacific Inn	Coastal	Affordable								
Days Inn at the Coast	Coastal	Affordable								
Guest House Inn & Suites	Coastal	Affordable								
Oceanside Travelodge	Coastal	Affordable								
La Quinta	Coastal	Affordable								
Oceanside Marina Inn	Coastal	Affordable								
Holiday Inn	Coastal	Affordable								
S.D. Maikin Hotel	Coastal	Affordable								
Wyndham Resort	Coastal	Affordable								
Coastal Lagoon	Coastal	Affordable								
Subtotal Coastal Supply	424	477	559	568	558	600	650	650	1,030	1,113
Motel 9	Non-Coastal	Affordable								
Extended Stay America	Non-Coastal	Affordable								
Ramada Limited	Non-Coastal	Affordable								
Holiday Inn Express	Non-Coastal	Affordable								
Comfort Suites Marina	Non-Coastal	Affordable								
Quality Inn & Suites	Non-Coastal	Affordable								
Best Western Mary's Valley Inn	Non-Coastal	Affordable								
Motel 6 Plaza Drive	Non-Coastal	Affordable								
Best Western Oceanside	Non-Coastal	Affordable								
Residence Inn	Non-Coastal	Affordable								
Subtotal Non-Coastal Supply	740	865	865							
Total Rooms Available	1,164	1,217	1,299	1,308	1,298	1,465	1,465	1,465	1,895	1,978
% Change	N/A	4.6%	6.7%	0.7%	-0.7%	-0.3%	13.1%	3.4%	25.1%	4.9%

*Note: The Hilltop Motel closed in quarter two of 2006 for a major renovation. Reopening date is uncertain at this time.

Source: PKF Consulting

Coastal Plan Amendment Analysis

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Table 2

Total Coastal Supply in Oceanside
 Historical, Current, and Projected Competitive Supply

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Total Rooms Available	424	477	559	568	558	555	600	650	1,030	1,113
% Change	N/A	12.5%	17.1%	1.7%	-1.7%	-0.6%	8.1%	8.3%	58.5%	8.1%
Coastal/Non-Coastal	Coastal/Coastal									
Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100	Accommodations over \$100
Beachwood Motel	28	28	28	28	28	28	28	28	28	28
Coast Inn	27	27	27	27	27	27	27	27	27	27
Dolphin Hotel	25	25	25	25	25	25	25	25	25	25
Hilltop Motel*	13	13	13	13	3	0	13	13	13	13
Motel 6 Coastal Highway	0	53	106	106	106	106	106	106	106	106
Ocean Breeze Inn	11	11	11	11	11	11	11	11	11	11
Pacific Inn	21	21	21	21	21	21	21	21	21	21
Days Inn at the Coast	59	59	59	59	59	59	59	59	59	59
Coastal	80	80	80	80	80	80	80	80	80	80
Guest House Inn & Suites	80	80	80	80	80	80	80	80	80	80
Oceanside Travelodge	28	28	28	28	28	28	28	28	28	28
La Quinta	0	0	29	38	38	38	38	38	38	38
Oceanside Marina Inn	52	52	52	52	52	52	52	52	52	52
Holiday Inn	0	0	0	0	0	0	0	0	50	101
S.D. Malikin Hotel	0	0	0	0	0	0	0	0	0	253
Wyndham Resort	0	0	0	0	0	0	0	0	32	32
Coastal Lagoon	0	0	0	0	0	0	0	0	0	76

*Note: The Hilltop Motel closed in quarter two of 2006 for a major renovation. Reopening date is uncertain at this time.

Source: PKF Consulting

Coastal Plan Amendment Analysis

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In order to develop conclusions about the overnight accommodations in the City of Oceanside, the current and anticipated visitor-serving accommodations supply is broken into three groups. The first group is called: *Affordable Coastal Accommodations*, which are defined by the California Coastal Commission to be coastal accommodations that have an average daily rate below \$100. The second group is called, *Coastal Accommodations over \$100 per night*. The third group is called, *Non-Coastal Hotel Accommodations*. This group includes accommodations located in the City of Oceanside outside of the coastal zone.

AFFORDABLE COASTAL ACCOMMODATIONS

Historical, Current, and Anticipated Changes in the Competitive Supply

Table 3 presents all of the hotels/motels with an average daily rate below \$100 within the coastal zone in Oceanside, California.

Table 3	Affordable Coastal									
	Historical, Current, and Anticipated					Competitive Supply				
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
1. Beachwood Motel	28	28	28	28	28	28	28	28	28	28
2. Coast Inn	27	27	27	27	27	27	27	27	27	27
3. Dolphin Hotel	25	25	25	25	25	25	25	25	25	25
4. Hilltop Motel*	13	13	13	13	3	0	13	13	13	13
5. Motel 6 Coastal Highway	0	53	106	106	106	106	106	106	106	106
6. Ocean Breeze Inn	11	11	11	11	11	11	11	11	11	11
7. Ocean Inn & Suites	21	21	21	21	21	21	21	21	21	21
8. Pacific Inn	59	59	59	59	59	59	59	59	59	59
9. Days Inn at the Coast	80	80	80	80	80	80	80	80	80	80
10. Guest House Inn & Suites	80	80	80	80	80	80	80	80	80	80
11. Oceanside Travelodge	28	28	28	28	28	28	28	28	28	28
12. La Quinta	0	0	29	38	38	38	38	38	38	38
Total Rooms Available	372	425	507	516	506	503	516	516	516	516
% Change	N/A	14.2%	19.2%	1.9%	-1.9%	-0.6%	2.6%	0.0%	0.0%	0.0%

*Note: The Hilltop Motel closed in quarter two of 2006 for a major renovation. Reopening date is uncertain at this time.

Source: PKF Consulting

Several changes have occurred to the supply of Affordable Coastal Accommodations, which are summarized below:

- The 106-room Motel 6 on Coast Highway opened in June of 2003 causing supply to increase by 14.2 percent.
- With the opening of a 38 room La Quinta Hotel in April 2004 and a full year of room nights supplied by the Motel 6, supply increased by 19.2 percent.
- Hilltop Motel closed in quarter two of 2006 for a remodel. Therefore, the total room count for this motel is approximately one quarter of the total room count since it was only open for a quarter of the year. As it is uncertain when the hotel

will re-open, we have estimated no room supply from this motel in 2007. Total supply of coastal affordable rooms has decreased 1.9 percent and 0.6 percent year over year in 2006 and 2007.

The hotel/motels listed in Table 3 include a combination of chain-affiliated and independent hotel/motels. The current number of Affordable Coastal Accommodations is 503.

The locations of the Affordable Coastal Accommodations are shown on the map on Page 7.

In addition to the above mentioned hotels and motels, there are three alternative affordable coastal overnight accommodations in the City of Oceanside: Paradise by the Sea, Oceanside RV Park, and Harbor Beach Campgrounds. Paradise by the Sea has 102 spaces and Oceanside RV Park has 139 spaces for a total of 241 RV spaces. At Paradise by the Sea daily, weekly, and monthly rates are available. Winter rates (September 17, 2006 to June 14, 2007) range from \$20 to \$45 per day. Summer rates (June 15, 2007 to September 3, 2007) range from \$43 to \$75 per day. Please note, no transient occupancy tax is collected from the monthly visitors. Daily and weekly rates are offered at Oceanside RV Park. Rates range from \$40 to \$45 per day.

The campgrounds operated by the City of Oceanside adjacent to Harbor Beach, offer 66 vehicle camping spaces. There are an additional 77 camping spaces; however, overnight camping is prohibited from May 15 through September 15. The length of stay is limited to five nights within a 30-day period. Overnight camping is \$15 per night.

Demand for Affordable Coastal Accommodations

Table 4 below illustrates demand for Affordable Coastal Accommodations as reflected in occupancy rates. Hotels and motels have two separate types of rates: the stated rate and the discounted rate which is the rate with a discount applied for memberships such as AAA or AARP.

Definitions to the terms in the Table 4 are as follows:

- Annual Supply of rooms is a product of the total number of rooms and 365 days in a year.
- Occupied Rooms is the total number of rooms sold in a year.
- Market Occupancy equals the total number of occupied rooms divided by total supply.
- Average Daily Room Rate is the total room revenue divided by the Occupied rooms rented.
- Revenue Per Available Room (REVPAR) is the Market Occupancy times the average daily rate.
- CAAG Compound Annual Average Growth is the year-over year growth rate over a specified period of time. For the purpose of this study CAAG reflects growth from 2002 to 2006 for annual supply, occupied rooms, average daily rate, and RevPAR.

Table 4 Demand for Affordable Coastal Accommodations									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2002	135,780	N/A	57,827	N/A	42.6%	\$52.19	N/A	\$22.23	N/A
2003	155,125	14.2%	72,153	24.8%	46.5	56.90	9.0%	26.46	19.1%
2004	184,873	19.2	90,098	24.9	48.7	59.13	3.9	28.82	8.9
2005	188,340	1.9	93,936	4.3	49.9	61.48	4.0	30.67	6.4
2006	184,781	-1.9	89,694	-4.5	48.5	66.30	7.8	32.18	4.9
CAAG	8.0%		11.6%			6.2%		9.7%	

Source: PKF Consulting

The supply of Affordable Coastal Accommodations increased at a compound average annual growth (CAAG) rate of 8.0 percent from calendar years 2002 to 2006 and demand for Affordable Coastal Accommodations over the same time period increased by 11.6 percent annually.

However, the number of occupied rooms decreased by 4.5 percent in 2006, resulting in market occupancy of 48.5 percent, which is down from 49.9 percent market occupancy in 2005. The average daily rate has grown a 6.2 percent during the period and the average daily rate reached \$66.30 in 2006, resulting in a RevPAR of \$32.18.

Seasonality Patterns of Affordable Coastal Hotels

Table 5 and Table 6 below show hotel occupancy and average daily room rates by quarter for Affordable Coastal Accommodations (excluding the two RV Parks and the campgrounds). When examining the number of rooms that are occupied and the average daily room rate by quarter, a strong seasonality pattern can be seen for the group.

Table 5

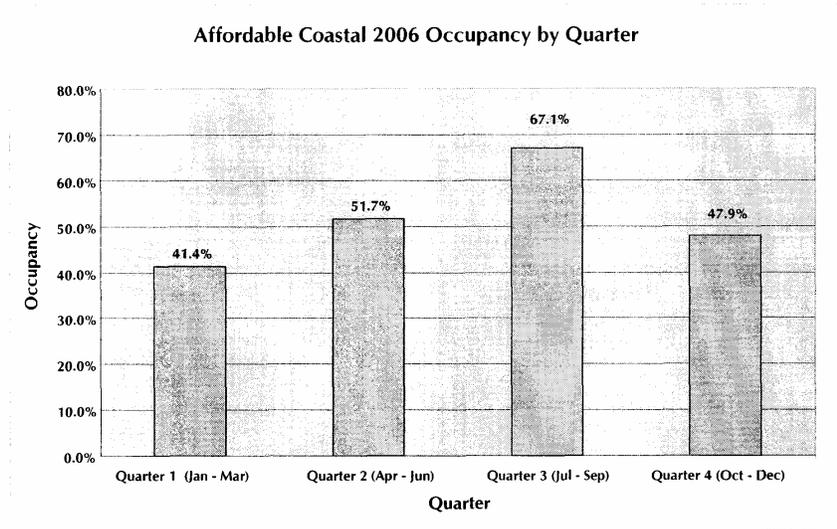
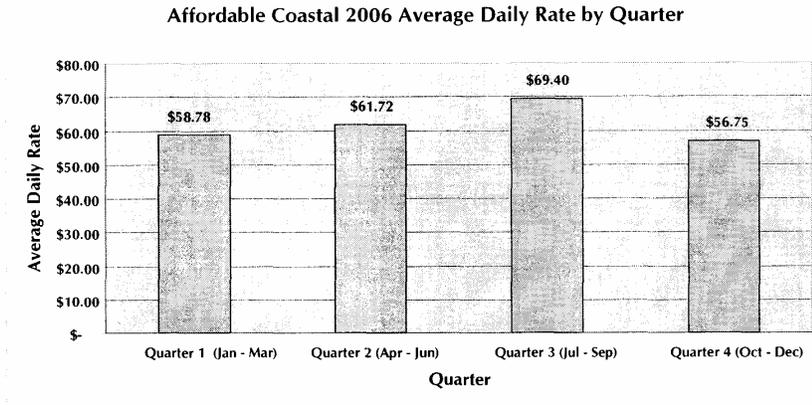


Table 5 shows the occupancy for Affordable Coastal Accommodations ranging from 41.4 percent in Quarter One (January through March) to 67.1 percent in Quarter Three (July through September), a variance of 25.7 percentage points. Although this market is very seasonal, occupancy does not even achieve 70 percent during its peak season, which is typically achieved in other seasonal markets.

Table 6



As shown in Table 6, the average daily rate for Affordable Coastal Accommodations ranges from \$56.75 in Quarter Four (October through December) to \$69.40 in Quarter Three, which is a variance of \$12.65. Demand as determined by occupancy and average daily rate, is the highest in Quarter Three (July through September). The colder seasons, Quarter One and Four display lower demand.

Summary of Projected Demand for Affordable Coastal Accommodations

Demand for hotel rooms is categorized in three ways:

- Demonstrated Demand: the demand already captured at competitive hotels.
- Induced Demand: the demand that does not presently seek accommodations in the competitive market, but could be persuaded to do so through facilities, services, amenities, room rates and marketing efforts.
- Unsatisfied Demand: the demand that seeks accommodations in the market but is not satisfied due to one of a number of factors: sell-outs; lack of a particular type of accommodation; lack of meeting space; or high room rates.

Since calendar year 2002, Affordable Coastal Accommodations have consistently achieved annual occupancy levels between 42 and 49 percent. The occupancy level for calendar year 2007 is estimated to be 49 percent. This means the City of Oceanside currently has a sufficient supply of Affordable Coastal Accommodations to meet any future demand. Absent any plans for additions to the Affordable Coastal Accommodation supply, it is projected that future hotel occupancy rates will stabilize at 50 percent.

The projected growth in supply, occupied room nights, average daily rate, and RevPAR through 2011 in the coastal area is presented in Table 7.

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2007	183,595	-0.6%	89,700	0.0%	49%	\$69.00	4.1%	\$33.71	4.8%
2008	188,340	2.6	91,500	2.0	49	71.00	2.9	34.49	2.3
2009	188,340	0.0	94,200	3.0	50	73.00	2.8	36.51	5.9
2010	188,340	0.0	94,200	0.0	50	75.00	2.7	37.51	2.7
2011	188,340	0.0	94,200	0.0	50	78.00	4.0	39.01	4.0
CAAG	0.6%		1.2%			3.1%		3.7%	

Source: PKF Consulting

As shown in Table 7, the average daily room rate is estimated to increase 4.1 percent in 2007, equaling an average daily rate of \$69.00 and RevPAR of \$33.71. The average daily rate is estimated to grow at or near the rate of inflation at 3.0 percent throughout 2011.

COASTAL ACCOMMODATIONS OVER \$100

Historical, Current, and Anticipated Changes in the Competitive Supply

Table 8 presents all of the existing and proposed visitor-serving accommodations with an average daily rate above \$100 within the coastal zone in Oceanside, California. Of the proposed hotels, several have multiple components to them. Only the hotel portion is referenced in the following table. The other components are accounted for in the appropriate table later in this section.

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1. Oceanside Marina Inn	52	52	52	52	52	52	52	52	52	52
2. Holiday Inn	0	0	0	0	0	0	0	50	101	101
3. S.D. Malkin Hotel	0	0	0	0	0	0	0	0	253	336
4. Wyndham Resort	0	0	0	0	0	0	32	32	32	32
5. Coastal Lagoon*	0	0	0	0	0	0	0	0	76	76
Total Room Available	52	52	52	52	52	52	84	134	514	597
% Change	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	61.5%	59.5%	383.6%	16.0%

*Based on annual condo-hotel count from Table 9.

Source: PKF Consulting

Currently there is only one hotel property in the City of Oceanside with an average daily rate above \$100, the Oceanside Marina Inn. Anticipated changes in supply are summarized below.

- The Wyndham Resort is proposed to open by 2008. The project consists of two towers totaling 168 units, of which 136 will be timeshare units and 32 will be hotel rooms. The development will also offer retail shops, a restaurant and an

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outdoor café. The resort is located on Pacific Street between Civic Center Drive and Pier View Way.

- A 336-room S.D. Malkin Resort Hotel is currently completing an EIR and processing entitlements through the City of Oceanside. The site for this project is located between Pier View Way and Seagaze Drive east of Pacific Street. The project proposes 336 hotel rooms, 47 fractional ownership units, 22,000 square feet of commercial space, and 19,000 square feet of meeting space. An opening date of March 21, 2010 is anticipated for this property.
- A 101-room Holiday Inn at 1401 Carmelo Drive, is anticipated to open in the summer of 2009. The project is fully approved by the California Coastal Commission. The City of Oceanside is awaiting construction drawings from the developers.
- The Coastal Lagoon Hotel, a proposed condo-hotel project, has been approved by the City of Oceanside and is in the Coastal Commission review process. This project is located on the west side of Coast Highway at Eaton Street. This property will offer 82 units of which 85% or 70 units are proposed to be condo-hotel units, while 12 units will be traditional hotel units.
- CityMark is a proposed five-contiguous block mixed use project consisting of a 124-room hotel, 231 residential condominium units, approximately 48,000 square feet of commercial space, and 70,000 square feet of open space and parking. The project is located within the City of Oceanside's Nine Block Master Plan between Seagaze Drive and Civic Center, Cleveland Avenue and Meyers Street. The development is currently completing an EIR and processing entitlements through the City of Oceanside. At this time the CityMark development application includes a 124-room hotel; however, if the requirement for a minimum 240 hotel rooms within the Nine Block Master Plan is met by other projects, the developer proposes to build the square footage as office. Therefore, these hotel units were not included in any of the hotel supply tables.

In order to determine the total supply of hotel units from the condo-hotel component, it is necessary to take into consideration the structure of the rental program and projected owner use. Due to owner usage restrictions by the City of Oceanside, the owners are not permitted to stay longer than 29 consecutive days or more than 90 days total in a calendar year. When not utilized by the owner, the units will be placed in a hotel rental pool. Based on substantial research performed by PKF Consulting, we have used an estimate of 30 days per year of owner usage, which is at the high end of the range of actual usage.

Total Rooms	82
Hotel Rooms	12
Condo/Hotel	70
Owner Usage (Days) for Owners in Program	30*
Annual Rooms (70 rooms x 365 days)	25,550
Minus Owner Usage (70 rooms x 30 days)	<u>2,100</u>
Annual Hotel Room Count from Condo-Hotel	23,450
Effective Hotel Room Count from Condo-Hotel (23,450/365)	64
Total Hotel Supply (64 from Condo-hotel + 12 hotel rooms)	<u>76</u>
*The 30 days owner usage is based on condo-hotel industry averages and studies previously undertaken by PKF Consulting.	
PKF Consulting	

The total number of units available on an annual basis from the hotel rental pool is estimated to be 64 units. In addition, there will be twelve hotel rooms. Therefore, the Coastal Lagoon Hotel will have an effective room count of 76 hotel units on an annual basis. The projected opening date of this property is January 1, 2010.

Fractional ownership and condo-hotels need to be distinguished from the older 1-week per year timeshare market where units were not placed into the hotel rental pool.

Other Coastal Accommodations over \$100 include timeshares, fractional ownership, and condo-hotel properties as noted in Table 10 below.

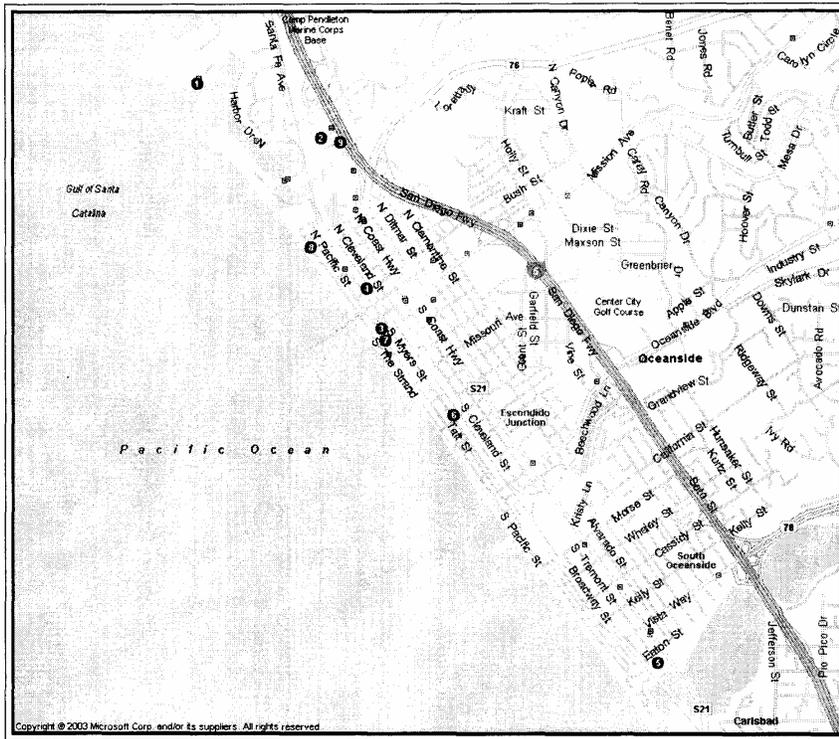
	Historical and Current Competitive Supply									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
6. Aquamarine Villas -Timeshare	26	26	26	26	26	26	26	26	26	26
7. Southern California Beach Club-Timeshare	52	52	52	52	52	52	52	52	52	52
8. The Blue Whale-Timeshare	12	12	12	12	12	12	12	12	12	12
9. World Mark Trendwest-Timeshare	140	140	140	140	140	140	140	140	140	140
4. Wyndham Resorts-Timeshare	0	0	0	0	0	0	136	136	136	136
3. S.D. Malkin Hotel- Fractional Ownerships	0	0	0	0	0	0	0	0	36	47
5. Coastal Lagoon*-Condo-Hotel	0	0	0	0	0	0	0	0	6	6
Total Rooms Available	230	230	230	230	230	230	366	366	408	419
% Change	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	59.1%	0.0%	11.5%	2.9%

*Based on annual condo-hotel count from Table 9.
Source: PKF Consulting

The release of the **timeshare units** into a rental program is at the discretion of the owners; however, the four time share properties must have 25 percent of total rooms available as hotel rooms between Memorial Day and Labor Day.

The map on page 16 shows where the existing and proposed Coastal Accommodations over \$100 are located in Oceanside. The numbers next to the property names in Table 8 and 10, correspond to the property number on the map.

Coastal Accommodations Over \$100



Vacation Rentals

Vacation rentals are an alternative type of overnight accommodation available in the City of Oceanside. Vacation rental is a term in the travel industry, which refers to a furnished apartment or house that can be rented out on a temporary basis to tourists as an alternative to a standard hotel room. There are several individual owners of houses and condominiums throughout the coastal area of the City of Oceanside that offer their residences as a vacation rental through a certified real estate agent, property management company, or privately on the Internet. The length of stay at these types of accommodations ranges from one night to one month or more. Transient occupancy tax is not collected from properties rented for over one month. The following section provides an overview of the vacation rentals in Oceanside.

