

CALIFORNIA COASTAL COMMISSION

South Coast District Office
301 E. Ocean Blvd., Suite 300
Long Beach, CA 90802
(562) 590-5071



F18a

5-18-0872 (Sunshine Enterprises, LP)

June 12, 2020

Exhibits

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Exhibit No. 1: Location and project site

Exhibit No. 2: Project Plans

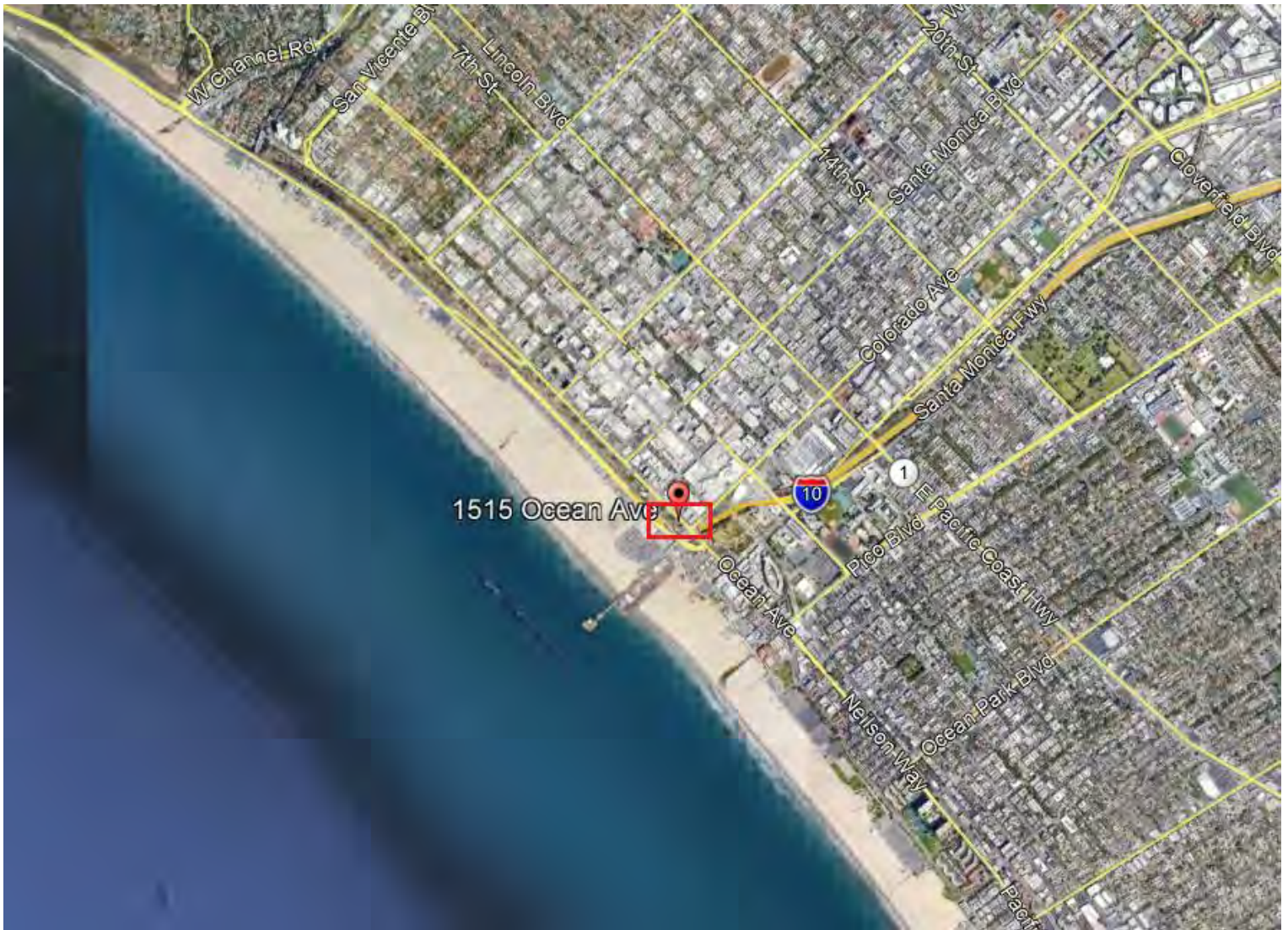
Exhibit No. 3: City of Santa Monica Ordinance 1516