Marina Del Mar, a vacation rental property located at 1202 North Pacific Street, has 78 potential for-rent condominium units with ocean or marina views. This vacation rental property offers one, two and three bedroom units, and one penthouse unit, all with fully equipped kitchens and balconies. The resort has a pool and hot tub. The condominium units are available for rent at the discretion of the owners. Table 11 presents the rates at Marina Del Mar.

Table 11

Marina Del Mar Rates	One Bedroom	Two Bedroom	Three Bedroom	Penthouse
Low Season-October to May				
Ocean	\$137	\$171	\$187	N/A
Marina	123	151	179	197
Swing Season- June and Labor Day through end of September				
Ocean	226	305	363	N/A
Marina	194	262	311	374
High Season- July through Labor Day weekend				
Ocean	295	406	489	N/A
Marina	248	342	422	510

According to Marina Del Mar management, the occupancy rates are as follows: during the high season the property is sold out; during the swing season (June and Labor Day through end of September) occupancy runs in the high 80 percent to mid 90 percent; and during the low season (October to May) occupancy rate ranges from 49 percent to 69 percent.

La Playa Beachfront Properties, located at 218-½ South The Strand, has two oceanfront properties for rent. Both units offer two bedrooms, a living room and fully equipped kitchen. Rates during the summer are \$1,300 per week. The winter rate is \$1,500 for a month. According to management, the annual average occupancy rate is 80 percent.

Robert's Cottages, located at 704 North The Strand, are 26 individually owned vacation rental ocean view cottages. Some of the cottages are periodically available for rent at the

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discretion of the owners. Every cottage has one bedroom and a fully equipped kitchen. Table 12 shows the rates to rent the cottages.

Table 12 Roberts Cottages Rates	Weekly	Monthly
Winter Rates –Labor Day through Mid-May	\$500	\$1,250
Swing Season Rates –Memorial Day through June	850	N/A
Summer Season – July through August	\$1,000	N/A

According to management, during the Summer and Swing Season, total occupancy rates range from 90 to 100 percent; while during the Winter Season, occupancy rates range from 70 to 85 percent.

North Coast Village, located at 999 North Pacific Street, has 550 individually owned condominium units. The rental of units at North Coast Village as vacation rentals is handled by 16 different real estate groups, property management groups, and individuals. We estimate that there are more individuals that are not licensed, therefore unrecognized by the City, but still renting out their units as vacation rentals. An estimated 50 percent of the units are rented out during the summer months. During the winter, approximately 20 to 30 percent of the units are rented out. The required length of stay varies among the individual owners. North Coast Village offers studios, one bedroom, two bedroom, and three bedroom accommodations. According to Azure Pacific, one of the largest property managers of North Coast Village, rates range from approximately \$650 to \$1400 on a weekly basis to \$1400 to \$3,600 on a monthly basis from September to May; and from \$900 to \$2,700 on a weekly basis from June through August.

St. Malo, an upscale gated community in the south of Oceanside has, on record, one property that is available as a vacation rental. The house offers five bedrooms and three bathrooms. There is a three night minimum stay requirement for this house. The following table presents the rates for the house at St. Malo.

Table 13		St. Malo	
Start Date	End Date	Nightly	Weekly
January 7, 2007	May 25, 2007	\$595	\$2,950
May 26, 2007	September 2, 2007		\$4,150
September 3, 2007	November 15, 2007	\$595	\$3,150
November 16, 2007	November 30, 2007		\$4,350
December 1, 2007	December 18, 2007	\$595	\$3,150
December 19, 2007	January 2, 2008		\$4,350
January 3, 2008	March 19, 2008	\$595	\$3,150

Barbara McLain Property Management manages 48 properties on Pacific Street in Oceanside as vacation rentals. Accommodations range from one bedroom units to five bedroom units, all located proximate to the beach. All units have a three night minimum stay requirement. Although weekly rates vary depending on the type of unit and the season ranging from \$1,000 to \$7,900, all accommodations have a daily rate over \$100. Following the trend of coastal accommodations, rates are higher during the summer months of June, July, and August.

In addition to the vacation rentals presented above, there are several units that are rented out that do not file the appropriate paperwork with the City for the required transient occupancy tax, nor register for the appropriate business licenses, despite the City's efforts to take preventative steps to bring these properties into compliance. The availability of the vacation rental to visitors is completely at the discretion of the owners, making this type of accommodation an inconsistent choice for visitors. As such, it is virtually impossible to estimate the total number of vacation rentals available in this category to visitors at a given time.

Demand for Coastal Accommodations over \$100

The 52-unit **Oceanside Marina Inn**, located at 2008 Harbor Drive North, is the only hotel with an Average Daily Rate over \$100. Over the past five years, occupancy rates have averaged 70 percent and the average daily rate has ranged from \$110 to \$130. The property is located on a private peninsula on the Oceanside Harbor, surrounded by water on three sides. The property offers a complimentary breakfast, pool, whirlpool, sauna and BBQ area. Room accommodations include standard rooms, and one and two bedroom suites with private patios and fully equipped kitchen.

In 2006, the occupancy rate by season for the Oceanside Marina Inn had a variance of only nine percentage points between the high season in Quarter Three (July through September) and the low season during Quarter Four (October through December). This means that the Oceanside Marina Inn, which has the highest Average Daily Rate in the City, had little change in occupancy from season to season, which is an indication of strong demand.

Demand for the Oceanside Marina Inn during the peak season, July through Labor Day weekend, averages between 90 to 100 percent occupancy which is substantially higher than demand for affordable coastal properties which in the peak season which averaged 67 percent. This means even in the peak summer months the demand for affordable coastal properties is being met.

Summary of Projected Demand for Coastal Accommodations over \$100

In terms of demonstrated demand, there is a noticeable lack of Coastal Accommodations over \$100. The City of Oceanside currently has only one hotel, Oceanside Marina Inn, that is a Coastal Accommodations over \$100. Demonstrated demand for this property, as reflected in occupancy, has consistently been averaging 70 percent which is higher than demand for the affordable coastal properties, which average 48 percent, as shown in Table 4. In addition, the vacation rentals have reported high average occupancy rates averaging 80 percent; however vacation rentals are rented as hotel rooms at the discretion of the owners.

According to PKF's Trends in the Hotel Industry, Coastal Accommodations over \$100 in Northern San Diego County had a 2006 average occupancy rate of 74.9 percent, up from 72.6 percent in 2005. Based on numerous market studies conducted by PKF Consulting

for Coastal Accommodations over \$100 throughout California, when accommodations offering more amenities and services were available, there was sufficient demand for these hotels, based on historical performance of similar hotels. With efficient management, marketing, high quality facilities, amenities and services Coastal Accommodations over \$100 will be able to generate demand among regional and national travelers.

NON-COASTAL HOTEL ACCOMMODATIONS

Historical, Current, and Anticipated Changes in the Competitive Supply

Table 14 shows the current and projected supply of non-coastal hotel accommodations in Oceanside, California.

	Non-Coastal Hotels								
	Historical, Current, and Anticipated Competitive Supply								
	2002	2003	2004	2005	2006	2007	2008	2009	2010
1. Motel 9	44	44	44	44	44	44	44	44	44
2. Extended Stay America	101	101	101	101	101	101	101	101	101
3. Ramada Limited	66	66	66	66	66	66	66	66	66
4. Holiday Inn Express	62	62	62	62	62	62	62	62	62
5. Comfort Suites Marina	72	72	72	72	72	72	72	72	72
6. Quality Inn & Suites	72	72	72	72	72	72	72	72	72
7. Best Western Marty's Valley Inn	107	107	107	107	107	107	107	107	107
8. Motel 6 Plaza Drive	136	136	136	136	136	136	136	136	136
9. Best Western Oceanside	80	80	80	80	80	80	80	80	80
10. Residence Inn	0	0	0	0	0	0	125	125	125
Total Rooms Available	740	740	740	740	740	740	865	865	865
% Change	N/A	0.0%	0.0%	0.0%	0.0%	0.0%	16.9%	0.0%	0.0%

Source: PKF Consulting

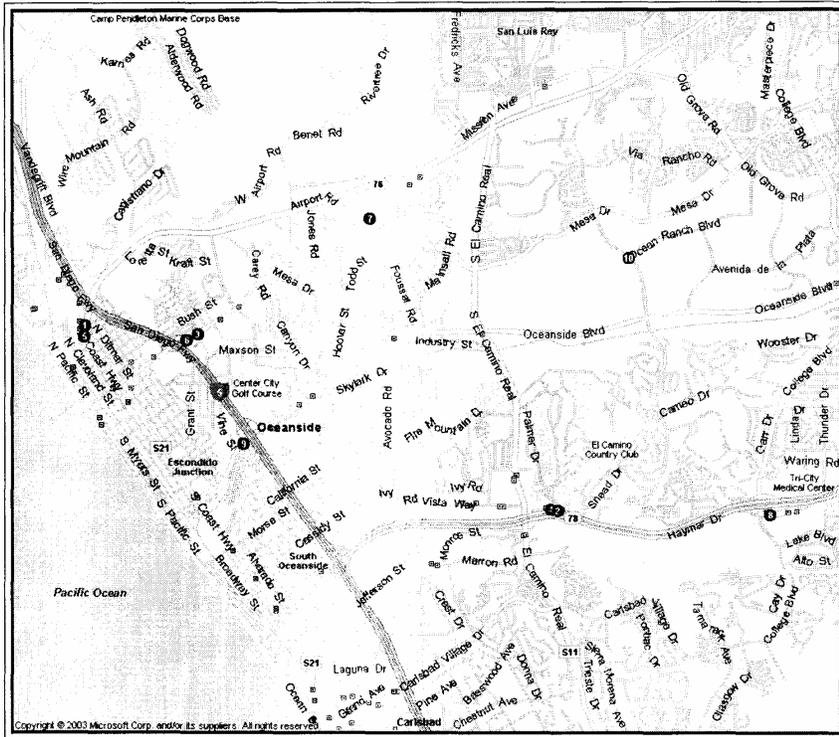
As noted in Table 14, Non-Coastal Accommodations are comprised primarily of well-recognized hotel chains. Currently there are nine Non-Coastal Accommodations with a total of 740 rooms. All of the existing Non-Coastal Accommodations in Oceanside are affordable accommodations, meaning they have an average daily rate below \$100.

In the past five years, the Non-Coastal Accommodation group has not experienced any changes to supply. However, a 125-room Residence Inn by Marriott is projected to open by 2008, which will increase supply by 16.9 percent. We estimate that the Residence Inn will be a non-coastal accommodation with an average daily rate over \$100.

A 120-room hotel was proposed for the Oceanside Pavilions, a retail area being developed by Thomas Enterprises; however, the application for a hotel on this development has been withdrawn by the applicant.

The map on page 20 shows the location of the non-coastal hotels in the City of Oceanside.

Non-Coastal Accommodations



Demand for Non-Coastal Accommodations

Table 16 shows the total annual available and occupied rooms, the total occupancies, the average daily room rates, and the revenue per available room (REVPAR) for non-coastal accommodations from 2002 to 2006.

Table 16 Demand for the Non-Coastal Accommodations									
Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	RevPAR	Percent Change
2002	270,100	N/A	166,826	N/A	61.8%	\$62.37	N/A	\$38.52	N/A
2003	270,100	0.0%	168,655	1.1%	62.4	64.44	3.3%	40.24	4.5%
2004	270,100	0.0	171,710	1.8	63.6	64.84	0.6	41.22	2.4
2005	270,100	0.0	173,711	1.2	64.3	67.84	4.6	43.63	5.8
2006	270,100	0.0	184,241	6.1	68.2	68.29	0.7	46.58	6.8
CAAG		0.0%		2.5%			2.3%		4.9%

Source: PKF Consulting

As shown in Table 16, over the past five years, annual Non-Coastal Accommodation supply has remained constant, and demand, as measured in occupied room nights, increased 2.5 percent.

In 2006, room occupancy rate increased by 6.1 percent to achieve a market occupancy of 68.2 percent. Market occupancy in this group has shown increases since 2003. Average daily rate has shown 2.3 percent growth since 2002. RevPAR for Non-Coastal Accommodations has grown at a healthy 4.9 percent. Significant growth took place in 2005 and 2006 at 5.8 and 6.8 percent, respectively, resulting in a 2006 RevPAR of \$46.58.

Seasonality Patterns of Non-Coastal Accommodations

When analyzing occupancy rates and average daily rates by for the Non-Coastal Accommodations by quarter, it is clear that overnight accommodations outside of the coastal zone also have a pattern of seasonality. Table 17 and Table 18 on the following page represent occupancy and average daily rate by quarter.

Table 17

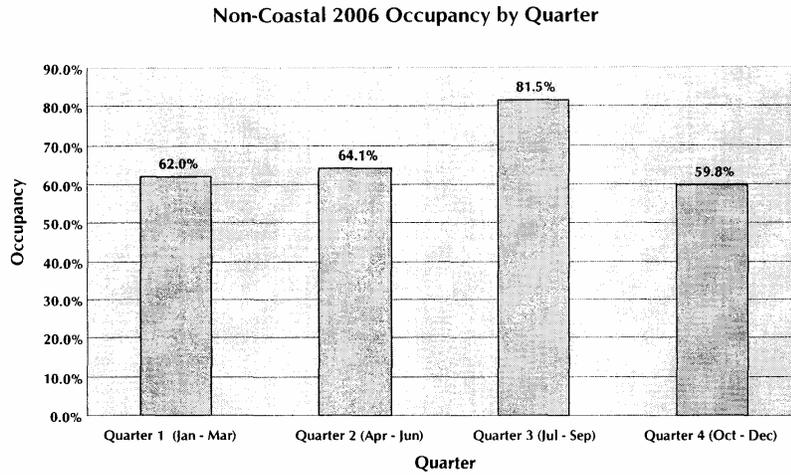
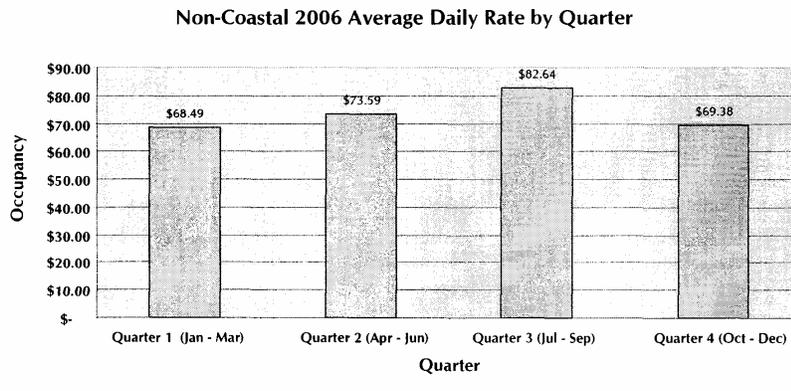


Table 18



As shown in Table 17, occupancy in the Non-Coastal Accommodation group ranges from 62.0 percent in Quarter One (January through March) to 81.5 percent in Quarter Three (July through September), a variance of 19.5 percentage points. Average daily rate in Table 17 ranges from \$68.49 in Quarter One to \$82.64 in Quarter Three, a variance of \$14.15.

Non-Coastal Accommodation demand as determined by occupancy and average daily rate, is the highest in Quarter Three. The colder seasons, Quarter One and Quarter Four (October through December) display significantly lower demand. Although these properties cater more to corporate travelers than coastal hotels, it is clear that they are influenced by the same seasonal patterns as the Affordable Coastal Accommodation group.

Summary of Projected Demand For Non-Coastal Accommodations Group

Occupancy for the Non-Coastal Accommodation group is projected to decrease to 67 percent in 2008 as the market absorbs the new hotel rooms from the 125-room Residence Inn. Based on historical performance of the Oceanside market, it is PKF's opinion that this competitive market will be able to absorb the addition of the 125-room Residence Inn, which is contained within a 400-acre business park. The Residence Inn by Marriott is a strong brand name among corporate and leisure travelers. We project that occupancy will stabilize in 2009 at 68 percent as the new rooms from the residence inn are absorbed into the market.

The average daily rate is estimated to increase 4.0 percent in 2007, equaling an average daily rate of \$71.00. Average daily rate growth through 2011 is estimated to be at or near the rate of inflation which is 3.0 percent.

The projected growth in supply, occupied room nights, average daily rate, and RevPAR (a combination of occupancy and average rate) through 2011 is presented in Table 19 below.

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2007	270,100	0.0%	183,700	-0.3%	68%	\$71.00	4.0%	\$48.29	3.7%
2008	315,725	16.9	210,800	14.8	67	73.00	2.8	48.74	0.9
2009	315,725	0.0	214,700	1.9	68	75.00	2.7	51.00	4.6
2010	315,725	0.0	214,700	0.0	68	78.00	4.0	53.04	4.0
2011	315,725	0.0	214,700	0.0	68	80.00	2.6	54.40	2.6
CAAG	4.0%		4.0%			3.0%		3.0%	

Source: PKF Consulting

Transient Occupancy Tax (TOT) Revenues

The City of Oceanside is especially dedicated to developing Oceanside into a tourism destination through the development of hotels. To measure the growth of tourism experienced by the City of Oceanside, the following tables contain the transient occupancy taxes collected from 2002 to 2007 in fiscal year intervals which start annually on July 1 through June 30. TOT revenue is collected from hotels, motels, and vacation rentals. In addition, World Mark Trendwest, a timeshare property, pays TOT on a negotiated basis to satisfy the debt service for a Community Facilities District (CFD). That TOT accrues to the Oceanside Redevelopment Agency and is not included in the following tables. The tables present total TOT, Coastal TOT, and non-coastal TOT.

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Table 20a	
City of Oceanside Transient Occupancy Tax Revenue Collections 2002-2007 Fiscal Years	
Year	Amount
2002/2003	\$1,636,598
2003/2004	1,824,136
2004/2005	2,014,902
2005/2006	2,185,113
CAAG	10%
YTD 2006/2007	\$1,305,092
Source: City of Oceanside, Fiscal Services Department	

As illustrated in Table 20a, the total transient occupancy taxes collected have increased 10.0 percent annually over the past four fiscal years, growing from \$1.6 million in fiscal year 2002/2003 to \$2.2 million in the 2005/2006 fiscal year. This is due to an increase in supply and increased room rates.

Table 20b	
City of Oceanside Transient Occupancy Tax Revenue Collections 2002-2007 Fiscal Years for COASTAL Accommodations	
Year	Amount
2002/2003	\$ 981,452
2003/2004	1,107,159
2004/2005	1,297,918
2005/2006	1,285,702
CAAG	9%
YTD 2006/2007	\$785,867
Source: City of Oceanside, Fiscal Services Department	

Table 20c	
City of Oceanside Transient Occupancy Tax Revenue Collections 2002-2007 Fiscal Years for Non-Coastal Accommodations	
Year	Amount
2002/2003	\$655,146
2003/2004	716,977
2004/2005	716,984
2005/2006	899,411
CAAG	11%
YTD 2006/2007	\$520,225
Source: City of Oceanside, Fiscal Services Department	

Table 20b shows that the amount of TOT collected in the coastal area has increased by nine percent (9%) over the past four fiscal years; and Table 20c shows that TOT from the non-coastal area has increased by eleven percent (11%) over the past four fiscal years.

The transient occupancy tax shown in Tables 20a, 20b and 20c represents only the TOT paid to the General Fund. As discussed above, World Mark Trendwest is a coastal timeshare property that entered into a Community Facilities District (CFD) Agreement with the Redevelopment Agency in 2001 to issue bonds to pay for public improvements. Fifty percent of the Trendwest TOT that is collected is used to make payments on the bonds. The remainder of the TOT is paid to the Redevelopment Agency. The CFD is scheduled to be paid off in fiscal year 2017-2018, at which time the TOT received from Trendwest will be included in the General Fund.

Conclusion

As displayed in Table 21a, the total overnight accommodations in the City of Oceanside as of March 2007, equals 1,295 hotel rooms, which excludes RV Parks, vacation rentals, and

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timeshares. Coastal accommodations represent 43 percent of total hotel rooms in Oceanside, as compared to 57 percent outside of the coastal area.

Table 21a
Total Hotel Rooms in Oceanside by Group

Type	Units	Percentage
Affordable Coastal Accommodations	503	39%
Coastal Accommodations over \$100 Coastal	52	4%
Non-Coastal Accommodations	740	57%
Total	1,295	100%

Source: PKF Consulting

Table 21b shows citywide hotel room affordability with 96 percent considered affordable.

Table 21b
Oceanside Citywide Accommodations by Affordability

Type	Units	Percentage
Total Citywide Affordable Accommodations	1,243	96%
Total Non-Affordable Accommodations	52	4%
Total Citywide Accommodations	1,295	100%

Source: PKF Consulting

Table 21c shows the total number of hotel rooms in the Coastal Zone. Approximately 91 percent of the total coastal supply is comprised of affordable accommodations.

Table 21c
Total COASTAL Hotel Accommodations in Oceanside

Type	Units	Percentage
Affordable Coastal Accommodations	503	91%
Coastal Accommodations over \$100	52	9%
Total Coastal Accommodations	555	100%

Source: PKF Consulting

Currently, Coastal Accommodations over \$100 represent only nine percent of the total supply in Oceanside (Table 21c). This group consists of only the Oceanside Marina Inn which has consistently had high occupancy rates averaging 70 percent annually. The demonstrated demand for the Oceanside Marina Inn, in the Coastal Accommodations over \$100 group, means that proposed fractional/timeshares, hotels or condo-hotels would not be displacing the demand for Affordable Coastal Accommodations.

As referenced in the Table 4, the occupancy rate for the Affordable Coastal Accommodations has consistently been between 43 to 49.9 percent. In 2006, the demand for Affordable Coastal Accommodations decreased by 4.5 percent. Therefore, PKF finds no support to mitigate for fractional ownership, timeshare projects, condo-hotels or affordable coastal accommodations.

Addendum A
Glossary of Terms

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Addendum A-1

Affordable Coastal Accommodations

Accommodations located within the coastal zone with an average daily rate below \$100.

Annual Demand

The quantity of a commodity or service wanted at a specified price and time in a given year; in the case of this study, hotel rooms.

Annual Supply

The total number of units available in a given year. For example: In 2007, the annual supply for affordable coastal accommodations is 516 rooms x 365 days, which is equal to an annual supply of 188,340 rooms.

Annualized Room Nights

When an addition to supply occurs at any time other than the beginning of the year, the addition of supply is distributed between two years based on the month in which the property opened. Annualized room nights refers to the additional room nights that are accounted for in the year following the opening year. For example if a 100-room hotel opens in June of 2007, 50 rooms will be added to the supply in 2007, representing six months of operation, and an additional 50 rooms will be added to the supply in 2008.

Average Daily Rate (ADR)

Total room revenue divided by rooms sold.

CAAG

The Compound Annual Average Growth is the weighted average of the changes in annual supply, occupied rooms, average daily rate or RevPAR from year to year with the most current year weighted more heavily.

Competitive Supply

The total number of available rooms in a market, in this case the City of Oceanside.

Condo-Hotel

Condo-hotels are vacation home ownerships where the owner can live in the unit for a limited time each year- usually 90 days. The remaining part of the year, the unit can be placed in a rental pool where the profits are shared between the operator and the owner. Rental profits can be generated one of two ways: the profits can be from the owner's individual unit or all of the units are pooled together and divided using a formula. Usually the hotel pays for most operating expenses while the owner pays real estate taxes, insurance, and capital improvements.

Fractional Ownership

A facility providing overnight visitor accommodations where units are sold in intervals of more than one week but less than whole ownership. Fractional ownership differs from timeshares in that the amount of usage time purchased is longer, the amenities offered are

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Addendum A-2

typically more upscale, and the units are larger. When a fractional ownership unit is not in use, the owner can put the unit in a rental pool to be sold as a hotel room.

Market Occupancy

Total number of occupied rooms divided by annual supply.

Market Share

Total room supply, room demand or room revenue as a percent of some larger group.

Occupied Rooms

The total number of rooms sold in a year.

Revenue Per Available Room (RevPAR)

Market occupancy x average daily rate.

Seasonality Patterns

Any trends that are affected or caused by seasonal need or availability. For instance, certain beachfront destinations typically capture a larger percentage of their total yearly demand from May to September.

Timeshare

This is a term used to describe the right and joint ownership of a resort property, such as a condominium, that is shared with others. Each "owner" owns a certain period of time and occupies a unit of accommodations on a regular basis for a number of years.

Coastal Accommodations over \$100 Accommodations

For the purpose of this study, the phrase Coastal Accommodations over \$100 accommodations refers to accommodations that have an average daily rate above \$100.

Vacation Rental

Vacation rental is a term in the travel industry, which refers to a furnished apartment or house that can be rented out on a temporary basis to tourists as an alternative to a standard hotel room.

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Addendum B
Statement of Assumptions and Limiting Conditions

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Addendum B-1

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

This report is made with the following assumptions and limiting conditions:

Economic and Social Trends - The consultant assumes no responsibility for economic, physical or demographic factors which may affect or alter the opinions in this report if said economic, physical or demographic factors were not present as of the date of the letter of transmittal accompanying this report. The consultant is not obligated to predict future political, economic or social trends.

Information Furnished by Others - In preparing this report, the consultant was required to rely on information furnished by other individuals or found in previously existing records and/or documents. Unless otherwise indicated, such information is presumed to be reliable. However, no warranty, either express or implied, is given by the consultant for the accuracy of such information and the consultant assumes no responsibility for information relied upon later found to have been inaccurate. The consultant reserves the right to make such adjustments to the analyses, opinions and conclusions set forth in this report as may be required by consideration of additional data or more reliable data that may become available.

Hidden Conditions - The consultant assumes no responsibility for hidden or unapparent conditions of the property, subsoil, ground water or structures that render the subject property more or less valuable. No responsibility is assumed for arranging for engineering, geologic or environmental studies that may be required to discover such hidden or unapparent conditions.

Hazardous Materials - The consultant has not been provided any information regarding the presence of any material or substance on or in any portion of the subject property or improvements thereon, which material or substance possesses or may possess toxic, hazardous and/or other harmful and/or dangerous characteristics. Unless otherwise stated in the report, the consultant did not become aware of the presence of any such material or substance during the consultant's inspection of the subject property. However, the consultant is not qualified to investigate or test for the presence of such materials or substances. The presence of such materials or substances may adversely affect the value of the subject property. The value estimated in this report is predicated on the assumption that no such material or substance is present on or in the subject property or in such proximity thereto that it would cause a loss in value. The consultant assumes no responsibility for the presence of any such substance or material on or in the subject property, nor for any expertise or engineering knowledge required to discover the presence of such substance or material. Unless otherwise stated, this report assumes the subject property is in compliance with all federal, state and local environmental laws, regulations and rules.

Zoning and Land Use - Unless otherwise stated, the projections were formulated assuming the hotel to be in full compliance with all applicable zoning and land use regulations and restrictions.

Licenses and Permits - Unless otherwise stated, the property is assumed to have all required licenses, permits, certificates, consents or other legislative and/or administrative authority from any local, state or national government or private entity or organization have been or can be obtained or renewed for any use on which the value estimate contained in this report is based.

Engineering Survey - No engineering survey has been made by the consultant. Except as specifically stated, data relative to size and area of the subject property was taken from sources considered reliable and no encroachment of the subject property is considered to exist.

Subsurface Rights - No opinion is expressed as to the value of subsurface oil, gas or mineral rights or whether the property is subject to surface entry for the exploration or removal of such materials, except as is expressly stated.

Maps, Plats and Exhibits - Maps, plats and exhibits included in this report are for illustration only to serve as an aid in visualizing matters discussed within the report. They should not be considered as surveys or relied upon for any other purpose, nor should they be removed from, reproduced or used apart from the report.

Legal Matters - No opinion is intended to be expressed for matters which require legal expertise or specialized investigation or knowledge beyond that customarily employed by real estate consultants.

Right of Publication - Possession of this report, or a copy of it, does not carry with it the right of publication. Without the written consent of the consultant, this report may not be used for any purpose by any person other than the party to whom it is addressed. In any event, this report may be used only with proper written qualification and only in its entirety for its stated purpose.

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Addendum B-2

STATEMENT OF ASSUMPTIONS AND LIMITING CONDITIONS

(continued)

Testimony in Court - Testimony or attendance in court or at any other hearing is not required by reason of rendering this appraisal, unless such arrangements are made a reasonable time in advance of said hearing. Further, unless otherwise indicated, separate arrangements shall be made concerning compensation for the consultant's time to prepare for and attend any such hearing.

Archeological Significance - No investigation has been made by the consultant and no information has been provided to the consultant regarding potential archeological significance of the subject property or any portion thereof. This report assumes no portion of the subject property has archeological significance.

Compliance with the American Disabilities Act - The Americans with Disabilities Act ("ADA") became effective January 26, 1992. We assumed that the property will be in direct compliance with the various detailed requirements of the ADA.

Definitions and Assumptions - The definitions and assumptions upon which our analyses, opinions and conclusions are based are set forth in appropriate sections of this report and are to be part of these general assumptions as if included here in their entirety.

Dissemination of Material - Neither all nor any part of the contents of this report shall be disseminated to the general public through advertising or sales media, public relations media, news media or other public means of communication without the prior written consent and approval of the consultant(s).

Distribution and Liability to Third Parties - The party for whom this report was prepared may distribute copies of this appraisal report only in its entirety to such third parties as may be selected by the party for whom this report was prepared; however, portions of this report shall not be given to third parties without our written consent. Liability to third parties will not be accepted.

Use in Offering Materials - This report, including all cash flow forecasts, market surveys and related data, conclusions, exhibits and supporting documentation, may not be reproduced or references made to the report or to PKF Consulting in any sale offering, prospectus, public or private placement memorandum, proxy statement or other document ("Offering Material") in connection with a merger, liquidation or other corporate transaction unless PKF Consulting has approved in writing the text of any such reference or reproduction prior to the distribution and filing thereof.

Limits to Liability - PKF Consulting cannot be held liable in any cause of action resulting in litigation for any dollar amount which exceeds the total fees collected from this individual engagement.

Legal Expenses - Any legal expenses incurred in defending or representing ourselves concerning this assignment will be the responsibility of the client.

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OCT 29 2007

SAN DIEGO COUNTY DISTRICT

**HOSTELLING INTERNATIONAL USA
SAN DIEGO COUNCIL**

739 Fourth Avenue Ste 203 San Diego CA 92101 T 619.338.9981 F 619.525.1533
www.sandiegohostels.org

October 26, 2007

Ms. Sherilyn Sarb
Deputy Director
California Coastal Commission
7675 Metropolitan Drive, Suite 103
San Diego, CA 92108-4421

Re: Cost Estimates for Construction of Hostels

Dear Ms. Sarb,

Thank you for giving Hostelling International USA the opportunity to present information about the construction and operations of hostels to the Coastal Commission.

Per your request, we have created two models for a 100-bed hostel, 15,000 square feet, in the coastal zone. Model 1 is a hostel using an existing structure on purchased land, and Model 2 is a hostel that is operated in a leased facility. Many of the assumptions would not change for the two models. The major difference would be the acquisition costs and associated fees, and lease expense.

To establish a per bed cost for a hostel, we used a worksheet developed by our national office. The worksheet allowed us to input our assumptions and known costs to obtain not only the per bed cost, but to also create a pro forma to determine the sustainability of the hostel.

Key indicators were:

Hard Costs – includes building/land purchase price (Model 1 only), construction costs (based on rehabilitation of an existing structure), and construction cost contingency, and performance bond for the construction company.

Soft Costs – includes acquisition and closing costs (Model 1 only), architecture, engineering, permits and fees, construction management and legal fees. Startup costs were also included such as fundraising, marketing and furniture and equipment per bed.

Sources of Cash - This includes proceeds from the sale of the San Clemente hostel and the issuance of a bond. Other potential sources of cash include, but are not limited to, our national office, individual donors and mitigation fees from the California Coastal Commission.

EXHIBIT #4
Letter from Hostelling International
LCPA #1-07 Downtown "D" District
 California Coastal Commission



Operational revenue and expenses are based on our experience with HI-San Diego, Downtown, a 153-bed hostel. Hostelling International issues standards for hostels based on overnights per year. A 100-bed hostel would be classified as a high volume hostel, and we have based our expenses on those requirements.

SUMMARY OF MODELS

Model 1 – 100 bed hostel - purchased land – existing structure:

Hard Cost per bed (page 7)	\$ 34,653
Total Cost per bed (does not include operational costs)	44,898

Purchase price	2,500,000
Construction @ \$55 per square foot + associated costs	965,250
Soft costs (not including startup costs)	579,072
Start up costs	445,477
Total costs (does not include operational costs)	\$4,489,799

Sustainable in Year 5

Model 2 – 100 bed hostel – leased – existing structure:

Hard Cost per bed (page 7)	\$ 9,653
Total Cost per bed (does not include operational costs)	18,300

Purchase price	N/A
Construction @ \$55 per square foot + associated costs	965,250
Soft costs (not including startup costs)	203,879
Start up costs	660,824
Total costs (does not include operational costs)	\$1,829,953

Lease amount is based on \$1.00 square foot
Sustainability does not occur.

I have attached a breakdown of the assumptions, revenue and expense, and a summary of the capital budget and pro forma for both models.

Please call me with any questions you may have about the models I have provided.

Sincerely,

Sue Schaffner
Executive Director

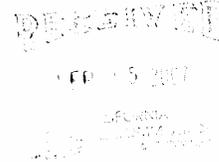
Attachments:

Hostelling International USA, San Diego Council - Proforma -Leased building
Hostelling International USA, San Diego Council - Proforma – Purchased building

Citizens for the Preservation of Parks and Beaches

August 31, 2007

California Coastal Commission
7575 Metropolitan Drive Ste 103
San Diego, CA 92108-4402
Attention: Toni Ross



RE: City of Oceanside LCP Amendment Request

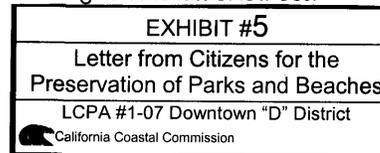
Dear Ms. Ross:

Please make this communication part of the record as well as all enclosed attachments.

The Citizens for the Preservation of Parks and Beaches (CPPB) is a grassroots organization that has been actively working to preserve access to Oceanside's Parks and Beaches since 1997. The City of Oceanside has approximately three and a half miles of mostly sandy beach, a beautiful harbor, and serves over 5 million visitors to our beach annually. The City of Oceanside is requesting an amendment to their Local Coastal Plan (LCP) to include the addition of quasi-residential uses (condo-hotels) as acceptable visitor serving uses within our LCP. This amendment was supported by a study of the availability of low cost visitor serving accommodations: for the City of Oceanside: *Analysis of Market Demand in Oceanside, California April 2007* by PKF Consulting of Los Angeles.(PKF Study) On April 11, 2007 the PKF Study was presented at a public hearing of the Community Development Commission/City Council where the subject LCP amendment was heard and adopted.

The PKF Study includes numerous factual errors. These errors overstate the availability of low cost visitor serving accommodations. The analysis and conclusions based on this erroneous information are not valid and seriously distort an understanding of current conditions; future conditions when planned projects become operational, and the impact of the proposed LCP amendment. The City of Oceanside is out of compliance with key provisions of their LCP. This condition is projected to only get worse when new projects come on line, and will be further exacerbated by adding condo-tel units in the Coastal Zone.

The concerns identified in the Executive Director's Memo of December 26, 2006 *Condominium-Hotel Development in the Coastal Zone* and those of staff and commissioners expressed during the August 8, 2006 *Condominium-Hotel Workshop* are valid and should not be taken lightly. The PKF Study was prepared for the city in response to the Executive Director's memo. Since this study provides the basis for the Commission's review and decision on the LCP amendment it of course **must** be based on accurate information. The conclusions and recommendations concerning the supply and market demand for visitor-serving accommodation in Oceanside have been prepared with inaccurate, incomplete, and faulty data. It is our position that until the correct data is prepared and resubmitted to the Coastal Commission, the LCP Amendment should be denied. Furthermore, we believe that given the loss of low cost



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accommodations, further impacts, such as adding condo-tels, must require offsetting mitigation.

We reported our concerns with the PKF Study twice before the City accepted it. The first time was during a City Council/CDC meeting when the request first came forward, and the second was during the public hearing on April 11, 2007. We offered to meet with PKF and the city to discuss these concerns. However, neither PKF nor the city chose to do so. We now have no other option except to ask the Commission to reject this study and direct the City to have it corrected. The following provides a detailed discussion of the errors we have identified. Please note that this review is limited to visitor-serving accommodations in the coastal zone because that is where the LCP established specific conditions. We recognize that there are substantial additional accommodations outside the coastal zone, however these are not protected uses subject to the provisions of the Coastal Act.

Total Hotel Supply within the Coastal Zone

An inventory of all the visitor-serving accommodations available within the Coastal Zone was completed by the CPPB. The list of Coastal Zone hotels is the same as that posted on the city's website (See ATTACHMENT 1 - list of city hotels). This is also the same hotel list used by PKF as shown on their Table 1. Room rates were determined by telephone call to each of the hotels on three separate occasions. The key difference is that four of the hotels shown by PKF as "affordable" (\$100 per night or less) are in fact not affordable. These four hotels include Days Inn at the Coast, Guest House Inn and Suites, Oceanside Travelodge, and La Quinta. (See ATTACHMENT 2- Survey of Hotel Room Rates) There were also some minor changes in the reported number of hotel rooms.

Table 1 summarizes Coastal Zone hotel room supply from 2002 through 2011. This includes four hotels that are not yet built, but that have been approved by the City. All four of these future hotels have projected room rates over \$100.

Of the 12 operating hotels, seven are affordable, and five are not. Of the affordable hotels, # 2, 3, 4, 6 and 7 are substandard accommodations or rent on a month-to-month basis. (See ATTACHMENT 3 for photos documenting current conditions at these facilities.) A proposal has also been presented to the city to demolish hotel # 10 and the associated Flying Bridge Restaurant, and replace it with a four star hotel, making this unit even less affordable.

Based on this information, by the year 2011, 290 or 26% of the Coastal Zone hotel rooms will be in the affordable range, while 823 or 74% of the total 1,113 rooms will be well above the affordable range.

Contrast this to the conclusions in the PKF Study "With the exception of one hotel, all of the existing accommodations in Oceanside are affordable." (pg 1) In fact, the city has few accommodations below the \$ 100/night threshold and by 2011 our affordable

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stock will move well below 25%. Therefore, should the Commission support conversion of visitor serving uses to quasi-residential uses, major mitigation should be required for such conversion.

Citizens for the Preservation of Parks and Beaches

Table 1 Total Coastal Hotel Supply In Oceanside
Historical, Current, and Projected Competitive Supply

	Location	Affordable/Coastal Accommodations over \$100										
			2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1	Beachwood Motel	Coastal Affordable	28	28	28	28	28	28	28	28	28	28
2	Coast Inn	Coastal Affordable	27	27	27	27	27	27	27	27	27	27
3	Dolphin Hotel	Coastal Affordable	25	25	25	25	25	25	25	25	25	25
4	Hilltop Motel	Coastal Affordable	13	13	13	13	13	13	13	13	13	13
5	Motel 6	Coastal Affordable	0	53	106	106	106	106	106	106	106	106
6	Ocean Breeze Inn	Coastal Affordable	11	11	11	11	11	11	11	11	11	11
7	Oceanside Inn & Suites	Coastal Affordable	21	21	21	21	21	21	21	21	21	21
8	Pacific Inn	Coastal Affordable	59	59	59	59	59	59	59	59	59	59
9	Days Inn at the Coast	Coastal Coastal Accommodations over \$100	80	80	80	80	80	80	80	80	80	80
10	Guest House Inn & Suites	Coastal Coastal Accommodations over \$100	80	80	80	80	80	80	80	80	80	80
11	Oceanside Travelodge	Coastal Coastal Accommodations over \$100	28	28	28	28	28	28	28	28	28	28
12	La Quinta	Coastal Coastal Accommodations over \$100	0	0	29	38	38	38	38	38	38	38
13	Oceanside Marina Inn	Coastal Coastal Accommodations over \$100	52	52	52	52	52	52	52	52	52	52
14	Holiday Inn	Coastal Coastal Accommodations over \$100	0	0	0	0	0	0	0	50	101	101
15	S.D. Malkin Hotel	Coastal Coastal Accommodations over \$100	0	0	0	0	0	0	0	0	253	336
16	Wyndham Resort	Coastal Coastal Accommodations over \$100	0	0	0	0	0	0	32	32	32	32
17	Coastal Lagoon	Coastal Coastal Accommodations over \$100	0	0	0	0	0	0	0	0	76	76
Coastal Supply:			424	477	559	568	568	568	601	650	1030	1113

Source: CPPB

Citizens for the Preservation of Parks and Beaches

Affordable Coastal Zone Visitor Serving Accommodation Errors

The PKF Study does not include all visitor-serving accommodations that are in the affordable range, which includes RV Parks, and overnight parking. The PKF Study Executive summary, page 1 also states that the city of Oceanside has campgrounds. There are no campgrounds.

High Cost Coastal Zone Visitor Serving Accommodations Not Shown

What our summary and the PKF Study of hotel room supply do not reflect is the amount of visitor serving accommodations we presently have that are well over the affordable range that are not hotel rooms. These include time-restricted visitor serving uses such as vacation rentals, condominiums, and/or timeshares.

The PKF Study lacks investigation into the beach vacation rental economy, which has a large and growing impact on accommodations in the Coastal Zone. The CPPB was not given access to occupancy information from hoteliers or the city; however a records request was submitted with regards to the transient occupancy tax received by the city from hoteliers. The CPPB conducted a simple Internet search and found that Oceanside has many time restricted/ownership restricted beach vacation rentals that are well over the affordable range while none were found at \$ 100/night or less. (What we do not have are hotel rooms where families can visit the shore and feel safe.)

According to PKF "Visible and quantifiable visitor-serving accommodations. Several of these overnight accommodations are difficult to identify and track such as vacation ownership. This is largely due to varying availability, private rental, and unlicensed operations." (PKF pg 18). The city does not have policy to regulate this use, nor are they looking to implement policy (See ATTACHMENT 5). How can the Coastal Commission expect that they will regulate the use of condo-hotels, or limited use/fractional ownership when they cannot or will not regulate vacation ownership - even when it means the city loses revenue because of their lack of regulation? (See ATTACHMENT 9)

LCP Requirement to Protect Lower Cost Accommodations

The following excerpt from Oceanside's LCP identifies the City's requirement to protect lower cost hotel and motel units:

"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 demolitions of affordable hotel/motel units which would allow the coastal zone inventory of such units to drop below the number required by this policy. In order to verify its compliance with this policy, the City shall report the inventory of affordable hotel/motel units to the Coastal Commission on an annual basis." (See ATTACHMENT 9)

The city has not protected the specified minimum number of lower cost hotel and motel units. Furthermore, they have not protected the required units in shorefront

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locations: **"Twenty percent of those (affordable) hotel/motel units shall be maintained in shorefront locations."** Furthermore, according to the Memo from S. Holder, it is clear that the city has not been able to regulate the uses, and protect low/moderate cost visitor-serving accommodations.

Table 2 summarizes the number of protected affordable units listed in our LCP, and the number that are no longer affordable since the last required inventory was sent to the Coastal Commission for the processing of LCP Amendment PD: LCP.0408.

Of the 375 affordable units required by the LCP, only 290 remain. While one new 106 room affordable hotel was added to the inventory (Motel 6), there was a net loss of 35 units. Factoring in the assessment of "long term economic viability" there is a projected further loss of 52 more rooms leaving the city with 238 of the required 375 protected lower cost units.

The shorefront locations fared even worse. The number of shorefront lower cost units in 1990 was 133 of the 458 total or slightly over 29% of the total. **By 2007 there are no lower cost shorefront units remaining-** in spite of the LCP requirement to protect at least 20%. This loss of shorefront units is even more disturbing considering that the City of Oceanside owned and operated one of the lower cost shorefront hotels, Villa Marina. If the city had chosen to retain the Villa Marina/Marina Inn as affordable shorefront accommodations, they would have come close to achieving the 20%. However, rather than retain the city owned property as affordable units, they chose to make that shorefront accommodation "the highest Average Daily Rate in the City..." (PKF pg 18).

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Table 2 Change in Number of Protected Coastal Zone Lower Cost Units

Hotel	1995 Listed as Protected Affordable LCP	Affordable 2007	Present Condition/ Name Change/ Conversion
NON Shorefront			
Rivera	0	0	Converted to condo
Beachwood	28	28	Intact
*Bel Air	12	13	Hilltop/affordable
*Bridge Motor Inn	82	0	Guest House Inn/over \$100
*Mira Mar	60	59	Pacific Inn
Travelodge	30	0	Over \$100
*Sandman	82	0	Day's Inn at the Coast/over \$100
*Seven Gables	11	11	Oceanside Breeze Inn/affordable
*Pacific	20	21	Oceanside Inn & Suites/affordable
Subtotal per LCP:	325	132	
Not Listed In LCP¹:			
Coast Inn		27	Was not considered w/long-term economic viability
Dolphin Hotel		25	Was not considered w/long-term economic viability
Motel 6		106	Replaced a portion of substandard stock and some which converted to over \$100
Sub Total not listed		290	
Sub Total- adj for Economic viability		238	
	Affordable 1990 LCP	Affordable 2007	
Shorefront Locations:			
*Villa Marina	57	0	Marina Inn: hotel/timeshare
Marina Del Mar	60	0	Condominiums
Buccaneer	16	0	Converted to private residences
Subtotal:	133	0	
Total:	458	290	
% In Shorefront	29%	0%	

*Renamed from 1990 LCP; see Present Condition/Name Change

Notes:
Additionally, not listed as "affordable" in Amendment Doc. PD: LCP .0408, were hotel #2 Coast Inn, and hotel #3 Dolphin Hotel (See CPPB Table 1). These hotels were considered not to have "long-term economic viability" at the time of the Amendment request, and it is debatable whether they have

¹ See ATTACHMENT 8; LCP Amendment

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*long-term economic viability today.