Exhibit No. 4: *Analysis of Mitigation fees* (City's fees) and copy of payment to the City

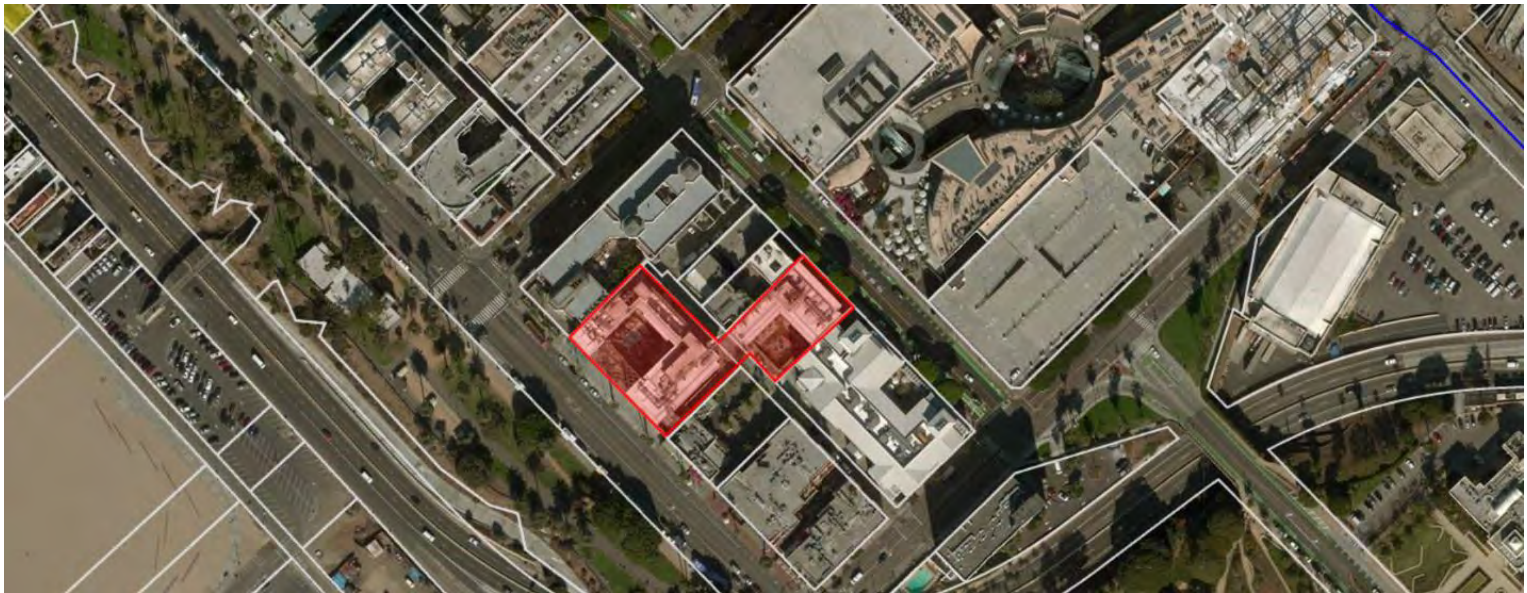
Exhibit No. 5: Hostelling International, *Cost Estimates for New Hostel Development*, 2014

Exhibit No. 6: *Evaluation of Hostelling International's (HI) 'Cost Estimates for New Hostel Development'; and thoughts on the sufficiency of the Shore Hotel's Mitigation Fee* by Maurice Robinson, Consultant