Source: CPPB

Table 3 summarizes the affordable Coastal Zone hotel room supply from 2002 to the projected number of units in 2011. While there was an increase in the number of units in 2003 and 2004 (Motel 6), none have been added since then. None of the new projects pending are affordable. This will result in no known future increase in the number of affordable rooms in the Coastal Zone. In addition, two of the listed hotels, Coast Inn and Dolphin Hotel, have previously been identified as not having "long term economic viability." This is likely to result in a further loss of 52 affordable rooms. In addition, a developer has been meeting with city staff and Council members about demolishing Coast Inn and Ocean Breeze Inn and rezoning this to mixed use including commercial and condos. This would further reduce supply in the Coastal Zone.

Affordable Coastal Historical, Current, and Projected Competitive Supply										
Table 3	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
1 Beachwood Motel	28	28	28	28	28	28	28	28	28	28
2 Coast Inn	27	27	27	27	27	27	27	27	27	27
3 Dolphin Hotel	25	25	25	25	25	25	25	25	25	25
4 Hilltop Motel	13	13	13	13	13	13	13	13	13	13
5 Motel 6	0	53	106	106	106	106	106	106	106	106
6 Ocean Breeze Inn	11	11	11	11	11	11	11	11	11	11
7 Oceanside Inn & Suites	21	21	21	21	21	21	21	21	21	21
8 Pacific Inn	59	59	59	59	59	59	59	59	59	59
Total Rooms Available	184	237	290	290	290	290	290*	290*	290*	290*
% Change	N/A	29%	22%	0%	0%	0%	0%	0%	0%	0%

*Note:

Nothing affordable is projected and at least 52 of the existing units are considered not economically viable.

Source: CPPB

Market Demand for Accommodations

Market demand for coastal accommodations remains strong. The reported city revenue from TOT taxes increased from \$ 2,011,815 in 2003/04 to \$ 2,781,851 in 2005-06, an increase of over 38%. Since daily occupancy data is not reported this increase is from some combination of increased number of nights and price increases. (See ATTACHMENT 4: Memo of March 22, 2007 from Nita McKay). Additionally, a large discrepancy (approximately 1.1 million, ATTACHMENT 4) has been found between TOT revenues reported by the Director of Financial Services, and the TOT recorded in the report (pages 23 and 24, *Transient Occupancy Tax (TOT) Revenues* and Tables 20 a-c)

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submitted by PKF; therefore, the tables and conclusions should be considered "skewed" and should not be taken into consideration.

Issues of Concern From Director Douglas Memo

The following is a summary of issues of concern with coastal zone visitor serving accommodations based on the information requested in Director Douglas's memo:

- Public accessibility and diminishing affordability of overnight accommodations

The number of affordable units in Oceanside has decreased substantially- and fails to meet the requirements of the current LCP.

- Burden is often placed on the Commission and local governments to devise enforceable restrictions that limit the private residential use units that are also represented as "visitor serving," to insure that the condo-hotels are in fact visitor-serving

The city has demonstrated little interest in enforcing existing requirements related to low cost visitor serving accommodations, and has proposed no way to effectively monitor the additional enforcement requirements associated with condo-tels.

- Raising questions about the adequacy of SUPPLY of lower-coast visitor-serving accommodations in the coastal zone (pg 2).

There is no justification provided that current supply is adequate to meet the demand.

- Each City's Report should include:
 - Breakdown of demand and supply by type and cost of accommodations
 - An evaluation of whether the region has an adequate supply of overnight accommodations to meet its current and projected demand.
 - A specific evaluation of supply and demand for lower cost visitor accommodations;

Report failed to provide adequate justification for the conclusion that there is reduced demand for affordable rooms as evidenced by the reduced occupancy rate. Many of the rooms identified as "affordable" are sub-standard units with associated illegal activities like prostitution and drug use, and some are located next to an "adult entertainment" venue. These are not true "visitor serving" units- and in fact the Welcome Center specifically directs visitors not to use these hotels.

- Terms used in PKF study were not based on Douglas memo.
 - "average daily rate" (Total room revenue divided by rooms sold) is a term that is NOT used in Douglas memo and does not address the peak season
-

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demand and pricing; using this calculation, it misrepresents the true coastal supply/demand.

- "competitive supply" (total number of available rooms in a market,)
- did not include the region as was requested
- "affordable coastal accommodations" should not be based on "average daily rate" as in mid and peak seasons. The daily rate increases such that hotels that might be in the 'affordable range' clearly are not during mid and peak seasons. Also, mid-peak season should be included in the calculations.

- An analysis of proposed LCP policies AND standards, including mitigation requirements, for condo-hotels and fractional ownership or "time share" projects.

There is no discussion about mitigation requirements for condo-tels and fractional units as requested.

- An analysis of *potential mitigation, including contributions to funding lower cost visitor accommodations* if there is evidence of deficiencies in the availability of such facilities *in the region.*

There is no discussion of deficiencies in the region and this issue does not appear to have been considered at all.

Issues Related to Condo-tels raised by Coastal Commission Staff:

The following are some of the key issues raised by staff members Lee and Roth at the Condominium Workshop of August 8, 2006:

- The developments are considered quasi-residential with the possibility of functioning for part of the year as visitor serving. The Coastal Act provides for visitor-serving use as a higher priority land use than residential, and also states a preference for lower cost visitor-serving accommodations (pg 1)
 - Because hotel condos are proposed without restrictions on the owners' use of the units, the burden is placed on the Commission to devise enforceable conditions that insure that the hotel condos are truly visitor-serving and that limit private residential use of the units (pg 1)
 - The workshop objective is for the Commission to be better informed about individual and cumulative impacts when it considers future hotel-condo projects and LCP amendments (pg 1).
 - ...limited staff time available to monitor condo-hotels to make sure these remain available to the public (pg 2).
 -what is the projected demand; what are the national and state trends; what is the current supply, and what is the affordability of the existing stock?" (pg 3)
-

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- MITIGATION...all projects were subject to special conditions that involved, for example, requirements for parking, water quality, scenic views, and public access." (pg 2)
- REQUESTS FOR INFORMATION & COMPLIANCE WITH ROOM USE RESTRICTION...Staff requested use occupancy records of all condo-hotels that had been permitted, yet only received the records of four of the previously approved...the other requests were not responded to....in one instance, the operator claimed the information was *proprietary and confidential* even though the permit was conditioned to submit Transit Occupancy Tax records annually to the executive director (See ATTACHMENT 4, Mullen letter re Oceanside data availability.)
- Because compliance with use restrictions of hotel condos is not externally visible and requires constant monitoring and the good faith of hotel management and the numerous owners of condo units, hotel condos present particularly difficult enforcement issues (pg 2)

Potential Mitigation to Offset Conversion to Quasi- Residential Use

Low cost visitor serving accommodations are at the heart of the Coastal Act- preserving access to the coast for everyone. This is a protected use under the approved LCP- but it is one that has been essentially ignored. The city is already out of compliance, and adding condo-tels is likely to further exacerbate the disparity between what was envisioned for the coast- and the emerging conditions that are apparent today.

Mitigation is required to:

1. Get the city into compliance with the LCP, and
2. Compensate for increased difficulty to preserve low cost accommodations while also adding condo-tels.

Potential mitigation measures could include:

- Zoning actions to keep costs down- like zoning that eliminates amenities
- Additional requirements for view protection, public open space or other public amenities.
- Protect some existing cottages/bungalows- see what other cities have done
- Require a fee for condo conversions- that must be spent on coastal facilities within a specified period of time
- Restrict maximum percent of condo-tel units per project (like 25%) with allowed level based on measures of protection of affordable units.

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- Require inclusion of specific means to achieve target numbers of affordable rooms- similar to what the state requires for affordable housing. Leave it up to the city to propose how they will do it.

Conclusions

- City has violated LCP Amendment #9, even with the addition of the 106 affordable rooms at Motel 6. No new developments have been identified that will add to the supply of affordable accommodations.
- It is clear that the city is not in compliance with it's LCP for the following reasons:
 1. They failed to protect a minimum of 375 lower cost hotel and motel units
 2. They failed to retain/maintain twenty percent (77 rooms) of those hotel/motel in shorefront locations
 3. They allowed removal of affordable hotel/motel units (Marina Inn) which allowed the coastal zone inventory of such units to drop below the number required by this policy.
- City has not demonstrated that they will effectively enforce conditions on condo-tel operators. They have not enforced any conditions on short-term rentals of residential units, or used parking funds to maintain public facilities. There is no reason to believe compliance on condo-tels will be any different.
- There are not enough hotel rooms to meet peak season demand. Beach use continues to increase, as well as the number of out of town visitors for growing special events like annual beach related Turkey Trot; Race Across America; Surfing Competitions, etc.
- City rushed through the required report/analysis in response to Director Douglas's memo. The result was the PKF Study that included numerous errors and was not responsive to many of the issues raised.
- Conversion of visitor serving to residential use has resulted in unintended- and presumably unreported impacts- like at least 9 sex offenders now living in the coastal zone in Oceanside.
- There is increasing evidence that condo-tels are not the panacea for increasing the rate of coastal hotel development they were once thought to be. (See ATTACHMENT 6: Voice of San Diego story "Manchester Scrap Condo-tels." ATTACHMENT 7: Coast News : City Says No...

It remains our position that until the correct data is prepared and resubmitted to the Coastal Commission, the LCP Amendment should be denied. Furthermore, we believe that given the rapid loss of low cost accommodations, further impacts, such as adding condo-tels, must require offsetting mitigation.

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Thank you for the opportunity to address this very important issue facing all Californians:
access to our coastline.

Sincerely,



Shari Mackin
Citizens for the Preservation of Parks and Beaches

cc: files
ORCA
League for Coastal Protection
Sierra Club
Surfrider

Attachments:

- 1 City of Oceanside *COASTAL-Oceanside Visitor Serving Accommodations Inventory* Table 3, 2/5/2007
- 2 Hotel Rate Survey, CPPB
- 3 Photos of Substandard Conditions at Hotels 2, 3, 4, 6 and 7
- 4 Nita McKay memo of March 22, 2007 on TOT Revenue
- 5 Mullen letter 4/25/2007
- 6 Voice of Oceanside: Manchester Scraps Condo-Hotels
- 7 Coast News: *City says no to 'condo-hotels'*; O'Brien, Jeff
13 June 2007, Vol. 21, No. 28.
- 8 LCP Document Index Document PD: LCP.0408: Memo: *Protection of low and moderate hotel/motel facilities under the LCP*; Dana Whitson to Sandra Holder
- 9 Lightfoot Planning Group letter to Ms. Holder and Memorandum to Ms. Holder from Dana Whitson pg 2 Exhibit 3B of LCP Amendment; Doc. PD: LCP .0408

ATTACHMENT 1

HOTEL MARKET LIST

Hotel/Motel	Address	City	Phone #	Units	Winter Rates		Summer Rates	
					Weekday	Weekend	Weekday	Weekend
Beachwood Motel	210 Surfdrider Way	Oceanside	760-722-3866	28	40	45	50	55
Best Western Marty's Valley Inn	3240 E. Mission Ave.	Oceanside	760-757-7700	108	79-89	79-99	89-109	89-125
Oceanside Inn Hotel & Suites	1680 Oceanside Blvd.	Oceanside	760-722-1821	80	79-149	79-149	79-149	79-149
Coast Inn	921 N. Coast Hwy.	Oceanside	760-722-6269	27	35-40	45-50	35-40	45-50
Marina Comfort Suites	888 N Coast Hwy	Oceanside	760-722-8880	72	99-225	99-225	119-225	119-225
Holiday Inn	3170 Vista Way	Oceanside	760-757-2200	62	109	119	129	159
Days Inn at the Coast	1501 Carmelo Dr.	Oceanside	760-722-7661	80	65-95	55-75	85-125	75-125
Dolphin Hotel	133 S. Coast Hwy.	Oceanside	760-722-7200	25	42	44	47	49
Quality Inn & Suites	1403 Mission Ave.	Oceanside	760-721-6663	73	89.99-129.99	89.99-129.99	149-269	149-269
Extended Stay America	3190 Vista Way	Oceanside	760-439-1499	101	94	94	94	139
Guest House Inn	1103 N. Coast Hwy.	Oceanside	760-722-1904	80	55-99	55-99	75-130	75-130
Hill Top Motel	1607 S. Coast Hwy.	Oceanside	760-967-7838 Fax	13	35	35	40	40
La Quinta	937 N. Coast Hwy	Oceanside	760-450-0730	38	99	99	119	139
Motel 6	909 N. Coast Hwy.	Oceanside	760-721-1543	106	70	76	65-75	76-89
Motel 6 #679	3708 Plaza Dr.	Oceanside	760-941-1011	136	47.99-53.99	51.99-57.99	55.99-61.99	68.99-75.99
Motel 9	822 N. Coast Hwy.	Oceanside	760-721-0300	44	49-109	49-109	49-109	49-109
Ocean Breeze Inn	2020 S. Coast Hwy.	Oceanside	760-433-2990	11	60-65	60-65	55-65	55-65
Oceanside Inn & Suites	1820 S. Coast Hwy.	Oceanside	760-433-5751	21	45	45	55	55
Oceanside Marina Inn	2008 Harbor Dr. No.	Oceanside	760-722-1561	52	205-295	205-295	250-370	250-370
Oceanside Travelodge	1401 N. Coast Hwy.	Oceanside	760-722-1244	28	38-68	38-68	62-72	67-77
Pacific Inn	901 N. Coast Hwy.	Oceanside	760-722-1781	59	44-49	44-49	54-59	54-59
Ramada Inn Limited	1440 Mission Ave.	Oceanside	760-967-4100	66	65	65	75-129	75-129

Total Sites: 22

Total Units: 1,310

OCEANSIDE, CALIFORNIA

City of Oceanside LCPA 1-07
Downtown "D" District
Page 187

Privately Owned Timeshares:								
Aquamarine Villas	711 S. Meyers St.	Oceanside	800-854-2324	26	120	150	120	150
The Blue Whale	904 North the Strand	Oceanside	760-722-8849	12	85-420	85-420	85-420	85-420
South Cal Beach Club	121 South Pacific St.	Oceanside	760-431-8500	43	120-170	120-170	120-170	120-170
World Mark	1301 Carmelo Drive	Oceanside	760-721-0890	140	160-250	160-250	190-300	190-300
Vacation Rentals:								
Roberts Cottages	704 North the Strand	Oceanside	760-722-0828	24	Weekly rates only: 500		Weekly rates only: 850	
Marina del Mar**	1202 N. Pacific Street	Oceanside	760-722-4330	78	118-189	118-189	238-490	238-490
RV Parks								
Oceanside RV Park	1510 So. Coast Highway	Oceanside	760-722-4404	134	37	37	42	42
Paradise by the Sea	1537 So. Coast Highway	Oceanside	760-439-1376	102	45.00	45.00	75.00	75.00

*25% of the units between June and September are open to the public, plus 10% TOT

** Price includes refundable deposit ranging from \$200-300 depending on size of room- prices shown are for 1 bdrm and 3 bdrm, with a 2-night mi

Updated:8-06

ATTACHMENT 2

Citizens for the Preservation of Parks and Beaches

September 2, 2007

California Coastal Commission

In **three separate telephone surveys**, each hotel listed in CPPB Table 1 was called to verify peak and non-peak room rates. The dates of the surveys were April 12, June 18 and August 3, 2007. The following **coastal** hotels were listed as "affordable" in the *Market Study Analysis* provided by the city; however, after the surveys were taken, it was found that **the following coastal hotels were not within the affordable range and that the some room rates increased with each survey:**

Hotel/Motel	Phone Number (760)	Units	Peak Rates	Non-Peak Rates	Average Weight
Days Inn at the Coast	722-7661	80	140.00	110.00	108.00
Guest House Inn & Suites	722-1904	80	150.00	99.00	103.00
Oceanside Travelodge	722-1244	28	127.00	107.00	103.00
La Quinta	450-0730	38	159.00	149.00	139.00

Additionally, out of the 10 **non-coastal hotels**, **only 4 were within the affordable range**, placing the majority of the non-coastal room stock in the "Accommodations over \$100" category:

Hotel/Motel	Phone Number (760)	Units	Peak Rates	Non-Peak Rates	Average Weight
Extended Stay America	439-1499	44	149.00	149.00	149.00
Holiday Inn Express	757-2200	62	159.00	119.00	118.00
Comfort Suites	722-8880	72	189.00	109.00	119.00
Quality Inn & Suite.	721-6663	73	159.00	99.00	105.00
Best Western Oceanside	722-1821	80	149.00	119.00	117.00
Residence Inn	N/A	125	N/A	N/A	Over \$100

Using the formula weighted formula of: peak price @ 84 days, and non-peak @ 281 days divided by 365 days (year), **the average room rates for the Hotel Supply in Oceanside are all (except the following mostly substandard hotels/motels-- see Attachment 10 photos), "Accommodations over \$100":**

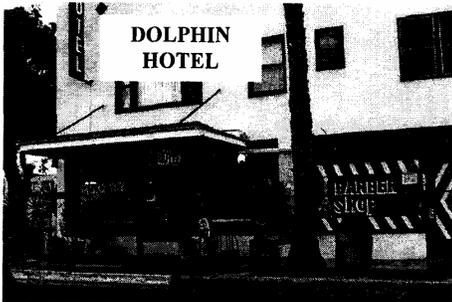
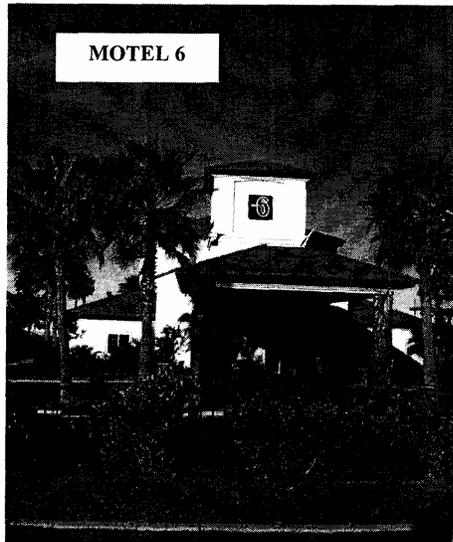
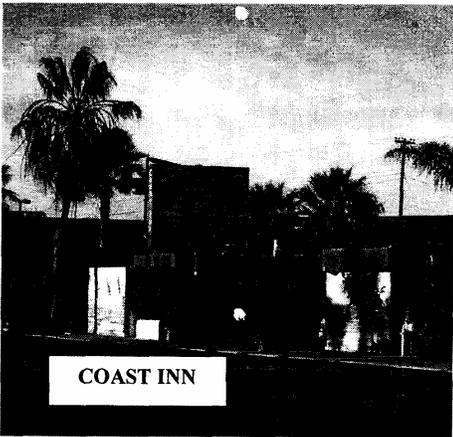
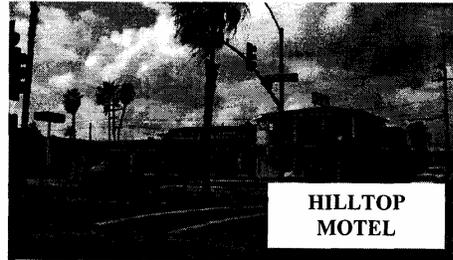
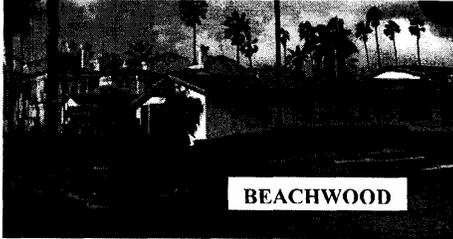
- Beachwood Motel
- Coast Inn
- Dolphin Hotel
- Hilltop Motel
- Motel 6 Coast Highway
- Ocean Breeze Inn
- Ocean Inn & Suites
- Pacific Inn

Citizens for the Preservation of Parks and Beaches

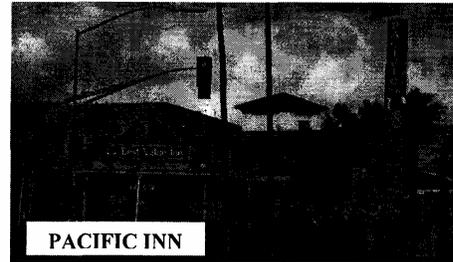
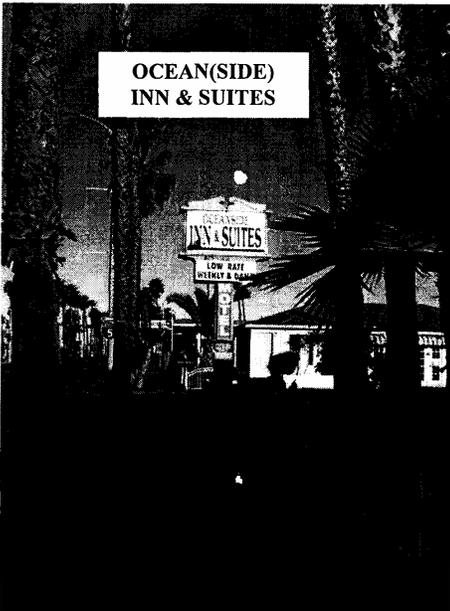
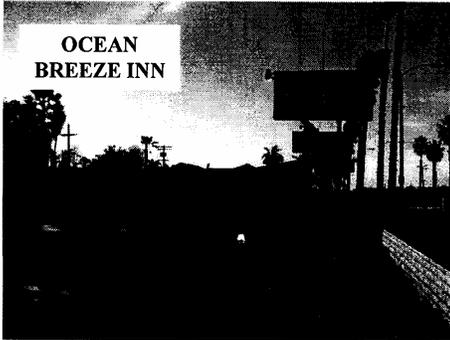
Furthermore, the CPPB **did not calculate the semi-peak period** (April – June, where prices are between the non peak and peak price) in its calculations during the survey. If semi-peak period room rates would be included in the calculations, the cost of the average room rate would have clearly increased. Additionally, several hoteliers stated that their room rates are subject to an increase due to factors such as special events/conventions (ie: San Diego Comic Show and others), where room prices will jump well over the \$200 range, and also limit availability.

ATTACHMENT 3

City of Oceanside
"Affordable" Hotel Supply
September 2, 2007



City of Oceanside
"Affordable" Hotel Supply
September 2, 2007



ATTACHMENT 4

Memorandum



Date: March 22, 2007
To: Honorable Mayor and Council Members
From: Nita McKay, Director of Financial Services *NM*
Through: Peter A. Weiss, Interim City Manager *W*
Re: Transient Occupancy Taxes

The following information is in response to a request from Council Member Sanchez.

In a previous e-mail, I had stated that the increase in Transient Occupancy Taxes between FY 2004-05 and FY 2005-06 was due mainly to an accounting adjustment and that additionally "the increase in revenue was attributable to an increase in room rates and/or increased occupancy". Clarification of this statement was requested. The hotel/motel room rates increased 2% from FY 2004-05 to FY 2005-06. Additionally, hotel/motel occupancy rates increased 1.25% during the same period.

A second request was to provide the breakdown of Transient Occupancy Taxes (TOT) between those collected from the City's General Fund and those collected from the Redevelopment Agency. The previous numbers provided were 100% General Fund revenues. I have provided below the General Fund TOT revenues, as well as the TOT revenues collected in the Redevelopment Agency.

	Fiscal Years		
	2003-2004	2004-2005	2005-2006
General Fund	\$ 1,784,360	\$ 1,988,658	\$ 2,526,606
Redevelopment Agency	\$ 227,455	\$ 242,508	\$ 255,245

CC: Jane McVey, Economic Development Director



CITY OF OCEANSIDE

OFFICE OF THE CITY ATTORNEY

ATTACHMENT 5

JOHN P. MULLEN
City Attorney
(760) 435-3979

BARBARA L. HAMILTON
Assistant City Attorney
(760) 435-3986

April 25, 2007

TARQUIN PREZIOSI
Senior Deputy City Attorney
(760) 435-3977

LESLIE M. GALLAGHER
Deputy City Attorney
(760) 435-3975

ANNIE M. PERRIGO
Deputy City Attorney
(760) 435-3972

HEIDI A. WIERMAN
Deputy City Attorney
(760) 435-3991

Shari Mackin
1469 Moreno Street
Oceanside, CA 92054

Re: April 15, 2007 Public Records Request
City Attorney File No. 2007PR084

Dear Ms. Mackin:

This correspondence is a response to the above-referenced Public Records Act request sent to City Attorney John Mullen on April 15, 2007. Your request seeks the following:

1. Current list of all the vacation rental units the City of Oceanside receives transient occupancy tax (TOT) income from including addresses, and amounts for the past 5 years. Please segregate the properties by "in redevelopment area" and those "outside of redevelopment area"
2. Current list of all property managers and/or realtors, or private owners including their addresses who pay TOT to the city on behalf of their vacation rental properties or their clients.
3. A current list of the name of businesses including those but not limited to those who negotiate rentals for others, including but not limited to a realtor, broker or agent who collects and/or pays TOT to the city on the behalf of the owners of said rental property. Such property includes rentals/vacation rentals with less than 30 days occupancy, and whether such businesses hold current business licenses in the City of Oceanside.
4. A copy of city policy regarding vacation rentals including those but that are not limited to: city code compliance, inspection, parking and noise, and any fees which cover such city expenses.

Shari Mackin
Re: File No. 2007PR084
April 25, 2007
Page 2

5. A copy of city policy how the city collects TOT, and what audits have been performed regarding the payments to the city of TOT and when, including those, but that are not limited to: hotels/timeshares/vacation rentals.

Pursuant to Government Code section 6254(i), information required from any taxpayer in connection with the collection of local taxes that is received in confidence is exempt from disclosure where disclosure would result in unfair competitive disadvantage to the taxpayer. (Gov. Code § 6254(i)). Your request seeks individual taxpayer information, including the identities of taxpayers and the amount of TOT paid, which, if disclosed, would result in an unfair competitive disadvantage.

As well, under section 6254(c), personnel, medical or similar files are exempt where their disclosure "would constitute an unwarranted invasion of privacy." (Gov. Code § 6254(c)). Financial transactions of the type requested are "similar files" involving privacy interests of third parties, the disclosure of which is not justified in light of the surrounding circumstances.

Finally, under section 6255, records are exempt where "the public interest served by not making the record public clearly outweighs the public interest served by disclosure of the record." (Gov. Code § 6255). Various laws, including the Information Practices Act and the Revenue and Taxation Code, deem financial transactions of the type sought by your request personal and/or confidential. The public interest in maintaining the confidentiality of such personal, financial transactions clearly outweighs any interest served by disclosure.

For each of the aforementioned reasons, information concerning individual taxpayers will not be released by the City. Notwithstanding, the information that is compiled by the City as to amounts of TOT received quarterly from hotels and property management companies is attached for your review. Moreover, although the City does not maintain records indicating how much TOT revenue it receives from redevelopment versus other properties, City staff has, to the extent they were able to make the determination, created a spreadsheet indicating amounts received from redevelopment properties.

Shari Mackin
Re: File No. 2007PR084
April 25, 2007
Page 3

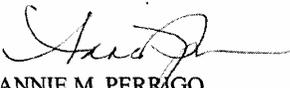
As well, I have attached the relevant provisions from the Oceanside City Code pertaining to transient occupancy tax. There are no city policies specific to vacation rentals, nor does the City separately track the TOT is receives from such properties.

If you have any other questions about this matter, please do not hesitate to contact me.

Very truly yours,

JOHN P. MULLEN
City Attorney

By:


ANNIE M. PERRIGO
Deputy City Attorney

cc: Angelina Ehrlich, City Clerk Office
Sheri Brown, Revenue Manager

.: Print Version .:

Page 1 of 1

voice of sandiego.org

ATTACHMENT 6

THIS JUST IN

Close Window

Print Page

Manchester Scraps Condo-Hotels

The Navy Broadway Complex developer said the project won't include condo-hotels -- for now.

Doug Manchester, developer of the Navy Broadway Complex, said the waterfront project will not include condo-hotels.

In a letter sent Thursday, Manchester executive Perry Dealy asked the city's downtown planners to remove all references of condo-hotels from the company's development application. Dealy reserved the right to reinsert them into the plan later, according to the letter.

In an interview today, Dealy said Manchester removed condo-hotels from the plan because "we don't think there's a market for condo hotels." He said Manchester has received several overtures from operators of traditional hotels, which are in high demand.

"We've got a number of them who have given us letters," Dealy said.

Ian Trowbridge, a member of a citizens coalition opposing the project, remains skeptical. He claims the developer has opened up the opportunity for a bait-and-switch in which Manchester can navigate some of the regulatory process without being tethered to the politically sensitive condo-hotel issue and then change his mind again. The Coastal Commission and the coalition have been challenging plans for condo-hotels in court.

"I think it's an attempt to deceive the San Diego public and deceive the coastal commission," Trowbridge said.

Condo-hotels, which are essentially timeshares, are controversial because they were not contemplated in previous environmental reviews and a 1992 agreement between the Navy and the city. The high-end units are also viewed as generally unaffordable to the general public, and the Coastal Commission's policy has been to ensure greater access to coastal areas. It's also unclear whether the condo-hotels would be subjected to charge a hotel tax for the city services --such as police and fire -- that would accommodate the development.

Tomorrow, the CCDC board will consider aspects of the Navy Broadway Complex's design, but the review is only of the basic schematics of two buildings. The CCDC meeting will begin at 2 p.m. in the council chambers, located at 202 C St.

-- EVAN McLAUGHLIN

Close Window

Published July 24, 2007

ATTACHMENT 7

PSN# 570
U.S. POSTAGE PAID
ENCINITAS, CA 92024
PERMIT NO. 94

WS

JULY 13, 2007

City says no to 'condo- hotels'

By Jeff O'Brien

SOLANA BEACH — The city of Solana Beach will soon become the first community in California to impose a ban on "condo-hotels," a relatively new breed of hotels and resorts that combines traditional guest services with individual ownership.

At its June 27 meeting, the Solana Beach City Council voted unanimously to proceed with the formation of the ban. According to Mayor Lesa Heebner, the City Council is not banning condo-hotels in response to any specific project.

"The concern over the possibility of condo-hotels was brought to our attention by a resident about a year and a half ago," Heebner said. "We then set up an ad hoc committee to investigate the matter, and about a week after we first met, the California Coastal Commission informed us that this is a new trend we should look at and address."

According to Heebner, many hotel chains and smaller resort properties in cities such as Los Angeles and Miami have used this method of ownership to reduce their capital expenditure and risk exposure.

Some are ownership units that have standalone condominiums as

TURN TO **CONDO** ON **A31**

JULY 13, 2007

CONDO

CONTINUED FROM A1

part of their overall complex, and others allow for fractional ownership of hotel rooms that are also available to the general public. The fractional ownership allows owners to occupy the room for a specific time period, which can range from two weeks to 90 days.

The City Council's condo-hotels subcommittee consisted of Heebner and fellow Councilman Thomas Campbell, who both researched the possibilities of a regulatory ordinance or an outright ban.

According to Campbell, the notion of having condo-hotels in Solana Beach quickly presented numerous challenges during the course of their investigation.

"Under the concept of regulation, there would be so many conditions we would have to deal with," Campbell said. "We're not saying that we don't want hotels. I think this would be an enforcement nightmare with the potential for all kinds of problems."

Heebner said the City Council couldn't find a reasonable approach to regulatory enforcement. "What if an owner isn't telling the truth of their length of stay and stays longer?" she asked. "Who will enforce that? Will we have a city representative doing ID checks? Does the city then sue the homeowners association, or the hotel operator?"

According to City Councilman Dave Roberts, this was not an "anti-business" motion by the city of Solana Beach.

"I think it's just way too much for a city of our size," Roberts said. "Any other jurisdiction might have a different answer, but we have so many other things on our plate right now. It would really stretch out our city resources."

Since this will be a new area of law for the city of Solana Beach, City Attorney James Lough said it will require some time to create the official document. He plans to return before the City Council within the next 100 days with a proposal for implementation.

THE COAST NEWS

PET OF THE WEEK

This week's Pet of the Week Humane Society, at 389 Requeza cat.

Leo is a 9-year-old social boy accustomed to being brushed ever with this breed's long hair. He has doesn't care for the company of others. Although he has never lived with be a possibility. Leo is a friendly, pl

Leo is available for adoption Humane Society. His adoption fee microchip, vaccines, spay or neuter vet exam. Rancho Coastal Humane 11 a.m. to 5 p.m.

Call (760) 753-6413 or e-mail ir

"Traditionally operated hotels still generate taxes and revenue without the enforcement problems that this type of ownership scheme would throw into the lap of the city," Heebner said. "These types of businesses may be right for Miami or Los Angeles, but not Solana Beach."

ATTACHMENT 8

RECEIVED

SEP. 4 1985

PLANNING DIVISION
CITY OF OCEANSIDE

MEMORANDUM

August 30, 1985

TO: Sandy Holder, Deputy City Planner
FROM: Jana Hield Whitson, Special Projects Director *JHW*
SUBJECT: PROTECTION OF LOW AND MODERATE COST HOTEL AND MOTEL FACILITIES UNDER THE LCP

We recently discussed the process for implementing the following LCP policy:

"The City shall protect a minimum of 375 lower cost hotel and motel units and 220 recreational vehicles/camping sites within the coastal zone. Twenty percent of those hotel/motel units shall be maintained in shorefront locations."

The 220 RV/camping sites is already provided in the Paradise by the Sea and Casitas Poquitas RV parks located on South Hill Street. In meeting this policy, the City would simply be required to protect those existing uses from conversion to another use, unless an equal number of new RV spaces are provided at another location within the coastal zone (Lawrence Canyon).

The 375 figure for "lower cost" hotel and motel units was based on an inventory of existing hotel and motel units which are anticipated to remain in that use for the foreseeable future. Virtually all of the existing hotel and motel units in Oceanside should be considered in the "affordable" range. In essence, this policy would require the City to maintain 375 existing hotel/motel units within the coastal zone until and unless an equivalent number of new units are built. This formula took into account the possibility that some of the existing hotel and motel units would be eliminated. For instance, none of the existing hotel/motel units on the Strand were designated for preservation, since redevelopment goals might conflict with their preservation. In arriving at the 375 figure with the Coastal Commission, staff also took into account the fact that other incidental losses of hotel/motel units might occur.

The following table should assist the Planning Department in reviewing any proposals for demolition of existing hotel/motel units for compliance with the LCP policy:

EXHIBIT 3A

Existing hotel/motel units
with expected longterm
economic viability

Riveria	15
Beachwood	26
Bel Air	12
Bridge Motor Inn	82
Mira Mar	60
Travel Lodge	30
Sandman	64
Seven Gables	11
Pacific	20

Subtotal 320

Shorefront Locations

Villa Marina	64
Marina Del Mar	60
Buccanneer	16

Subtotal 140

TOTAL 460

Percent in Shorefront Locations = 30%

It should be noted that the Villa Marina has been converted to a timeshare and the Marina Del Mar is a condominium project. However, it is my understanding that both of these facilities rent to overnight visitors at what should be considered affordable rates.

I would recommend that the Planners keep this memo as reference when evaluating any application for conversion of an existing hotel/motel use. The important issue is to not foreclose future options (particularly in the redevelopment area). Please call me if you have any questions on this.

DHW:gg

cc: Mike Blessing, City Planner
Pat Hightman, Assistant Redevelopment Director

Existing hotel/motel units
with expected longterm
economic viability

Riveria	15
Beachwood	26
Bel Air	12
Bridge Motor Inn	82
Mira Mar	60
Travel Lodge	30
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Subtotal 140

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It should be noted that the Villa Marina has been converted to a timeshare and the Marina Del Mar is a condominium project. However, it is my understanding that both of these facilities rent to overnight visitors at what should be considered affordable rates.

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DHW:gg

cc: Mike Blessing, City Planner
Pat Hightman, Assistant Redevelopment Director

✓
November 9, 1990

NOV 19 1990
PLANNING DEPARTMENT
RECEIVED
NOV 20 1990
Redevelopment Dept.
City of Oceanside
ATTACHMENT 9

THE LIGHTFOOT PLANNING GROUP
Ms. Sandy Holder
Deputy City Planner
City of Oceanside
300 N. Hill Street
Oceanside, CA 92054

RE: Hotel/Motel Sites Listed in the Local Coastal Plan

Dear Sandy:

Thank you for meeting with us to discuss the potential planning issues that could affect development of the Buccanneer Motel site. As you suggested in our meeting, we have conducted a survey of the existing affordable hotel/motel units that were identified in the Local Coastal Plan. Each motel was contacted last week and specifically asked how many motels they rent out and whether these are rented on a daily or monthly basis. All of the listed units, except one, rents on a daily basis. The only motel which is not currently operating as a motel is the Riviera at 202 6th Street. According to the owner, The Mason Gordon Company, this is being converted into a condominium project.

For your convenience, we have attached the original survey of these motels contained in Dana Whitson's memo. We have also created a similar table below, showing the updated information, so that you may compare the two surveys.

Existing Hotel/Motel units with expected longterm economic viability:

Riviera	condo
Beachwood	28
Bel Air	12
Bridge Motor Inn	82
Mira Mar	60
Travel Lodge	30
Sandman	82
Seven Gables	11
Pacific	20
Subtotal	<u>325</u>

Shorefront Locations:

Villa Marina	57
Marina Del Mar	60
Buccanneer	16
Subtotal	<u>133</u>
TOTAL	<u>458</u>

Percent in Shorefront Locations: 41 %

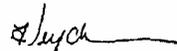
Total without Buccanneer 442

Ms. Sandy Holder
Page 2
November 9, 1990

According to the Villa Marina, they are a motel, not a timeshare, and they now have 57 units. Marina Del Mar is still a condo project. There are 78 units on site, 60 of which are reserved for overnight rentals. The Sandman says they have now, and have always had, 82 units, not 64.

All of the above units (except the Riviera) are rented out to overnight visitors. The Local Coastal Plan specifies that: "the City shall protect a minimum of 375 lower cost hotel and motel units". As you can see, the removal of the 16 Buccaneer Motel units will not cause the specified number of units to fall below 375. Based on this information, we would like to proceed with an application to remove the existing units and replace them with new development. If you disagree with these findings, or need any additional information, please let me know as soon as possible. We will call you in a few days to verify that you are in agreement with this information.

Sincerely,



Heyden M. Black
Associate Planner

HMB/jlm

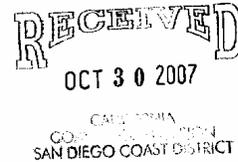
cc: Pierre Andre, Seaside Properties

223.01/1166

O CITY OF OCEANSIDE
Economic Development & Redevelopment

October 30, 2007

Deborah N. Lee
District Manager
California Coastal Commission
7575 Metropolitan Drive, Suite 103
San Diego, CA 92108-4421



Re: City of Oceanside LCP Amendment LCPA-200-07/ZA-200-07 ("D" District)

Dear Ms. Lee:

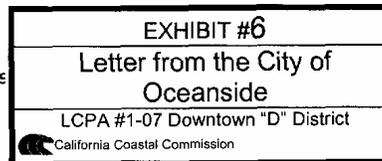
Thank you for sharing a copy of the correspondence from the "Citizens for the Preservation of Parks and Beaches" (CPPB), dated August 31, 2007, at our meeting October 4, 2007. We had not received a copy and would like to address some of the issues that were raised in this letter.

CPPB contends that the supply of low cost visitor serving accommodations in the City of Oceanside is inadequate, and questions the study submitted to the City by PKF. The heart-of-the-matter seems to be the question of whether there is an adequate supply of low cost visitor serving accommodations and was a proper methodology used to make that determination. Whether the analysis is done using PKF's review of Average Daily Rates (ADR) 90.6% or the CPPB's use of a phone survey of stated rates at 51% and no matter what the specific percentage the conclusions are irrefutable. The study reflects that out of 1,295 rooms city wide, only one hotel had an ADR greater than \$100, which is the rate that the Coastal Commission staff has used as an indicator of affordability. It is our understanding that the staff is now using \$110 in Southern California, which would make the Oceanside numbers even more affordable. We would agree that a statewide average is not realistic and that regional averages are a better benchmark.

The majority of the proposed Local Coastal Plan Amendment (LCPA) are clean-up items not related to the issue of fractional time shares and condo hotels. This appears to be the only issue with any apparent questions.

To provide some background for the LCPA with regard to the definition of fractional time shares and condo hotels, the City has a proposed project, the SD Malkin project that proposes 48 fractional time shares in a project that also contains 336 hotel rooms. As this is a partnership between the City's Redevelopment Agency, the City of Oceanside and the developer, the ability to use fractional time shares has added value to the project and enabled the City to lessen its financial commitment to this project.

300 North Coast Highway, Oceanside, CA 92054-2885,
www.ci.oceanside.ca.us



You will note that in the proposed LCPA the use of the fractional time shares/condo hotels is limited to a small area, in the core downtown area, within the previously approved "9 Block Master Plan". To qualify to have fractional time shares/condo hotel rooms, a project must first be a full service resort, which requires there to be a minimum 200 rooms. Second, the project must also contain some non traditional units such as fractional time shares/condo hotels. In addition, the fractional time shares and condo hotels together may not equal more than 25% of the total room count, and no more than 15% of the total room count may be in fractional time shares. And, to control the use of this product type, the units may not be used more than 29 days in a 60 day period and no more than 90 days within a calendar year.

The City believes that the careful construction of the definition and the geographic area that it is limited to allows the use in only this core area. Furthermore, the City has utilized time controls over the use of these product types.

The SD Malkin project is the fruition of years of work and consensus in the community to diversify the existing product mix of hotels to the City. For every letter saying there are not enough affordable hotels there are 10 questions as to why there are so few elegant hotels befitting of the city.

Let me share with you the methodical approach that the City took to comply with the directive from Mr. Peter Douglas to cities proposing to allow these product types. When the City was preparing the LCPA we hired PKF Consulting, a group that specializes in hospitality consulting and analysis, who had done similar studies for other cities. They were asked to analyze current and projected market demand for overnight accommodations in the City of Oceanside. They inventoried motel rooms city wide and in the coastal zone; determined demand based on occupancy rates; and price point based on Average Daily Rate (ADR). These methodologies are standard as we understand it.

The April 2007 PKF analysis concluded that out of 1,295 hotel rooms city wide, 95.6% were considered affordable, based on an affordability index of \$100, which was in use by the Coastal Commission staff at that time as a benchmark for affordability. Of the 555 hotel rooms in the Coastal zone, 503 were considered as affordable. Of the 740 hotel rooms outside the Coastal zone, 100% were considered as affordable. Of the hotel rooms outside the Coastal zone, many are a walk or a short drive away from the beach.

The property that the City is working on to develop as a high end hotel will help to compensate for many older, World War II era motels, and is not suitable for a low cost motel. An affordable property would more likely be at a more affordable location that is more highways oriented. In addition, the City should not be penalized by the Coastal Commission for attempting to secure a quality, full service hotel/resort on a vacant piece of property the City purchased and intends to see developed in accordance with its long held policy.

The Coastal Commission staff has indicated the desire to have an "in-lieu" fee paid by the City or the developer for a percentage of the proposed hotel rooms that would be used to "mitigate" the construction of higher end hotel rooms. This argument flies in the face of the data, showing that there are adequate numbers of motel rooms no matter how you count them, as well as conflicts with the stated goals of the city and the Redevelopment Agency's Implementation Plan.

The PKF report identified that the higher occupancy rates, and therefore demand, were for the hotels on the higher end of the price range. This means that there is a demand for higher end facilities. Due to the overabundance of lower cost visitor serving accommodations, the City of Oceanside would not be recommending any in lieu fee mitigation to offset these land uses.

To respond to the statistical questions raised by the CPPB letter, PKF has provided a clarifying letter to address those issues. (See attachment 1). As PKF was hired to only review the inventory, demand and price points, we will now address additional questions contained in the CPPB letter.

The CPPB letter states that the City is "out of compliance" with key provisions of the LCP. The policy the letter is referring to states:

"The City shall protect a minimum of 375 lower cost hotel and motel units and 220 recreational vehicle/camping sites with the coastal zone. Twenty percent of those hotel motel units shall be maintained in shorefront locations. The City shall not allow any demolitions of affordable hotel/motel units which would allow the coastal zone inventory of such units to drop below the number required by this policy. In order to verify its compliance with this policy, the City shall report the inventory of affordable hotel/motel units to the Coastal Commission on an annual basis."

This policy has not been amended; however, there have been other considerations made by the City of Oceanside and the Coastal Commission. Prior to the City of Oceanside processing the LCPA 1-91, Coastal Policy #28 stated that "not less than 34% of the South Strand area must be reserved exclusively for visitor-serving uses such as hotels and motels". A market study (Natelson Study) of the City's shoreline was prepared to determine the amount of visitor-serving, recreational and upland support lands that would be necessary to serve the City's current and foreseeable recreational needs. This study concluded that due to beach attendance and visitor facility demands, the Strand area could not accommodate future demands and that the Strand Area should be made available for open space/public use.

The Natelson Study recommended the development of a tourist and business visitor hotel in the downtown area, and specifically recommended that visitor serving development previously identified for the Strand be transferred to the three blocks of Subdistrict 12 and the six blocks within subdistrict 1. Many of the recommendations of

the Natelson Study were the basis of the LCPA 1-91, which was adopted by the Coastal Commission in February 1992. This resulted in the creation of the "9 Block Master Plan" wherein a minimum 240 hotel rooms are required and 81,800 sq. ft. of visitor serving commercial.