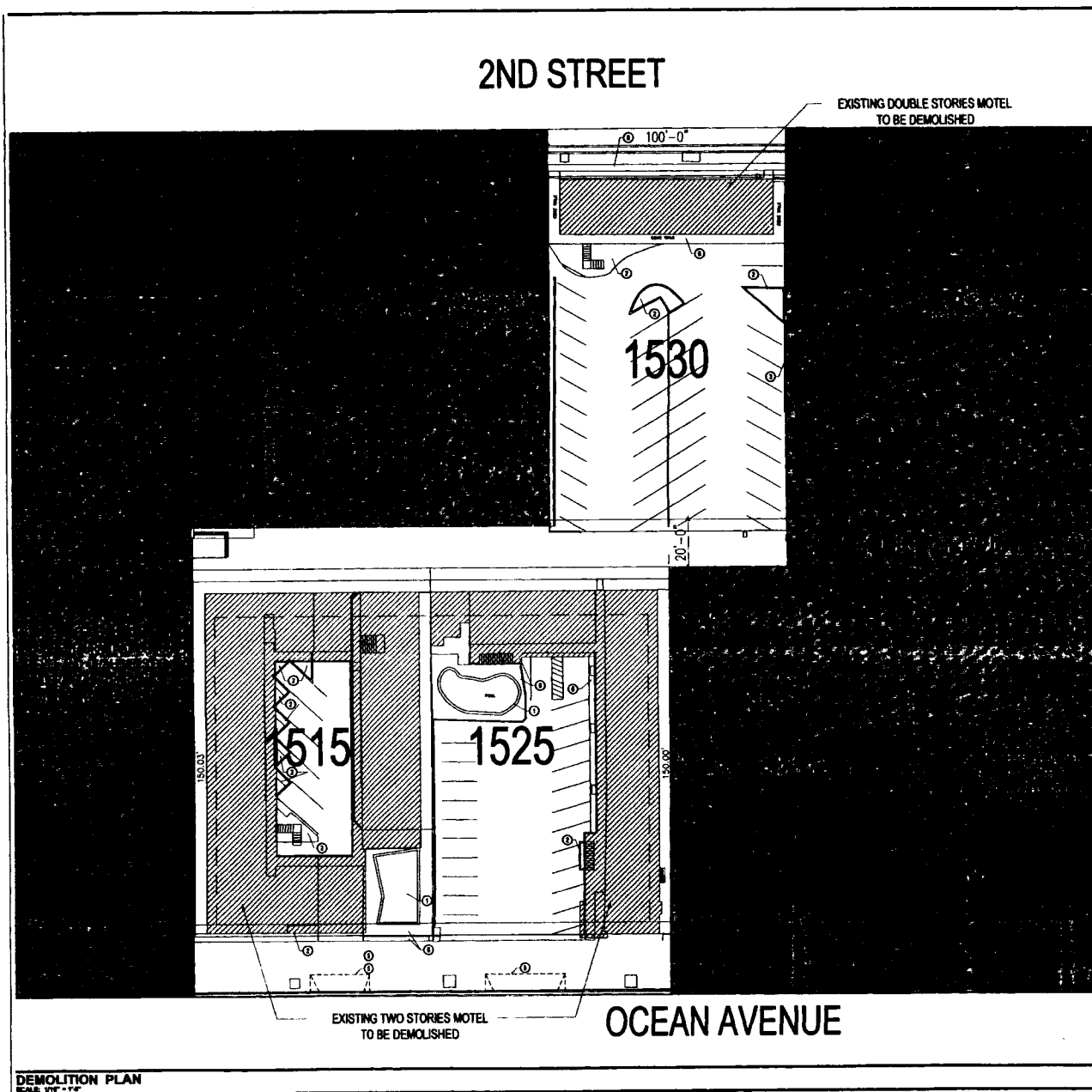
Exhibit No. 7: Turner Building Cost Index (2018 Quarter 4)



Project Location



Project Site



KEY NOTES

- ① EXISTING PARKING POOL TO BE REMOVED
- ② EXISTING PLANTER TO BE REMOVED
- ③ EXISTING WALL TO BE REMOVED
- ④ EXISTING LIGHT TO BE REMOVED
- ⑤ EXISTING CLING TO BE REMOVED
- ⑥ EXISTING CLING TO BE REMOVED
- ⑦ EXISTING POOL DECK AND CONCRETE WALKWAY TO BE REMOVED