Subsequently, the City of Oceanside submitted LCP 1-2001 for two projects within Subdistrict 12 for a hotel and visitor serving project. The Coastal Commission staff report for this project, dated May 23, 2002, refers to the above lower cost visitor accommodations policy and refers to a list of hotel rooms that the City of Oceanside provided the Coastal Commission. This was a list of the lower cost hotel/motel units available at that time. The Coastal Commission staff report states that "although not technically shorefront, all of the identified hotel/motel units are at Coast Blvd. or seaward and are, thus, in nearshore areas." The list provided in the Coastal Commission staff report lists of total of 640 hotel/motel units, which included 118 shorefront and 236 recreational vehicle/camping sites. In addition, the report further states that "Based upon the above analysis, it appears lower cost visitor accommodations are adequately provided for in the City which would offset the exclusive nature of the proposed resorts."

Today the City still has those 118 shorefront units, 510 affordable hotel/motel and 336 Recreational Vehicle/camping sites and 4 tent camp sites. Those numbers have actually increased since 2002 not decreased.

The CPPB letter also states that many of the affordable units are "substandard". Many of these small motels have been in existence for years and the City has no control, other than standard code enforcement, which we have done, on how a motel is maintained. The mere mention of the "substandard" motels is precisely why the City is attempting to obtain a higher end hotel.

The CPPB letter also mentions potential mitigation to offset conversion to "quasi-residential" use. The City of Oceanside does not consider fractional time shares or condo hotels as residential uses; in fact the City of Oceanside has the following language in the proposed Zoning Ordinance:

"An owner of a timeshare, fractional timeshare or condo hotel unit, may occupy their unit no more than 90 days per calendar year with a maximum of 29 days of use during any 60-day period."

"When a fractional ownership unit is not occupied by one of its owners, that unit shall be made available to the general public through the hotel operator."

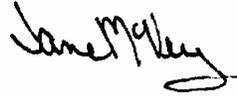
It is our understanding that the fractional time share and the condo hotel product type are frequently used as investment tools to build coastal hotels due to the economics involved. It is our further understanding that much of the time the rooms are within the

hotel pool, are made available to the public, and in fact increase the general hotel pool and transient occupancy tax.

Oceanside is unique in Southern California. With mostly low cost visitor serving motel rooms, the City has tried for thirty two years to get a higher end hotel in downtown Oceanside. It will aid the City's downtown as it is a requirement prior to other projects proceeding. It will aid the often struggling merchants downtown. It will provide Transient Occupancy Tax to give the city some money to pay for all the infrastructure and maintenance required to serve the beach going public from around the world. And, it will finally bring to bear something that the citizens of Oceanside have expected for thirty two years. We would hope that the Coastal Commission and the Coastal Commission staff would aid in the City achieving that goal.

Should you have any questions please give me a call me at 760-435-3355 or Kathy Baker, Redevelopment Manager at 760-435-3547.

Sincerely,

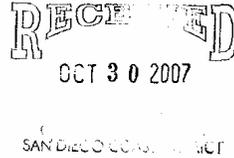


Jane McVey
Economic & Redevelopment Director

cc: Peter Weiss, City Manager
Kathy Baker, Redevelopment Manager

October 30, 2007

Ms. Jane McVey
City of Oceanside
300 North Coast Highway
Oceanside, California 92054



Dear Ms. McVey:

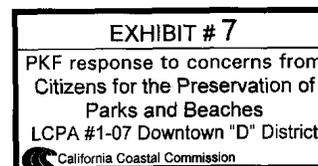
Pursuant to your request, we have prepared a letter addressing the concerns raised by the Citizens for the Preservation of Parks and Beaches (CPPB) to the California Coastal Commission regarding our report dated April 2007.

The methodology presented in the PKF report prepared in April to analyze current and projected market demand for overnight accommodations in the City of Oceanside is the same methodology used for all similar studies throughout California. PKF Consulting has prepared similar studies for the Cities of Long Beach and Santa Monica, which have also been presented to the California Coastal Commission.

The conclusion of our analysis in April 2007 was that of the 555 hotel rooms in the City of Oceanside's coastal zone, 503 or 90.6% were considered affordable, based on Average Daily Rate (ADR), and using \$100 as an affordability index. Of the 740 hotel rooms outside the Coastal zone, 100% were considered affordable. Therefore, of the 1,295 rooms in the City of Oceanside, 95.6% were considered affordable using the index of \$100.

Now, in October, with the reopening of a Hilltop Motel that had been temporarily closed for remodeling, the numbers are slightly different but consistent. Now, of the 562 rooms in the coastal zone, 90.8% are considered affordable.

At present, there are thirteen coastal hotels in Oceanside. Of the thirteen hotels, twelve are affordable (ADR below \$100) and one is not. The table on the following page presents all existing and proposed coastal hotels in Oceanside.



Total Coastal Supply in Oceanside												
Table 1 Historical, Current, and Projected Competitive Supply	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011		
Afordable/Coastal Accommodations over \$100												
Existing Supply	28	28	28	28	28	28	28	28	28	28	28	28
Beachwood Motel	27	27	27	27	27	27	27	27	27	27	27	27
Coast Inn	25	25	25	25	25	25	25	25	25	25	25	25
Dolphin Hotel	13	13	13	13	13	13	13	13	13	13	13	13
Hilltop Motel*	10	53	106	106	106	106	106	106	106	106	106	106
Motel 6 Coastal Highway	11	11	11	11	11	11	11	11	11	11	11	11
Ocean Breeze Inn	21	21	21	21	21	21	21	21	21	21	21	21
Ocean Inn & Suites	59	59	59	59	59	59	59	59	59	59	59	59
Pacific Inn	80	80	80	80	80	80	80	80	80	80	80	80
Days Inn at the Coast	80	80	80	80	80	80	80	80	80	80	80	80
Guest House Inn & Suites	28	28	28	28	28	28	28	28	28	28	28	28
Oceanside Travelodge	38	38	38	38	38	38	38	38	38	38	38	38
La Quinta	52	52	52	52	52	52	52	52	52	52	52	52
Oceanside Marina Inn	424	477	559	568	558	562	568	568	568	568	568	568
Coastal Accommodations over \$100	424	477	559	568	558	562	568	568	568	568	568	568
Existing Supply Sub-Total	424	477	559	568	558	562	568	568	568	568	568	568
Supply Under Construction	0	0	0	0	0	0	0	0	0	0	0	0
Holiday Inn	0	0	0	0	0	0	0	0	0	0	0	0
Wyndham Resort	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Accommodations over \$100	0	0	0	0	0	0	0	0	0	0	0	0
Supply Under Construction Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0
Proposed Supply	424	477	559	568	558	562	568	568	568	568	568	568
S.D. Malkin Hotel**	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Lagoon**	0	0	0	0	0	0	0	0	0	0	0	0
Coastal Accommodations over \$100	0	0	0	0	0	0	0	0	0	0	0	0
Proposed Supply Sub-Total	0	0	0	0	0	0	0	0	0	0	0	0
Grand Total Supply	424	477	559	568	558	562	568	568	568	568	568	568
% Change	N/A	12.50%	17.10%	1.70%	-1.70%	-0.60%	8.10%	8.30%	8.50%	8.10%	8.10%	8.10%

*Note: The Hilltop Motel closed in quarter two of 2006 for a major renovation. The motel is now open.
 **Note: These two hotels have not fully been approved for development at this time.
 Source: PKF Consulting

The CPPB letter infers that the construction of the SD Malkin hotel on the city owned site would displace an affordable hotel property. As mentioned in the April report, PKF has concluded that there is a sufficient supply of affordable coastal hotels in the City of Oceanside. With the exception of one hotel, all of the existing accommodations in Oceanside are affordable. Affordable Coastal Accommodations have low demand as reflected in their occupancy rates. In addition, there is a lack of Coastal Accommodations over \$100 in Oceanside; and there is sufficient demand for the addition of visitor-serving Coastal Accommodations over \$100. Therefore, there is no mitigation suggested for affordable coastal hotels nor limited use/fractional ownership or condo-hotels.

Point Number One

The first issue raised in the letter from the CPPB is the total number of coastal affordable accommodations. THE CPPB letter states that "four of the hotels shown by PKF as "affordable" (\$100 per night or less) are in fact not affordable. These four hotels include Days Inn at the Coast, Guest House Inn and Suites, Oceanside Travelodge, and La Quinta." The methodology used by the CPPB to determine if a hotel was affordable was based on telephone calls made by the group to the four properties requesting rate information for different seasons.

The industry standard practice used by PKF to determine affordability is based the average daily rate of the hotels. Average daily rate of each hotel was based on transient occupancy tax (TOT) data that is collected from every hotel in Oceanside on a quarterly basis. The TOT data requires the hotels to report their occupancy and average daily rate (ADR). Average daily rate is a standard measure used in the hotel industry to determine the rate of a hotel. According to the Uniform System of Accounts for the Lodging Industry, "Although room rates may vary seasonally, by segment, or by room type within a property, most lodging properties calculate an overall average room rate, also called the average daily rate (ADR). The overall average room rate reveals the average rate charged per occupied room and is calculated by dividing total rooms revenue for a period by the number of rooms occupied during that period." Table 2 presents the ADR and demand for affordable coastal accommodations based on the TOT data collected from the City of Oceanside.

Year	Annual Supply	Percent Change	Occupied Rooms	Percent Change	Market Occupancy	Average Daily Rate	Percent Change	REVPAR	Percent Change
2002	135,780	N/A	57,827	N/A	42.6%	\$52.19	N/A	\$22.23	N/A
2003	155,125	14.2%	72,153	24.8%	46.5	56.90	9.0%	26.46	19.1%
2004	184,873	19.2	90,098	24.9	48.7	59.13	3.9	28.82	8.9
2005	188,340	1.9	93,936	4.3	49.9	61.48	4.0	30.67	6.4
2006	184,781	-1.9	89,694	-4.5	48.5	66.30	7.8	32.18	4.9
CAAG	8.0%		11.6%			6.2%		9.7%	

Source: PKF Consulting

Based on the TOT data, which is the most accurate information available, all of the four properties that the CPPB states as being not affordable had an ADR below \$100 in 2006. Furthermore, all of the affordable coastal hotels have an ADR below \$90. On a quarterly

basis, even in quarter two (May, June, July, and August), the quarter with the highest ADR, these four hotels still have an ADR below \$100.

Point Number Two

Secondly, the CPPB letter states "there were also some minor changes in the reported number of hotel rooms." The room count in the CPPB letter is not accurate because they do not take into account the decrease in inventory from Hilltop Motel's temporary closure in 2006 and 2007.

The number of available rooms is less than what the CPPB letter states because in April 2007, the time the report was prepared by PKF Consulting, the Hilltop Motel had been closed for renovation, with an uncertain reopening date. The numbers calculated in the report reflect the Hilltop Motel closing in early 2006 making three rooms available for the year 2006, and re-opening mid-2007 meaning seven rooms were available for the year 2007. This is the correct way to analyze the data per the industry standard.

Point Number Three

The CPPB letter states "of the affordable hotels, #2 (Coast Inn), #3 (Dolphin Inn), #4, (Hilltop Motel), #6 (Ocean Breeze Inn) and #7 (Oceanside Inn & Suites), are substandard accommodations or rent on a month-to-month basis."

All of the hotels in the Oceanside Coastal Zone were analyzed in the same manner. If rooms were rented at these hotels and TOT was paid to the City, which means the hotels are operating affordable coastal accommodations as defined by the industry. The term "substandard accommodation" is not a recognized term in our industry, is somewhat subjective, and would not be analyzed as part of our report.

Point Number Four

The CPPB letter states that "of the 12 operating hotels, seven are affordable, and five are not." This incorrect statement is based on the information collected from the CPPB's telephone calls to the hotels to collect room rates. Our report, however, determined affordability based on the ADR data collected from the City of Oceanside. Of the thirteen operating hotels, twelve are affordable and one is not. The Oceanside Marina Hotel, the only upscale coastal hotel, was excluded from the numbers in the CPPB letter.

The CPPB further states, "Based on this information, by the year 2011, 290 or 26% of the Coastal Zone hotel rooms will be in the affordable range, while 823 or 74% of the total 1,133 rooms will be well above the affordable range." This statement is also incorrect.

By the year 2011, assuming that all the projects in the entitlement process or under appeal are built, there will be a total of 1,133 coastal hotel rooms available in Oceanside. Based on the ADR from the TOT data and projected room rates, twelve hotels with a total of 516 rooms will be in the affordable range. The calculation of the affordable coastal rooms is as follows: 1,133 Grand Total Supply ÷ 516 Affordable Coastal Rooms = 46%. As shown by

4. Project characteristics that exceed standards established by City policy and those established by existing or approved developments in the surrounding area will be favorably considered in the review of acceptable density within the range. Such characteristics include, but are not limited to the following:
- a) Infrastructure improvements beyond what is necessary to serve the project and its population.
 - b) Lot standards (i.e. lot area, width depth, etc.) which exceed the minimum standards established by City policy.
 - c) Development standards (i.e. parking, setbacks, lot coverage, etc.) which exceed the standards established by City policy.
 - d) Superior architectural design and materials.
 - e) Superior landscape/hardscape design and materials.
 - f) Superior recreation facilities or other amenities.
 - g) Superior private and/or semi-private open space areas.
 - h) Floor areas that exceed the norm established by existing or approved development in the surrounding area.
 - i) Consolidation of existing legal lots to provide unified site design.
 - j) Initiation of residential development in areas where nonconforming commercial or industrial uses are still predominant.
 - k) Participation in the City's Redevelopment, Housing or Historical Preservation programs.
 - l) Innovative design and/or construction methods, which further the goals of the General Plan.

The effectiveness of such design features and characteristics in contributing to the overall quality of a project shall be used to establish the density above base density. No one factor shall be considered sufficient to permit a project to achieve the maximum potential density of a residential land use designation.

- (E) Lots within Subdistricts 5 may be subdivided upon the approval of the Community Development Commission (pursuant to the Subdivision Map Act and the Subdivision Ordinance), provided that each lot thus created is 2,500 square feet or more in area and 25 feet or more in width, and has vehicular access to a public or private alley. Lots within Subdistrict 9 which front on Tremont or Freeman Streets and total 30,000 square feet or more of contiguous area, in a single or multiple ownership, may also be subdivided upon the approval of the Commission with the same provisions as within Subdistrict 5.

One dwelling unit may be located on each subdivided lot provided that each lot meets the yard, density and occupancy requirements of a standard lot with the following exceptions:

- (1) Vehicular access to enclosed garages shall be provided from the public or private alley.
 - (2) Courts shall be provided opposite one interior property line which shall be a minimum depth of 8 feet from a window of a habitable room and a minimum width of 16 feet and shall be open to the sky, except for balconies 3 ft. in width and less, provided that eaves may project 2 feet into a court.
- (F) The floor area ratio for sites 30,000 square feet up to 175,000 of gross site area shall not exceed 3.0. The floor area ratio for sites greater than 175,000 square feet of gross site area shall not exceed 4.0. The floor area ratio may be distributed over the gross area of the entire site. Any residential portion shall not exceed 43 dwelling units per acre (du.ac).
- (G) The provisions of Section 3015: Building Projections into Required Yards and Courts apply except that in the D District, covered porches and stairs may project only 3 feet into the front or rear yard and 2 feet into the side yard.
- (H) Along Mission Avenue and North Coast Highway, setbacks shall be as follows:
- (1) Lots fronting Mission Avenue: 50 feet from street centerline;
 - (2) Lots fronting North Coast Highway Street: 45 feet from street centerline.
 - (3) Front yard setbacks on commercial projects within Subdistrict 1, 1A and 2 alternate setbacks are allowed upon Community Development Commission approval.
- (I) A 5-foot side or rear yard setback shall be provided along all alleys. A 10-foot side or rear yard shall adjoin any residential area, and structures shall not intercept a 1:1 or 45-degree daylight plane inclined inward from a height of 12 feet above existing grade at the R district boundary line.
- (1) Projects located on The Strand shall be allowed to encroach into the side yard setback, as long as a minimum 3-foot setback is maintained, with Community Development Commission approval.
- (J) The corner side yard setback may be reduced to 5 feet provided that the landscaping or structures within the setback do not exceed a height of 30 inches and conforms to sight distance requirements on a case by case basis upon approval by the Community Development Commission.
- (K) Parking structures shall not encroach upon setback areas unless it is entirely underground.

- (L) Proposals for front yard, side yard or rear yard setbacks will be judged on the merits of each individual proposal and the architectural compatibility of all proposed structures with existing or proposed structures on adjoining parcels. Functional site layout with special attention to design of recreational, parking and landscaped areas may produce an acceptable proposal with minimum or no setbacks. However, all projects seaward of or fronting on Pacific Street shall retain a minimum 5-foot front yard setback. Owners of abutting property shall be provided written notice of proposals for no setback on side and rear yards at least 10 days prior to Community Development Commission approval.

Buildings along The Strand shall be designed so that when viewed from the beach, the visual impact of the bulk of the structure is minimized to the maximum extent possible.

The Community Development Commission shall approve or conditionally approve such proposals upon finding that:

1. Allowing reduced or no setbacks is compatible with surrounding development;
2. Granting reduced setbacks or eliminating setbacks entirely will enhance the potential for superior urban design in comparison with development, which complies with the setback requirements;
3. The granting of reduced or no setbacks is justified by compensating benefits of the project plan; and
4. The plan containing reduced or no setbacks includes adequate provisions for utilities, services, and emergency-vehicle access; and public service demands will not exceed the capacity of existing and planned systems.

- (M) Height is to be measured from the existing grade, unless otherwise specified.

a) Existing Grade: The surface of the ground or pavement at a stated location as it exists prior to disturbance in preparation for a project as regulated by Section 1240.

b) Street Grade: The top of the curb, or the top of the edge of the pavement or traveled way where no curb exists.

- (N) (1) Additional limitations on heights shall apply as follows:

(a) The Strand: No building shall exceed the present elevation of Pacific Street as defined at the time of passage of Proposition A, passed on April 13, 1982, and set forth in the Proposition A Strand Survey dated May 9, 1986.

(b) Subdistrict 4B: Nonresidential structures along Pacific Street shall be the lesser of three stories or 35 feet.

- (c) Within Subdistrict 5A residential structures above 27 feet, but below 35 feet in height, are allowed upon approval of a Conditional Use Permit.
 - (d) Within Subdistrict 2 mixed use structures above 65-feet, up to 90-feet in height, are allowed upon approval of a Conditional Use Permit.
- (2) Additional height may be approved with a Conditional Use Permit on a case-by-case basis for:
- (a) All nonresidential uses except as otherwise noted in this section.
 - (b) Master plan mixed use projects located within Subdistricts 1 and 12, if the Commission finds superior design results incorporating the following design standards and regulations:
 - i Site coverage requirement - Maximum coverage of 60% based on entire gross acreage of Master Site Plan.
 - ii Additional setbacks at the corners of the center block (bounded by Pacific, Mission, Myers and Third Streets) shall be required to create plazas. A minimum dimension of 15 feet shall be required. Minimum encroachments may include landscaping, outdoor seating, street furniture, and art displays.
 - iii A pedestrian promenade shall be required adjacent to development on Pacific Street.
 - iv Public Space Amenity - A minimum of 30% of the entire Master Site Plan area shall be for public or semi-public uses for recreational purposes. Such space shall have minimum dimensions of 15 feet. Paved areas devoted to streets, driveways and parking areas may not be counted toward this requirement. A maximum of 15 % may be enclosed recreation space such as gyms, health clubs, handball/racquetball courts, cultural institutions, meeting/conference facilities or similar facilities. A fee may be imposed for the use of such facilities.
 - v View Corridor Preservation - View corridors shall be preserved through staggered building envelopes or breezeway requirements. Cross block consolidations shall be required to preserve view corridors by permitting only minimal encroachments into existing right-of-ways. Permitted encroachments may include

but not be limited to landscaping, food/ sundries kiosks and street furniture.

- vi Maximum Density/Intensity - The maximum intensity of development shall be regulated by Floor Area Ratio (FAR) for Subdistrict 12. The FAR shall apply to the entire Master Site Plan area. FAR shall be calculated on gross acreage of the entire Master Site Plan area. The maximum FAR for Subdistrict 12 shall be 4.0.
- vii Maximum Height - 140 feet. Mid-rise towers shall be oriented with their long axis parallel to the ocean sight line and the east-west streets may only permit minimal encroachments so as to open up and maximize the view corridors. Upper floors of towers shall be of varying heights and stepped back or architecturally fenestrated creating plane breaks in the roof or parapet treatment to add interest to the skyline profile.
- viii Mid-rise tower facades shall feature multifaceted plane breaks and horizontal cornice and frieze elements, which will diminish the perception of mass and create interesting daytime shadow play and nocturnal lighting effects. Towers shall rise from a horizontally articulated building base to bring human scale to the street level pedestrian activity. Additional human scale elements shall include but not be limited to protruding balconies, colorful awnings, fenestration, iron railings, etc..
- ix Only those uses which are transient residential/visitor serving accommodations in nature shall be permitted to achieve the maximum height of 140 feet and only 30% of the Master Site Plan may achieve this maximum height.
- x All other uses permitted within these subdistricts may not exceed a maximum height of 90 feet, and only 30% of the Master Site Plan may achieve the mid-height of 90 feet.
- xi All other structures in these subdistricts (the remaining 40% of the Master Site Plan) may not exceed a height of 45 feet.

- (c) In Sub Districts 7A and 7B, the maximum height limit shall be 45', except that a height limit of up to 65' may be permitted within an approved master plan where the total building floor coverage (footprint) of the development does not exceed more than 35% of the total developable area of the master plan, and the following criteria are met:
- i The architectural elevations shall vary in height along any road or street, especially along Hill Street.
 - ii Roof lines shall be pitched with flat roof lines allowed only for intermittent visual relief in character.
 - iii The maximum achievable elevation shall not extend for the entire roof line of the given building. (The use of jogs, offsets, height differentiations and other architectural features shall be used to reduce the appearance of a constant roof height.)
 - iv The use of a full roof, not flat, with appropriate pitch, shall be used whenever possible. (A full roof aids in the reducing any environmental noise pollution by providing proper sound attenuation.)
 - v In no case shall a building elevation exceed 45 feet in height unless developed under the auspices of a Disposition and Development Agreement, Owner Participation Agreement, Development Agreement or Conditional Use Permit (CUP). In such case, each such Agreement or CUP shall require a site plan and design criteria approval by the CDC.
 - vi No structure within 50' of the 100 Year Floodplain boundary shall exceed 45' in height.
- (d) Residential projects east of the AT&SF railroad right-of-way.
- (e) In addition to the FAR standard required for commercial and mixed use development, the following shall be the maximum height limit per district:

Subdistrict	Maximum Height
1	140 feet
1A	45 feet
2	65 feet
3	65 feet
4A	Restricted by bluff height
4B	35 feet
5	35 feet west of AT&SF 45 feet east of AT&SF
5A	27 feet
6A	65 feet
6B	65 feet
6C & 6D	Pursuant to Harbor Precise Plan
7A	65 feet
7B	65 feet
8A	65 feet
8B	65 feet
9	45 feet
10	San Luis Rey River/Not Applicable
11	35 feet
12	140 feet
13	90 feet
14	45 feet
15	Beach/Strand Park/Restricted by bluff height"

- (f) In Subdistrict 6A and 6B provisions i - vi of herein above Section 6(2)(c) shall apply.
- (O) See Section 3018: Exceptions to Height Limits. All height exceptions, omitting those allowed under Section 3018, require approval by the Community Development Commission.
- (P) Planting Areas. All visible portions of a required setback area adjoining a street shall be planting area or hardscape that includes driveways, walks, parking areas, as well as areas covered by ornamental gravel, crushed rock, or similar materials. However, the front yard setback may not be entirely paved out or composed of hardscape material.
- (Q) See Section 3019: Landscaping, Irrigation and Hydroseeding.
- (R) The minimum site landscaping shall be provided on the lot surface; plantings on roofs, porches or in planting boxes which are above the lot surface shall not qualify

as landscaping, except for landscaping located directly above underground parking which is 50% or more below grade. Hardscape does not qualify as landscaping except that, areas devoted to common patios, pools and other recreational facilities may be included in determining compliance with the landscaping requirement. In addition, for projects of four or fewer units, private outdoor living space can be used to satisfy up to 10 percent of the minimum site landscaping requirement. Residential projects located on The Strand may count 30% of the required landscaping on roof tops toward their landscaping requirement, providing such landscaping or appurtenances or other architectural features (such as guard rails) do not exceed the present elevation of Pacific Street as defined at the time of passage of Proposition A, passed April 13, 1982, and set forth in the Proposition A Strand Survey dated May 9, 1986.

(S) Landscaping Requirements:

- (1) For residential projects only located on The Strand is 20%.
 - (2) Within Subdistricts 1, 2, 9, and 12 landscaping may be reduced (for commercial development only) provided that the developer contributes a fee to provide art work for the proposed project upon approval by the Community Development Commission. The percentage of landscaping to be reduced as well as the amount of the fee will be determined by the Community Development Commission.
- (T) The parking structures that are 50% or more below grade, the required facade modulation shall only be applicable to the facade area above the parking structure.
- (U) Buildings 50' wide or smaller in width may reduce the amount of facade modulation per Community Development Commission approval. For buildings located on The Strand, alternative facade modulations, either reduced amounts or horizontal modulation may be provided with Community Development Commission approval.
- (V) See Article 31: Off-Street Parking and Loading Regulations.
- (W) The following parking standards and regulations apply specifically to the D District. If there is a conflict with Article 31, the following parking standards shall apply:
1. All parking shall be in an enclosed garage. Up to 25 percent may be in a semi-enclosure with Community Development Commission approval.
 2. Tandem Parking:
 - (a) Tandem Parking may be allowed with a Conditional Use Permit for property located on The Strand.
 - (b) For projects located outside of The Strand area but within the Redevelopment Project Area, tandem parking shall be allowed for parcels 33 feet wide or less with a Conditional Use Permit.

- (c) When tandem parking is permitted, parking spaces are assigned to a single unit. Each parking space shall be numbered/lettered. Each unit shall be assigned a specific space or spaces. Each unit whose unit number/letter appears on the corresponding space(s) shall have an exclusive easement for parking purposes over that designated parking space.
- 3. Visitor parking spaces are required in projects with 25 or more units at a ratio of one additional space per five units above 25 units.
- 4. Within the Transit Overlay District the number of on-street parking spaces available on the contiguous street frontage of the site may be counted toward the total number of parking spaces required for a non-residential Mixed Use Development Plan.
- 5. Non-residential Mixed Use Development Plans within the Transit Overlay District may receive a mixed-use parking requirement reduction of up to 25% based upon all of the following criteria: a) proximity to the Oceanside Transit Center, b) demonstrated varied peak demand for parking, and c) project amenities which encourage alternate travel modes.
- (X) Any vehicular access over 24 feet in width requires Community Development Commission approval.
- (Y) On corner lots or lots with double frontages, vehicular access shall be provided from the secondary street or alley.
- (Z) Fences within front yard setback areas are limited to 42 inches in height. Residential fences over 6 feet in height require a variation or a variance. Nonresidential fences over 8 feet in height require a variation or a variance (See Section 3040).
- (AA) A 6-foot solid masonry or concrete wall shall adjoin the property line of the site of a new ground-floor residential use abutting an existing nonresidential use or the property line of a new nonresidential use abutting the site of an existing ground-floor residential use. However, no wall shall be required where the portion of the site within 10 feet of the property line is occupied by planting area or by a building having no openings except openings opposite a street property line.
- (BB) All fences, walls and fencing attachments (such as, but not limited to, barbed wire or razor wire) within the Redevelopment Project Area requires Redevelopment Department approval prior to installation. The Redevelopment Department's decision may be appealed to the Community Development Commission.
- (CC) See Section 3025: Antennas and Microwave Equipment and Section 3027: Recycling facilities.

(DD) Outdoor eating facilities for employees shall be provided for all office buildings that contain more than 20,000 square feet if no public park is within 1,000 feet. See Section 3028: Employee Eating Areas.

(EE) Courts Opposite Windows, Multifamily Units.

Courts shall be provided for all multifamily development as follows:

- (1) Courts Opposite Walls on the Same Site: The minimum depth shall be one-half the height of the opposite wall but not less than 16 feet opposite a living room and 10 feet opposite a required window of any habitable room.
- (2) Courts Opposite Interior Property Line: The minimum depth of a court for a required window of a habitable room shall be 6 feet, measured from the property line.
- (3) Court Dimensions: Courts shall be a minimum of 16 feet wide and shall be open to sky except for balconies 3 ft. in width and less, provided that eaves may project 2 feet into a court.

(FF) Open Space.

- (1) Basic Requirement. Total open space on a site having three or more dwelling units shall be at least 200 square feet per dwelling unit.
- (2) Private Outdoor Living Space. Private outdoor living space shall be on patios or balconies within which a horizontal rectangle has no dimension less than 6 feet.
- (3) Shared Open Space. Shared open space, provided by non-street side yards, patios and terraces, shall be designed so that a horizontal rectangle inscribed within it has no dimension less than 10 feet, shall be open to the sky, and shall not include driveways or parking areas, or area required for front or street side yards.
- (4) Parkland Dedication. All multifamily housing projects shall be subject to the parkland dedication requirements of Chapter 32, Subdivisions, of the City Code because apartments contribute to increased demand for community and neighborhood parks in the same manner as condominiums, cooperatives, and single-family housing. The applicant shall dedicate land or pay a fee, or a combination of dedication and fee as provided by Chapter 32, Article IV of the City Code, and the credit for improvement and private open space under Section 32.50 of the City Code shall apply, if warranted. The fees shall be calculated according to a schedule adopted by the City Council by resolution and shall be payable at the time a building permit is issued.

- (GG) The Sign Standards for the Downtown Oceanside Redevelopment Project Area adopted by the Oceanside Community Development Commission and the Harbor Design Standards adopted by the Oceanside Harbor Board of Directors pertaining to signs shall apply where they are more restrictive than Article 33 of the Oceanside Zoning Ordinance.
- (HH) In Subdistricts 4A and 15, permanent facilities shall be provided for pedestrian access from the nearest public streets on the bluff top to the public beach. Between Ninth Street and Wisconsin Avenue, such access shall be provided on the average of every 800 feet, but in no event will there be fewer than seven such pedestrian routes. Between Ninth Street and Wisconsin Avenue, no fewer than four permanent facilities shall be provided for vehicular access from the nearest public street on the bluff top to the beach.
- (II) Development within Subdistricts 6(C) and 6(D) shall be subject to the Harbor Design Standards.
- (JJ) The Property Development Regulations (Section 1230) for residential uses shall apply to all exclusively residential projects within commercially oriented subdistricts.
- (KK) Any mixed-use development with commercial and residential land uses combined requires a Mixed-Use Development Plan approved in accordance to the following requirements, to establish the property development regulations for the project. Base District Regulations and Property Development Regulations for Residential and Nonresidential land uses shall serve as the guideline for a mixed-use project. Height shall be regulated by the maximum height allowed in the Subdistrict as set forth in Additional Development Regulations sub-section (N). In no case shall these maximum heights be exceeded. Any deviations from the development regulations shall be evaluated based upon the merits of the development plan. Any deviation granted which permits a greater than 10% reduction in parking requirements above the base development regulations of Article 12 "D" Downtown District shall also require a Local Coastal Program Amendment.

Purpose:

The Mixed-Use Development Plan is intended to provide flexibility in land use regulations and site development standards under control of the Planning Commission and the Community Development Commission where flexibility will enhance the potential for superior urban design.

Initiation:

A mixed-use development may be initiated by filing an application for a Mixed Use Development Plan that complies with the requirements of this subsection (KK).

Required plans and materials:

1. A Mixed-Use Development Plan consisting of a map and textual materials as may be necessary to delineate land uses and locations, existing and projected building types and schematic designs, height and FAR including any proposals for transfer of FAR, site development requirements, existing and proposed open space, circulation, on-site and off-site parking, and any other pertinent information.
2. A comparison between underlying district regulations and standards and any proposed modifications to these regulations and standards, together with resulting impacts on traffic-carrying capacity of affected streets.
3. A statement of the reasons for any requested modifications to regulations or standards and a description of proposed means of mitigating any adverse effects.

Adoption of Mixed-Use Development Plans:

The Community Development Commission shall hold a duly noticed public hearing on the application in accord with the provisions of Article 45. Following the hearing, the Commission may recommend approval of the Development Plan with conditions if it implements the purpose of the Mixed-Use Development Plan. The following findings shall be made by the Community Development Commission:

1. For the residential portion of the project, the total number of dwelling units in the Mixed-Use Development Plan does not exceed the maximum number permitted by the General Plan density of 43 dwelling units per acre. Any plan that would exceed the base density of 29 dwelling units per acre may be approved only if the Community Development Commission finds that the plan conforms to the provisions of Section 1230 of this Ordinance (in particular, Additional Regulation "CC").
2. That the Mixed-Use Development Plan will enhance the potential for superior urban design in comparison with development under the regulations that exist if the Development Plan were not approved;
3. That the Mixed-Use Development Plan is consistent with the adopted Land Use Element of the Redevelopment Plan and other applicable

policies, and that it is compatible with development in the area it will directly affect;

4. That the Mixed-Use Development Plan includes adequate provisions for utilities, services, and emergency access, and public service demands will not exceed the capacity of existing systems;
5. That the traffic expected to be generated by development in accord with the Mixed-Use Development Plan will not exceed the capacity of affected streets; and
6. That the Mixed-Use Development Plan will not significantly increase shading of adjacent land in comparison with shading from development under regulations that would exist if the Mixed-Use Development Plan were not approved.

1235 Nonconforming Commercial Structures

Notwithstanding the provisions of Article 35, a nonconforming commercial building located in a commercial zoning district within the Redevelopment Project Area, which is destroyed to an extent of more than fifty percent (50%) of its replacement value at the time of its destruction by fire, explosion, or other casualty or Act of God, or the public enemy, may be restored to its original density, height, or configuration subject to all other provisions of this Article, provided that such nonconformities are not increased in intensity, and that there is no reduction in the amount of off-street parking which had existed on site prior to such destruction. The use of the rebuilt structure shall be subject to all current zoning use regulations in existence at the time of destruction. Existing uses operating under a conditional use permit, which is in compliance with the existing zoning regulations at the time of destruction, shall not be required to obtain a new use permit. Exterior appearance and facade plans for the rebuilding of nonconforming commercial structures shall be subject to review by the Redevelopment Design Review Committee and approval by the Community Development Commission. (For Residential Nonconforming Buildings See Article 35 Section 3510)

1240 Review of Plans

Certain projects shall require concept plan review in accordance with Article 42 of this Ordinance. All new development projects with the exception of single family residences shall require development plan review in accordance with Article 43. All development plans shall be reviewed by the Redevelopment Staff and by any other City department or division or governmental agency designated by the Redevelopment Director.

Alterations of existing structures, not within Subdistrict 1A or in an Historic Overlay District, are exempt from development plan review unless the alteration adds the following:

- a) 10% or more of additional square footage to an existing structure or;
- b) adds more than 500 square feet to an existing structure.

Such alterations shall be considered to be major alterations and require development plan review. The Community Development Commission shall approve, conditionally approve, or disapprove development plans for all projects within the designated Redevelopment Project Area.

Development plans for projects in Subdistrict 1A or in an HD Historic Overlay District shall be reviewed by the Historical Preservation Advisory Commission (OHPAC). The proposed demolition of a designated historical site shall also be reviewed by OHPAC and approved, conditionally approved, or denied by the Community Development Commission.

In regards to the Development Plans within the Oceanside Small-Craft Harbor, Planning Commission recommendations shall be made to the Harbor Chief Executive Officer for processing and action in accordance with Article 43.

All discretionary actions within the Downtown District shall require Community Development Commission review, unless otherwise specified in this Ordinance. The Planning Director or Planning Commission shall recommend to the Harbor Chief Executive Officer, approval, conditional approval, or denial of discretionary requests.

The Community Development Commission's, or the Harbor Board of Director's, consideration of discretionary actions shall be through a noticed public hearing if the action requested requires such a public hearing. Where a noticed public hearing is required, the Community Development Commission's review of the discretionary action shall also be through a public hearing. All decisions made by the Community Development Commission and Harbor Board of Directors shall be final.

1250 Amendments

Any amendments to Article 12 of this Ordinance that affect properties within the established California Coastal Zone shall be approved by the California Coastal Commission.

Article 41 Use Permits and Variances

Sections:

- 4101 Purposes
- 4102 Authority of the Planning Director, Economic and Redevelopment Director, Planning Commission, Harbor Board, Community Development Commission and City Council
- 4103 Application for Use Permit or Variance
- 4104 Notice, Administrative Decision, and Public Hearing
- 4105 Required Findings
- 4106 Conditions of Approval
- 4107 Effective Date
- 4108 Lapse of Approval; Time Extension; Transferability; Discontinuance; Revocation
- 4109 Changed Plans
- 4110 Appeals

4101 Purposes

This article provides the flexibility in application of land use and development regulations necessary to achieve the purposes of this ordinance by establishing procedures for approval, conditional approval, or disapproval of use-permit and variance applications. Use permits are required for use classifications typically having unusual site development features or operating characteristics requiring special consideration so that they may be designed, located, and operated compatibly with uses on adjoining properties and in the surrounding area.

Variances are intended to resolve practical difficulties or unnecessary physical hardships that may result from the size, shape, or dimensions of a site or the location of existing structures thereon; from geographic, topographic, or other physical conditions on the site or in the immediate vicinity; or from street locations or traffic conditions in the immediate vicinity of the site. Cost to the applicant of strict compliance with a regulation shall not be the sole reason for granting a variance.

Variances may be granted with respect to fences, walls, landscaping, screening, site area, site dimensions, yards, height of structures, courts, distances between structures, open space, signs, off-street parking and off-street loading, frontage, locational requirements and performance standards.

Authorization to grant variances does not extend to use regulations because the flexibility necessary to avoid results inconsistent with the land use objectives of this ordinance is provided by the use permit process for specified uses and by the authority of the Planning Commission to determine whether a specific use belongs within one or more of the use classifications listed in Article 4.

4102 Authority of the Planning Director, Planning Commission,
Economic and Redevelopment Director,
Harbor Board, Community Development Commission and City
Council

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The Planning Commission shall approve, conditionally approve, or disapprove applications for use permits or variances which are consistent with the General Plan subject to the general purposes of this ordinance, the specific purposes of the base or overlay zoning district in which a development site is located, and the provisions of this article, unless authority for a decision on a use permit is specifically assigned to the Planning Director or Economic and Redevelopment Director, in the individual articles of this ordinance.

Within designated redevelopment areas, the Economic and Redevelopment Director shall recommend approval, conditional approval, or denial of applications for use permits or variances to the Community Development Commission (acting as the Planning Commission for the designated redevelopment area), which shall have final decision-making authority over such applications under this article.

Within the Oceanside Small Craft Harbor, recommendations shall be made by the Harbor Chief Executive Officer for processing and action by the Harbor Board of Directors, which shall have final decision-making authority, except for projects that are also within a redevelopment area, in which case the Community Development Commission shall have final authority.

For use permits involving condominium conversions of five units or more, mobile home park conversions, and regulated uses not within a redevelopment area or the Harbor, the City Council shall have final decision-making authority (see Articles 32, 34, and 36, respectively).

4103 Application for Use Permit or Variance

Applications for use permits and variances shall be initiated by submitting the following materials to the Planning Department:

- A. A completed application form, signed by the property owner or authorized agent, accompanied by the required fee, plans and mapping documentation in the form prescribed by the Planning Director;
- B. A map showing the location and street address of the development site and all lots within 300 feet of the boundaries of the site; and
- C. A list, drawn from the last equalized property tax assessment roll, showing the names and addresses of the owners of record of each lot within 300 feet of the boundaries of the site. This list shall be keyed to the map required in subsection (B) above.

4104 Notice, Administrative Decision, and Public Hearing

- A. Administrative Decision. For use permit applications that only require the consideration of the Planning Director or Economic and Redevelopment Director, the Planning Director or Economic and Redevelopment Director, shall administratively approve, conditionally approve, or disapprove the use permit application.
- B. Public Hearing Required. For use permit and variance applications that require the consideration of the Planning Commission, a public hearing of the Planning Commission shall be held to approve, conditionally approve, or disapprove the use permit or variance application.
- C. Time of Administrative Decision or Public Hearing. Within 10 working days after acceptance of a complete application, the Planning Director shall set a time and place for an administrative decision or a public hearing to be held within 60 days.
- D. Notice. Notice of the administrative decision or public hearing shall be given in the following manner:

1. Published Notice. Notice shall be published in at least one newspaper of general circulation within the City at least 10 days prior to the administrative decision or public hearing on the project.
 2. Mailed or Delivered Notice. At least 10 days prior to the administrative decision or public hearing, notice shall be mailed to the applicant and all owners of property within 300 feet of the boundaries of the site, as shown on the last equalized property tax assessment role.
- E. Contents of Notice. The notice of the administrative decision or public hearing shall contain:
1. A description of the location of the development site and the purpose of the application;
 2. A statement of the time, place, and purpose of the administrative decision or public hearing;
 3. A reference to application materials on file for detailed information; and
 4. A statement that any interested person or an authorized agent may comment or appear and be heard.
- F. Multiple Applications. When applications for multiple use permits or variances on a single site are filed at the same time, the Planning Director shall schedule a combined administrative decision or public hearing.

4105 Required Findings

The Planning Commission, or the Planning Director or Economic and Redevelopment Director, as the case may be, may approve an application for a use permit or variance as it was applied for or in modified form as required by the Planning Director or Economic and Redevelopment Director or Planning Commission if, on the basis of the application, plans, materials, and testimony submitted, the Planning Commission or the Planning Director or Economic and Redevelopment Director finds:

A. For Use Permits.

1. That the proposed location of the use is in accord with the objectives of this ordinance and the purposes of the district in which the site is located.
2. That the proposed location of the conditional use and the proposed conditions under which it would be operated or maintained will be consistent with the General Plan; will not be detrimental to the public health, safety or welfare of persons residing or working in or adjacent to the neighborhood of such use; and will not be detrimental to properties or improvements in the vicinity or to the general welfare of the city.
3. That the proposed conditional use will comply with the provisions of this ordinance, including any specific condition required for the proposed conditional use in the district in which it would be located.

B. For Variances.

1. That because of special circumstances or conditions applicable to the development site -- including size, shape, topography, location or surroundings -- strict application of the requirements of this ordinance deprive such property of privileges enjoyed by other property in the vicinity and under identical zoning classification;
2. That granting the application will not be detrimental or injurious to property or improvements in the vicinity of the development site, or to the public health, safety or general welfare; and
3. That granting the application is consistent with the purposes of this ordinance and will not constitute a grant of special privilege inconsistent with limitations on other properties in the vicinity and in the same zoning district;

and, if applicable,

4. OS District Only. That granting the application is consistent with the requirements of Section 65911 of the Government Code and will not conflict with General Plan policies governing orderly growth and development and the preservation and conservation of open-space lands.

4106 Conditions of Approval

In approving a use permit or variance, the Planning Commission, or the Planning Director or Economic and Redevelopment Director as the case may be, may impose reasonable conditions necessary to:

- A. Achieve the general purposes of this ordinance or the specific purposes of the zoning district in which the site is located, or to make it consistent with the General Plan;
- B. Protect the public health, safety, and general welfare; and
- C. Ensure operation and maintenance of the use in a manner compatible with existing and potential uses on adjoining properties or in the surrounding area.

Limits on Conditions of Approval. No conditions of approval of a use permit shall include use, height, bulk, density, open space, parking, loading, or sign requirements that are less restrictive than those prescribed by applicable district regulations.

4107 Effective Date

Effective Date. Use permits administratively approved by the Planning Director or Economic and Redevelopment Director shall become effective on the date of the Planning Director's or Economic and Redevelopment Director administrative decision, unless appealed to the Planning Commission or the Community Development Commission, as provided for in this article. Use permits and variances approved by the Planning Commission shall become effective on the date of adoption of the Planning Commission resolution, unless appealed, as provided for in Article 46.

4108 Lapse of Approvals; Time Extension; Transferability;
Discontinuance; Revocation

- A. Lapse of Approvals. A use permit or variance shall lapse two years after the effective date of approval or conditional approval or at an alternative time specified as a condition of approval unless:
1. A grading permit has been issued and grading has been substantially completed and/or a building permit has been issued, and construction diligently pursued; or
 2. A certificate of occupancy has been issued; or
 3. The use is established; or
 4. The use permit or variance is extended.
 5. In cases where a use permit or variance is approved concurrently with a Tentative Map and a Final Map or Parcel Map is recorded, the use permit or variance shall be effective for an additional 24 months from the date of recordation of the Final Map or Parcel Map.
- B. Time Extension. Upon application by the project applicant filed prior to the expiration of an approved or conditionally approved use permit or variance, the time at which the use permit or variance expires may be extended by the Planning Director, or Economic and Redevelopment Director, or the Planning Commission as the case may be, for a period or periods not to exceed a total of three years. Application for renewal shall be made in writing to the Planning Director or Economic and Redevelopment Director, no less than 30 days or more than 90 days prior to expiration. Decisions on Time Extensions may be appealed, as prescribed in Article 46.
- C. Transferability. The validity of a use permit or a variance shall not be affected by changes in ownership.
- D. Discontinuance. A use permit or variance shall lapse if

the exercise of rights granted by it is discontinued for six consecutive months.

- E. Revocation. A use permit or variance that is exercised in violation of a condition of approval or a provision of this ordinance may be revoked, as provided in Section 4706.