SHEET NOTES

1. ALL EXISTING PARKING SPACES TO BE REMOVED FROM THE EXISTING LEVEL.
2. ALL EXISTING BUILDINGS TO REMAIN, ALL REMAIN WORK TO BE DONE UNDER PUBLIC WORKS DEPARTMENT SUPERVISION AND INSPECTION.
3. GENERAL CONTRACTOR TO VERIFY THAT ALL REMOVAL OF ANY AND ALL MATERIALS IS COMPLETED BY TRULY LICENSED SUBCONTRACTOR, UNDER STRICT COMPLIANCE OF LOCAL AND FEDERAL RULES AND REGULATIONS REFERRED TO INSPECTION AND TEST REPORT.
4. REVIEW GRADING REPORT AND CITY OF SANTA MONICA CONDITIONS OF APPROVAL, PRIOR TO START OF DEMOLITION WORK.

Ocean Avenue Travelodge

1515-1525 Ocean Ave / 1530 2nd St
Santa Monica, CA 90401

Applicant - Michael Farzam
1525 Ocean Avenue
Santa Monica, CA 90401

Gensler

200 Broadway
Suite 200
Santa Monica, CA 90401
Telephone: 310.499.2000
Facsimile: 310.499.2000

Item	Item & Notes Description	By	Check
1	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
2	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
3	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
4	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
5	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
6	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
7	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A

1	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
2	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
3	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
4	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
5	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
6	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A
7	DESIGN DEVELOPMENT: SUE FOR PERMITS	SP	A

Project Name:
OCEAN AVENUE TRAVELODGE
SANTA MONICA

Project Number:
AS 0101 112

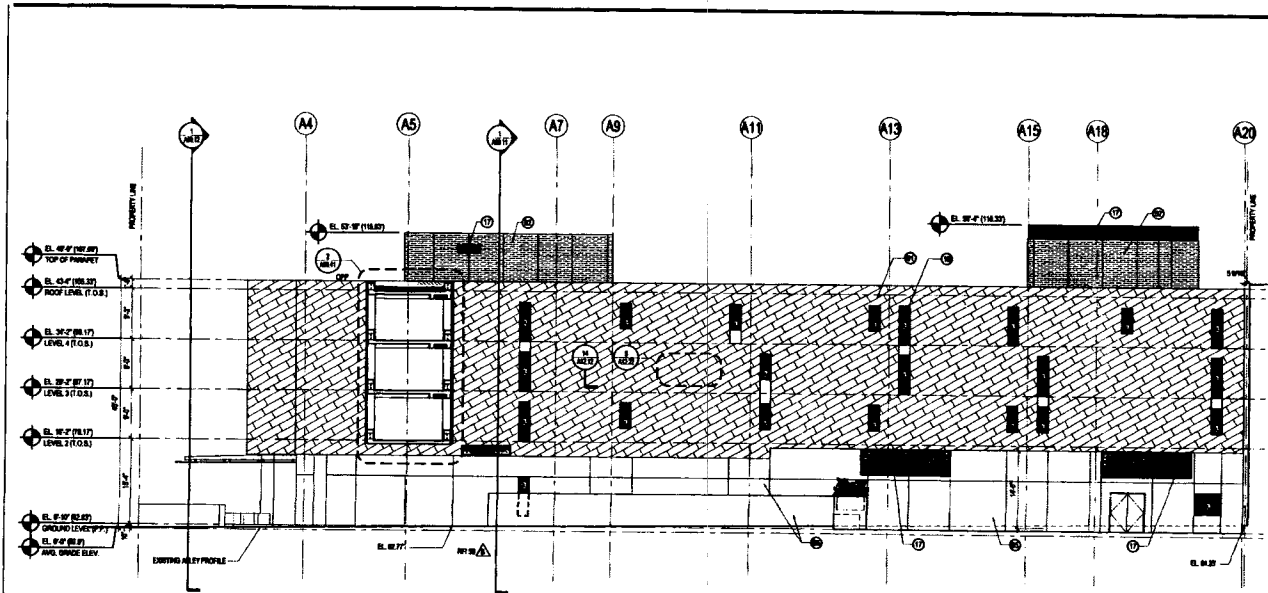
Issue Date:
JAN 08

Revision:
DEMOLITION PLAN

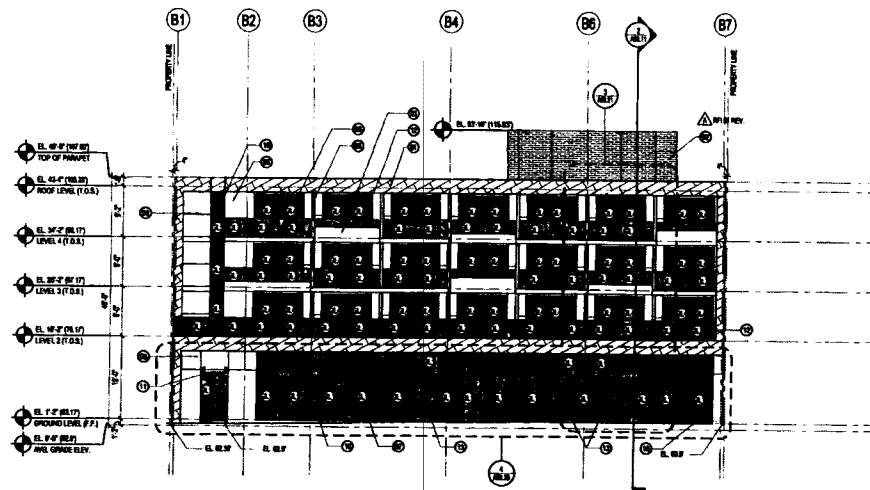
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1/8" = 1'-0"

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Sheet Total:
000365



EAST ELEVATION FROM 1ST COURT
SCALE: 1/8" = 1'-0"



EAST ELEVATION FROM 2ND STREET
SCALE: 1/8" = 1'-0"

KEY NOTES

- ① UNPAINTED 1/4\"/>

LEGEND

- ① 1/4\"/>

SHEET NOTES

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Applicant - Michael Farzam
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Item	Desc & Notes	By	Check
1	DESIGN DEVELOPMENT	GP	
2	PRELIMINARY DESIGN	GP	
3	PRELIMINARY DESIGN	GP	
4	PRELIMINARY DESIGN	GP	
5	PRELIMINARY DESIGN	GP	
6	PRELIMINARY DESIGN	GP	
7	PRELIMINARY DESIGN	GP	
8	PRELIMINARY DESIGN	GP	
9	PRELIMINARY DESIGN	GP	
10	PRELIMINARY DESIGN	GP	
11	PRELIMINARY DESIGN	GP	
12	PRELIMINARY DESIGN	GP	
13	PRELIMINARY DESIGN	GP	
14	PRELIMINARY DESIGN	GP	
15	PRELIMINARY DESIGN	GP	
16	PRELIMINARY DESIGN	GP	
17	PRELIMINARY DESIGN	GP	
18	PRELIMINARY DESIGN	GP	
19	PRELIMINARY DESIGN	GP	
20	PRELIMINARY DESIGN	GP	

Project:
OCEAN AVENUE TRAVELODGE
SANTA MONICA
Location:
SHEET NO:
Scale:
Drawing:
DATE: 08/11/09

A09.01

000383



PROJECT TEAM

DESIGNER:
BEYOND MANKIND CORP.
514 S. HARVARD BLVD. #109
LOS ANGELES, CA 90046
CONTACT: GINO PAINO
TEL: (310)899-4422 / (323)377-3370
EMAIL: ghosaino@shorehotel.com

REGISTERED PROFESSIONAL ARCHITECT:
MLLO
MARCELLO POZZI
7623 SUNSET BLVD
LOS ANGELES, CA 90046
TEL: (310)756-9480
FAX: MARCELLOPOZZI@MLLO.NET