4109 Changed Plans

- A. Changed Plans. A request for changes in conditions of approval of a use permit or variance, or a change to the approved plans that would affect a condition of approval, shall be treated as a new application. The Planning Director or Economic and Redevelopment Director may waive the requirement for a new application if the changes requested are minor, do not involve substantial alterations or addition to the plan or the conditions of approval, and are consistent with the intent of the project's approval or otherwise found to be in substantial conformance.

4110 Appeals

- A. Rights of Appeal and Review. Use permit decisions of the Planning Director may be appealed by any interested party to the Planning Commission. Use permit decisions of the Economic and Redevelopment Director may be appealed by any interested party to the Redevelopment Advisory Commission for their recommendation to the Community Development Commission. Use permit and variance decisions of the Planning Commission may be appealed by any interested party to the City Council.
- B. Procedures; Public Hearings. Procedures for appeals shall be as prescribed by Article 46.

the calculation, 46 percent of the Coastal Zone hotel rooms in Oceanside will be in the affordable range. These figures include the addition of the proposed hotels. Please refer to Table 1 in this letter to confirm these figures.

Point Number Five

The letter mentions that "A proposal has also been presented to the city to demolish hotel #10 (Guest House Inn & Suites) and the associated Flying Bridge Restaurant, and replace it with a four star hotel, making this unit even less affordable."

The City has received an application from the property owner for a proposed Hyatt Place to replace the Guest House Inn & Suites. This proposed hotel has not been approved by the City.

Hyatt Place is a select/limited-service business hotel brand similar to Courtyard by Marriott and Hilton Garden Inn. Global Hyatt offers several brands ranging from the luxury Park Hyatt, Hyatt Regency, Grand Hyatt, Hyatt Resorts, and Andaz, to the select service hotel brands Hyatt Place and Hyatt Summerfield Suites. Hyatt Place is not a four star level brand.

Point Number Six

"The PKF Study Executive summary, page 1 also states that the City of Oceanside has campgrounds. There are no campgrounds."

Further investigation into the public and private campgrounds available within the Coastal Zone in Oceanside indicate more RV camping than first reported in the April 2007 report. A total of 336 year round RV and 4 tent camping spaces are available. Two of the campgrounds are private. Oceanside RV Park has 141 RV sites and 4 tent camping sites. Paradise by the Sea has 102 RV camping sites.

The City of Oceanside offers a total of 178 camping spaces in parking lots located at Harbor Beach. The lots offer 93 vehicle camping spaces for year round use and 85 camping spaces with seasonal restrictions on overnight camping which is prohibited from May 15 through September 15. The length of stay is limited to five nights within a 30-day period. Overnight camping is \$15 per night.

Point Number Seven

"The PKF Study lacks investigation into the beach vacation rental economy, which has a large growing impact on accommodations in the Coastal Zone." The CPPB letter states that its main concern is that the City of Oceanside cannot currently regulate vacation rentals so the City will not have the ability to regulate condominium hotel or limited use/fractional ownership.

A condominium hotel or limited use/fractional ownership is not the same as a vacation rental. They both have specific definitions in the hospitality industry. Our April 2007

report did investigate vacation rentals as they related to payment of TOT to the City of Oceanside.

To distinguish the two product types, the primary function of condominium hotels or limited use/fractional ownerships is to provide visitor-serving accommodations. The City of Oceanside will be able to regulate the use and collect appropriate taxes from these visitor-serving accommodations since they are licensed, regulated, and operated by professional management companies.

A vacation rental is a specific term which refers to a furnished apartment or house that can be rented out on a temporary basis to tourists as an alternative to a standard hotel room. Typically, individual owners of houses and condominiums offer their residences as a vacation rental through a certified real estate agent, property management company, or privately on the Internet. The length of stay at these types of accommodations ranges from one night to one month or more. TOT is collected by the City for the vacation rentals that are rented for less than a month typically through real estate agents and property management companies.

It is our understanding that it is likely units that are rented out as vacation rentals that do not file the appropriate paperwork with the City for the required transient occupancy tax, nor register for the appropriate business licenses. However, as the decision to rent a private residence is inconsistent and not predictable, it would be statistically incorrect to include them in the analysis. Studies of this sort do not include what could be deemed "casual" rentals.

Point Number Eight

The CPPB letter states "the city has not protected the specified minimum number of lower cost hotel and motel units. Furthermore.... And protect low/moderate cost visitor-serving accommodations." This is based on the incorrect assumption by the CPPB letter that four of the affordable coastal properties are not affordable. There are currently 510 affordable coastal accommodations out of a total of 562 coastal accommodations.

The CPPB letter further states that a developer is seeking approvals to demolish the Coast Inn and Ocean Breeze Inn to develop a mixed use project. The Coast Inn is located at 921 North Coast Highway and is between a Motel 6 and a La Quinta. If this hotel were to apply for a permit to redevelop, the new hotel would likely be at a similar price point to the adjacent hotel properties. The Ocean Breeze is located at 2020 South Coast Highway.

The City does not have an application submitted to redevelop either of these hotel properties. The decrease in affordable coastal supply referred to by the CPPB letter is only speculative and should not be included in the data at this time.

Point Number Nine

The CPPB letter states that there is a discrepancy of approximately \$1.1 million between the TOT data reported in the PKF report and the TOT revenue reported by the Director of Financial Services in April 2007.

First, the \$1.1 million in additional TOT referred to by the CPPB letter was collected over a four-year time frame. This variance in TOT is due to the World Mark Trendwest timeshares located near the Harbor. As stated in our April 2007 report, the City negotiated with Trendwest to pay TOT to help finance certain infrastructure. The TOT accrues to the Oceanside Redevelopment Agency, not the General Fund, for payment of a Community Facilities District Bond and is not included in the total TOT figures in the PKF report because it would be inaccurate. It is however, included in the report prepared by the Director of Financial Services.

It is our hope that this clarifies questions of our earlier report from April 2007 by the CPPB letter. The methods employed by PKF Consulting use uniform practices consistently used in the hospitality industry. If this has not clarified the report please contact us again.

Sincerely,
PKF Consulting



Bruce Baltin
Senior Vice President

DISCLOSURE OF EX PARTE COMMUNICATION

Date and time: **October 31, 2007, 10:00 a.m.**
Location: **Telephone**
Person initiating communication: **M. Andriette Culbertson**
Person receiving communication: **Steve Blank**
Name of project: **City of Oceanside D District amendment**

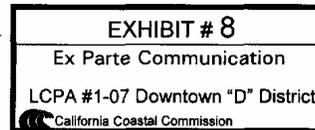
Content of communication:

Ms. Culbertson represents a private resort developer within the area addressed by the D District amendment. She claims the conventional hotel component of the resort is permitted in the currently certified LCP. However, the resort is composed of 336 standard hotel rooms as well as 48 /fractional/timeshare units. Up to 47 condo-hotel rooms could be created from the 336 room hotel inventory at a later date, leaving approximately 289 conventional hotel rooms. Assuming the maximum conversion of hotel rooms to condo-hotel rooms at a later date, the non-conventional keys would still comprise less than 25% of the resort. Staff has advised the City applicant and Ms. Culbertson that they intend to recommend an in lieu fee for the condo-hotel/fractional rooms because those rooms are not "affordable".

Ms. Culbertson's client opposes this fee on several bases. Foremost among these is the fact that Oceanside, as a City, has many affordable hotel rooms in what the CCC has traditionally considered the Coastal Zone. Since there is no affirmative requirement in the certified LCP for an affordable hotel at this location, and since the resort does not displace affordable hotel rooms, Ms. Culbertson believes that the fee exaction is inappropriate. Ms. Culbertson also points to Coastal Act Sec. 30213, prohibits the CCC from requiring 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 (Coastal Act Sec. 30213).

11/6/07
Date


Signature of Commissioner



→ Tomi/LCPA file

DISCLOSURE OF EX PARTE COMMUNICATION

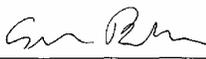
Date and time: **October 31, 2007, 10:00 a.m.**
Location: **Telephone**
Person initiating communication: **M. Andriette Culbertson**
Person receiving communication: **Steve Blank**
Name of project: **City of Oceanside D District amendment**

Content of communication:

Ms. Culbertson represents a private resort developer within the area addressed by the D District amendment. She claims the conventional hotel component of the resort is permitted in the currently certified LCP. However, the resort is composed of 336 standard hotel rooms as well as 48 fractional/timeshare units. Up to 47 condo-hotel rooms could be created from the 336 room hotel inventory at a later date, leaving approximately 289 conventional hotel rooms. Assuming the maximum conversion of hotel rooms to condo-hotel rooms at a later date, the non-conventional keys would still comprise less than 25% of the resort. Staff has advised the City applicant and Ms. Culbertson that they intend to recommend an in lieu fee for the condo-hotel/fractional rooms because those rooms are not "affordable".

Ms. Culbertson's client opposes this fee on several bases. Foremost among these is the fact that Oceanside, as a City, has many affordable hotel rooms in what the CCC has traditionally considered the Coastal Zone. Since there is no affirmative requirement in the certified LCP for an affordable hotel at this location, and since the resort does not displace affordable hotel rooms, Ms. Culbertson believes that the fee exaction is inappropriate. Ms. Culbertson also points to Coastal Act Sec. 30213, prohibits the CCC from requiring 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 (Coastal Act Sec. 30213).

11/6/07
Date


Signature of Commissioner



RECEIVED

NOV 15 2007

CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT

→ Terri/LCPA file

November 9, 2007

Deborah N. Lee
District Manager
California Coastal Commission
7575 Metropolitan Dr., Suite 103
San Diego, CA 92108

RE: S.D. Malkin Proposed Hotel Development in Oceanside, CA

Ms. Lee,

I am in support of this project coming into the Oceanside community. This will provide more jobs, generate more taxes for the city, and add to the tourist appeal of Oceanside.

The California Coastal Commission is in a position to help aid the city in its growth. Please allow this item to be placed on the December commission meeting in San Francisco, as to expedite the approval of the amendment, and construction review to begin. As you already know, each month that passes adds carrying costs to the budget of the project, and any further delays may cause the developer to not go forward.

Sincerely yours,

Ryan Litrich
Sperry Van Ness
litrichr@svn.com

EXHIBIT # 9

1525 Faraday Avenue, Suite 140 Carlsbad, CA 92008 760-438-1998 Fax: 760-438-1999
Sperry Van Ness is a registered trademark of Sperry Van Ness International, Inc.
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Letters from Interested Parties
LCPA #1-07 Downtown "D" District

California Coastal Commission



November 9, 2007

Deborah N. Lee
District Manager
California Coastal Commission
7575 Metropolitan Dr., Suite 103
San Diego, CA 92108

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Sincerely yours,

A handwritten signature in black ink, appearing to read 'Allen Galutera'.

Allen Galutera
Sperry Van Ness
allen.galutera@svn.com



RECEIVED
NOV 15 2007
CALIFORNIA
COASTAL COMMISSION
SAN DIEGO COAST DISTRICT
→ Tony/KCPA
file

November 9, 2007

Deborah N. Lee
District Manager
California Coastal Commission
7575 Metropolitan Dr., Suite 103
San Diego, CA 92108

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Sincerely yours,

A handwritten signature in black ink, appearing to read 'Tony Norris'.

Tony Norris
Sperry Van Ness
tony.norris@svn.com

-7 Terry/LCPA
file

DWL
SS

Nov. 16, 2007

As members of the Coastal Commission, I am writing to ask you to put the downtown Oceanside Malkin Hotel project on the Dec. agenda. In my opinion the restrictions for the hotel to provide "affordable oceanfront rooms" is unnecessary since it will be a "luxury" hotel. The proposed restrictions are costing the city undue funds.

Thank you for your consideration on this matter. It is much appreciated. I have no personal involvement in this matter other than concern for wasting city funds.

attention:
Sherilyn Sahl
Deborah Lee

Barbara A. McGill
276 N. El Camino Real #224
Oceanside, CA 92058

letter sent to
coastal commission
re: Oceanside
Malkin Hotel project

Deborah Lee

From: Marcus Collins [eglydr@yahoo.com]
Sent: Thursday, November 08, 2007 7:07 AM
To: Deborah Lee
Subject: S D Malkin Beach Hotel Resort

Deborah Lee, I find it hard to believe that a project has been stalled due to one persons opinion while the majority is in favor of it moving forward. I am looking for to the opening of this facility for a number of reasons.

Marcus Collins

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Tired of spam? Yahoo! Mail has the best spam protection around
<http://mail.yahoo.com>

Deborah Lee

From: Melinda DiPerna [mkdiperna@gmail.com]
Sent: Wednesday, November 07, 2007 5:18 PM
To: Deborah Lee
Cc: 'Leslee Gaul'
Subject: SD Malkin Project in Oceanside CA

Dear Ms. Lee,

I'm writing to show my support for the SD Malkin beach hotel resort project in Oceanside just south of the pier. Oceanside is a city in transition and for a long time was known as a rough and tumble city. This city desperately needs this four star project to complete the coastal vision, and provide quality coastal access to prevent the city and the beach from becoming (or even remaining) a second tier place. I own and manage vacation rental properties at 999 N. Pacific St, North Coast Village and know intimately that there is more demand for higher end lodging than there is supply. Responsible development along our coast benefits us all. Please support this project and help Oceanside become a coastal jewel.

My Best,

Melinda DiPerna, Owner and Broker
BETTER Vacation Rentals
999 N. Pacific St., C304
Oceanside, CA 92211
www.rentTHISplace.net/north-coast-village.htm
Better Vacation Rentals in Southern CA and Maine
949-369-5171 office
949-388-5427 fax

11/8/2007

Deborah Lee

From: Gwen Fehringer [gweneli@msn.com]
Sent: Wednesday, November 07, 2007 12:29 PM
To: Deborah Lee; Gwen F
Subject: I support Beach Hotel

I support building the S. D. Malkin Beach Hotel. It seems we do have enough affordable rooms nearby. I trust we will have reasonable parking for us local residents.
Sincerely, Gwen Fehringer, 1205, Parkview Drive, Oceanside, Ca. 92057.

Help yourself to FREE treats served up daily at the Messenger Café. [Stop by today!](#)

Deborah Lee

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Sent: Wednesday, November 07, 2007 12:29 PM
To: Deborah Lee; Gwen F
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11/7/2007

Deborah Lee

From: kathy kinane [kathy@kinaneevents.com]
Sent: Wednesday, November 07, 2007 11:55 AM
To: Deborah Lee
Subject: Letter in support of SD Malkin Hotel Project

Dear Deborah Lee.

We wanted to let you know that as a resident and business owner in Oceanside and Carlsbad we highly support the SD Malkin Hotel Project.. Expediting this project could have a significant impact on the quality of life of North County. Oceanside need quality hotels and business which provide good jobs, attractive accommodations and much needed tax revenue.

Thank you for voting in support of the hotel.

Sincerely,

--
Kathy Kinane
Kinane Events
800 Grand Ave. Ste C-10
Carlsbad, Ca 92008
(760) 434 - 2312
FAX (760) 434 - 7706
www.kinaneevents.com

Deborah Lee

From: John Fehring [john@seagazerealty.com]
Sent: Wednesday, November 07, 2007 10:45 AM
To: Deborah Lee
Subject: Support of SD Malkin Beach Hotel resort, Oceanside, CA

Deborah

I am 100% in favor of the S.D. Malkin Beach Hotel Project in Oceanside, CA. This project can only improve the image of Oceanside, and also bring in tourism \$ which is also good for the Oceanside infrastructure.

John Fehring

Deborah Lee

From: Marlynn Peak [mpeak6@gmail.com]
Sent: Wednesday, November 07, 2007 9:55 AM
To: Deborah Lee
Subject: Oceanside hotel

Dear Ms. Lee,
As a 45-year resident of Oceanside, I am writing in support of the new Oceanside hotel in downtown on Pacific street. It will bring new jobs, and new business (life blood) to our city. I know that the commission will be reviewing the plans soon and respectfully request that you vote for approval. Thank you in advance for your support.
Respectfully,
Marlynn A. Peak
Local downtown business owner & resident

11/7/2007

Deborah Lee

From: Sampson & Associates [joan@sampsonassoc.net]
Sent: Wednesday, November 07, 2007 7:31 AM
To: Deborah Lee
Subject: SD Malkin Project in Oceanside

Ms. Lee,

I am writing to inform you of my support for the SD Malkin Project in Oceanside, California.

It is crucial for our community to offer a variety of hotel products and services at different price points. Currently, Oceanside does not have a four star hotel property and according to industry standards, 95% of our hotels units fall into the affordable hotel range. Oceanside is the only coastal community in Southern California that has such a large percentage of units fall in the affordable category. This resort will only enhance Oceanside's image and provide tremendous marketing power for our City. This will benefit all of our hotel properties and businesses as well as generate addition Hotel Tax dollars to the benefit of our community, right down to our roads, schools, improved infrastructure, etc.

Also on a professional note I am a certified Meeting and Event Planner in North San Diego County and we lack venues particularly in Oceanside in order to service clients and keep the revenue here. I am on the Board of Directors for the San Diego Chapter of the ISES (International Special Event Society) and I fully support this project.

Regards,

Joan Burns, CSEP
Sampson & Associates
Meeting and Event Specialists
711 Mission Ave #201
Oceanside, CA 92054
760-757-7863
Fax: 760-721-8270

joan@sampsonassoc.net
www.sampsonassoc.net

Coordinating Every Facet for an Event You'll Treasure

11/7/2007

Deborah Lee

From: Carolyn Mickelson [cdcarolyn@cox.net]
Sent: Wednesday, November 07, 2007 6:17 AM
To: Deborah Lee
Subject: SD Malkin

Hi Deborah,
As an active member of the arts community, I am on the Board of Trustees at the Oceanside Museum of Art, Oceanside Cultural Arts Foundation, Arts Commissioner for the City of Oceanside and I have a graphic design business in Oceanside, I have been impressed with the plans for the SD Malkin Hotel project.

This project is a key piece in moving forward our community. It is an important part in creating a future for Oceanside that will attract people who will enjoy and participate in the cultural arts. People in this community want the hotel built, please help us in moving this project forward. Thanks for your consideration.

Carolyn Mickelson
Creative Designs
760.940.8200
Fax: 760.940.8270
cdcarolyn@cox.net
www.cdcreativedesigns.com

Deborah Lee

From: Stephan P. McLaughlin [Stephan@seagazerealty.com]
Sent: Tuesday, November 06, 2007 6:36 PM
To: Deborah Lee
Subject: SD Malkin Project - Oceanside
Importance: High

Deborah,

Thank you for your time and dedication to the California Coastal Commission. I am writing this letter to inform you that I am in support of the S.D. Malkin Resort, and as a long time resident and business owner in Oceanside, am looking forward to the many benefits that this resort will bring to the citizens and visitors of our beautiful city. I have only heard positive things from all of the clients and colleagues that I have spoken with about the project. S.D. Malkin has been a real class act in their negotiations and dealings with the city.

I hope that you will support what will be the best thing for our city and its people – that is to move forward with the building of this four star resort. Thank you for your time and dedication. Have a great evening.

Respectfully,
Stephan P. McLaughlin
Seagaze Realty & All In 1 Loans
760-435-2200 x114 Office
760-533-1564 Cell
760-967-9437 Fax

11/7/2007

Toni Ross

From: Deborah Lee
Sent: Wednesday, October 31, 2007 3:30 PM
To: 'JMcVey@ci.oceanside.ca.us'; 'KBaker@ci.oceanside.ca.us'
Cc: Sherilyn Sarb; Toni Ross
Subject: postponement of City of Oceanside LCPA #1-07

Jane and Kathy, as we discussed on the phone, we have had to postpone the City's amendment request for the "D" Downtown District revisions and the item will not be heard at the November CC hearing. We understand and recognize the difficulty that this delay presents to both of you, the City, the prospective developer and the public. Our staff had also targeted the November hearing because it is scheduled here in San Diego and this year's meeting schedule for the Commission was atypical with several hearings set in Northern California. So, we, too, sincerely hoped to complete this work next month. However, the reality of our production schedule is always a challenge and given the issues raised, the scope of the amendment request, personal absences, the fires last week and delays in receiving requested materials, we could not complete the report and internal reviews.

Specifically, as we have shared with you and the developer's representatives, this LCP amendment request raises concerns of statewide significance regarding the provision of lower cost overnight visitor accommodations on lands reserved for such high priority uses. While we had determined that we would be recommending approval of the City's amendment request and allow the inclusion of condohotels/fractionals in the district, it was not going to be a recommendation for approval as submitted. Again, as we had discussed with you in concept, we are preparing suggested modifications that would include, in part, a mitigation fee for provision of lower cost overnight accommodations in-lieu of actually providing them in a proposal, other standards to protect the existing supply of hotel rooms in the City and refinements in the necessary operational conditions for condohotel or fractional units. Given the significance of these issues for our agency and the number of such proposals still coming before the Commission, these elements need to be reviewed and finalized not only through our office, but by our legal division and other senior staff as well. The time needed to accomplish that internal review and the completion of the necessary findings to support those provisions has lapsed. Again, we apologize for the delay and the difficulties it will present for all of us but we ran out of time.

Lastly, in our phone call today, you requested that the item be rescheduled for the December meeting and we will consider that option. While it is our intent to complete our internal review and finalize the draft before that hearing, and share the draft provisions with you, the December hearing is problematic given it is in San Francisco and would not be easily accessible for local interests, there is some opposition to the proposal and there are other Northern California items already earmarked for it. We will, though, take your request under serious consideration and get back to you as soon as possible on the schedule. Thank you for your cooperation and patience--
Deborah

Deborah N. Lee
District Manager
California Coastal Commission
San Diego District
(619) 767-2370
dlee@coastal.ca.gov

11/1/2007

Deborah Lee

From: M Dime [mfdime@gmail.com]
Sent: Wednesday, November 07, 2007 10:55 AM
To: Deborah Lee
Subject: SD Malkin Oceanside

Hello Deborah,

I write to you in hopes my message of encouragement will be added to the voices that are so excited about the SD Malkin Oceanside Hotel project. As a north county resident, I would like nothing more than to see such a high caliber resort in the City of Oceanside! What a wonderful asset this would be for the struggling city. No doubt Oceanside has many image challenges, from being perceived as low cost, mega military and ridden with gangs! How could anyone want anything more than to have a developer see the potential, and create a gorgeous landmark for that city? I hope you will weigh the benefits, and support this endeavor with passion, appreciation and excitement!

Best regards,

Maureen Dime

Deborah Lee

From: Marc Koehler [mkoehler@ceriusconsulting.com]
Sent: Tuesday, November 06, 2007 6:29 PM
To: Deborah Lee
Subject: SD Malkin Oceanside Resort Project

I wanted to send you a quick e-mail to let you know that we support the S.D. Malkin Beach Hotel Resort and please let the resort be built. The benefits for our community far outweigh any negatives.

If you have any questions. Please contact me via phone or e-mail.

Sincerely

Marc Koehler
Partner
Cell: 760.473.8329
mkoehler@ceriusconsulting.com
www.ceriusconsulting.com



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11/7/2007