OWNER / CLIENT:
SAND & SEA, LLC
1515 OCEAN AVE.
SANTA MONICA, CA 90401
CONTACT: GINO PAINO
CONTACT: STEVE FARZAM
TEL: (310)451-9859
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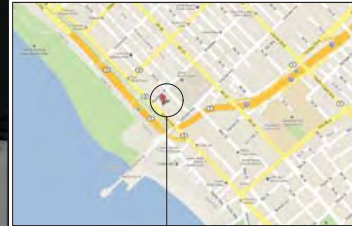
STRUCTURAL ENGINEER:
T.B.D.

MEP ENGINEER:
T.B.D.

CONTACT: --, P.E.
TEL: (310)000-0000
EMAIL: XXX@XXX

KITCHEN DESIGNER:
KEVIN MCQUEEN
3222 WEST 112TH STREET
INGLEWOOD, CA 90303
CONTACT: KEVIN MCQUEEN
TEL: 310-242-0861
EMAIL: SLICK81@GOL.COM

VICINITY MAP



NORTH

1515 OCEAN AVENUE
SANTA MONICA, CA 90401

ADDITIONAL INFORMATION

- CONTRACTOR TO OBTAIN SEPARATE PERMIT FOR THE FOLLOWING ITEMS:
 - FIRE SPRINKLER SYSTEM
 - FIRE ALARM SYSTEM
- ANY DISCREPANCIES FOUND BETWEEN (OR WITHIN) ANY DESIGN DOCUMENTS MUST IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE OWNER, ARCHITECT AND DESIGNER.
- ANY DISCREPANCIES BETWEEN THE DESIGN DOCUMENTS AND THE ACTUAL FIELD CONDITION MUST IMMEDIATELY BE BROUGHT TO THE ATTENTION OF THE OWNER, ARCHITECT AND DESIGNER.

PROJECT STANDARD NOTES

- NO WORK SHALL BE DONE WITHIN THE PUBLIC RIGHT-OF-WAY WITHOUT THE PRIOR APPROVAL AND PERMIT FROM THE DEPARTMENT OF PUBLIC WORKS, ADMINISTRATIVE SERVICES, ROOM 113.
- OWNER IS RESPONSIBLE FOR REPAIR OF ALL DAMAGE TO OFFSITE IMPROVEMENTS CAUSED BY CONSTRUCTION. CALL PUBLIC WORKS INSPECTOR FOR INSPECTION OF OFFSITE IMPROVEMENTS AT SUBSTANTIAL COMPLETION OF ONSITE WORK AT (310) 458-8737.
- ALL LABOR, EQUIPMENT AND MATERIAL REQUIRED FOR OFF-SITE IMPROVEMENTS ARE THE RESPONSIBILITY OF THE DEVELOPER.
- ALL OFFSITE WORK SHALL BE DONE IN ACCORDANCE WITH THE STANDARD SPECIFICATIONS/DRAWINGS FOR PUBLIC WORKS CONSTRUCTION, CURRENT EDITION AS AMENDED BY THE CITY OF SANTA MONICA AND CITY OF SANTA MONICA STANDARDS.
- NO CONSTRUCTION DEBRIS SHALL BE SPILLED OR STORED ONTO PUBLIC RIGHT-OF-WAY.
- PRIOR TO THE INSTALLATION OF ANY GREASE INTERCEPTOR OR CLARIFIER, CONTACT WATER RESOURCE PROTECTION PROGRAMS AT (310) 458-8235.

SHORE HOTEL PARKING ANALYSIS

PARKING ANALYSIS						
PARKING LEVEL	QUALIFYING SPACES	STANDARD SPACES	COMPACT SPACES	ADDITIONAL TANDEM SPACES	NOTES	
P-1	37	30	7	2 (1.5 SETS)		
P-2	55	40	15	20 (13 SETS)		
P-3	58	41	17	22 (11.5 SETS)		
P-4	60	38	22	26 (13.5 SETS)		
TOTAL	210	149	61	70		
TOTAL SPACES	280	A TOTAL OF 10 PARKING SPACES WERE NOT BUILT DUE TO TECHNICAL CLEARANCES			A TOTAL OF 4 PARKING SPACES WILL BE ELIMINATED FROM TOTAL TO BUILD THIS PROJECT	
QUALIFYING SPACES PROVIDED			OCEAN AVENUE RETAIL 'A' ANALYSIS			
STANDARD	149	INTERIOR DINING		400 SF	75 SF / PRKG STALL	5 SPACES
COMPACT	61	INTERIOR SERVICE AREA		976 SF	300 SF / PRKG STALL	3 SPACES
		OUTDOOR DINING		650 SF	75 SF / PRKG STALL	8 SPACES
QUALIFYING SPACES PROVIDED	210	TOTAL NEEDED				17 SPACES
QUALIFYING SPACES REQUIRED	184	NOTE - A: 1,376 SF OF ORIGINAL SPACE WAS ALREADY ACCOUNTED FOR WITHIN THE QUALIFYING SPACES PROVIDED.				
		1,376 SF @ 300SF / PER PERSON + 5 SPACES			MINUS	5 SPACES
QUALIFYING BEYOND REQUIRED	26	TOTAL NEEDED				12 SPACES
ALLOTTED TO RETAIL 'A'	12					
REMAINING BEFORE THIS PROJECT	14	2ND STREET RETAIL 'B' ANALYSIS				
		RESTAURANT AREA		2,500 SF	300 SF / PRKG STALL	8 SPACES
		RETAIL AREA		680 SF	300 SF / PRKG STALL	2 SPACES
		TOTAL		3,180 SF		10 SPACES
OCEAN AVENUE NEW AREAS (BELOW GRADE)			NOTE - B: 2ND STREET RESTAURANT AREA NOT TO EXCEED 2,500 SF			
LAUNDRY ROOM	500 SF	300 SF / PRKG STALL	1.7 SPACES			
NEW OFFICES	1,000 SF	300 SF / PRKG STALL	3.3 SPACES			AS ORIGIN PROVIDED
ALLOTTED TO THIS PROJECT			5	NOTE - C: HOTEL TO PARTICIPATE IN SHARED PARKING PROGRAM AS PERMITTED IN THIS ZONING DISTRICT BY APPROVED CITY ORDINANCE		
REMOVED FROM TOTAL FOR THIS PROJECT			4			
QUALIFYING BEYOND REQUIRED - REMAINING			9			
TOTAL SPACES EXISTING (ORIGINALLY APPROVED)			284			
TOTAL SPACES (AFTER COMPLETION OF PROJECT)			280			

PROJECT TEAM

DESIGNER:
BEYOND MANKIND CORP.
514 S. HARVARD BLVD. #109
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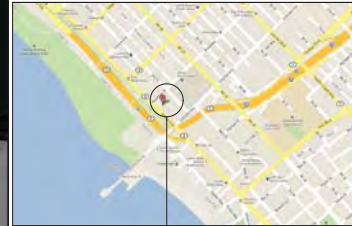
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SHORE HOTEL PARKING ANALYSIS

PARKING ANALYSIS					
PARKING LEVEL	QUALIFYING SPACES	STANDARD SPACES	COMPACT SPACES	ADDITIONAL TANDEM SPACES	NOTES
P-1	37	30	7	2 (1.5 SETS)	
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TOTAL SPACES	280	A TOTAL OF 10 PARKING SPACES WERE NOT BUILT DUE TO TECHNICAL CLEARANCES			A TOTAL OF 4 PARKING SPACES WILL BE ELIMINATED FROM TOTAL TO BUILD THIS PROJECT
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COMPACT	61	INTERIOR SERVICE AREA 976 SF 300 SF / PRKG STALL 3 SPACES			
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QUALIFYING SPACES PROVIDED	210	TOTAL NEEDED 17 SPACES			
QUALIFYING SPACES REQUIRED	184	NOTE - A: 1,376 SF OF ORIGINAL SPACE WAS ALREADY ACCOUNTED FOR WITHIN THE QUALIFYING SPACES PROVIDED.			
		1,376 SF @ 300SF / PER PERSON + 5 SPACES MINUS 5 SPACES			
QUALIFYING BEYOND REQUIRED	26	TOTAL NEEDED 12 SPACES			
ALLOTTED TO RETAIL 'A'	12				
REMAINING BEFORE THIS PROJECT	14 *	2ND STREET RETAIL 'B' ANALYSIS			
OCEAN AVENUE NEW AREAS (BELOW GRADE)			RESTAURANT AREA 2,500 SF 300 SF / PRKG STALL 8 SPACES		
		RETAIL AREA 680 SF 300 SF / PRKG STALL 2 SPACES			
LAUNDRY ROOM 500 SF	300 SF / PRKG STALL	1.7 SPACES	TOTAL 3,180 SF 10 SPACES		
NEW OFFICES 1,000 SF	300 SF / PRKG STALL	3.3 SPACES	NOTE - B: 2ND STREET RESTAURANT AREA NOT TO EXCEED 2,500 SF		
ALLOTTED TO THIS PROJECT		5 *	NOTE - C: HOTEL TO PARTICIPATE IN SHARED PARKING PROGRAM AS PERMITTED IN THIS ZONING DISTRICT BY APPROVED CITY ORDINANCE		
REMOVED FROM TOTAL FOR THIS PROJECT		4			
QUALIFYING BEYOND REQUIRED - REMAINING		9 *			
TOTAL SPACES EXISTING (ORIGINALLY APPROVED)		284			
TOTAL SPACES (AFTER COMPLETION OF PROJECT)		280	* NOTE - THE NUMBER OF QUALIFYING STALL BEYOND REQUIRED TANDEN PARKING REDUCTION GENERATES QUALIFYING STANDARD STALLS		

SHEET INDEX

PLAN CHECK SHEET			DATE	BY	DATE
DWG#	DRAWING NAME				
A0.1	PROJECT INFORMATION & INDEX				
A0.2	GENERAL NOTES - SYMBOLS				
A0.3	GENERAL NOTES - SYMBOLS				
A0.4	EXISTING SITE PLAN				
A0.5	EXPRESS PLANS / PATH OF TRAVEL				
A1.1	ADA GENERAL NOTES & GRAPHICS				
A1.2	ADA GENERAL NOTES & GRAPHICS				
A1.3	ADA GENERAL NOTES & GRAPHICS				
A1.4	ORIGINAL APPROVED DOCUMENT				
A1.5	EXISTING GARAGE PLANS (P1 & P2)				
A1.6	DOORS & FINISH SCHEDULES				
A1.7	GENERAL NOTES - ADA				
A1.8	GENERAL NOTES - ADA				
A1.9	GENERAL NOTES - ADA				
A2.0	LOWER ROOM / CONSTRUCTION PLAN & SECTION				
A2.1	UPPER ROOM / CONSTRUCTION PLAN & SECTION				
A2.2	CONSTRUCTION PLAN / CAFE - COUNTER AREA				
A3.0	FINISH AND POWER PLAN / CAFE				
A3.1	FINISH AND POWER PLAN / IN ROOMS				
A4.0	REFLECTED CEILING PLAN / RCP				
A8.0	EXISTING TOILET - ELEVATIONS				
A8.01	ENLARGE PLANS				
A9.0	(N) INTERIOR ELEVATIONS LOBBY LEVEL				
A9.1	(N) INTERIOR ELEVATIONS CAFE				
A9.2	(N) INTERIOR ELEVATIONS / LOWER ROOMS				
A9.3	(N) INTERIOR ELEVATIONS / UPPER ROOMS				
A10.0	CROSS SECTIONS				
A11.0	STREET ELEVATIONS				
A12.0	WALL TYPES AND DETAILS				
A12.1	DETAILS				
A12.2	DETAILS				

MARCELLO POZZI
ARCHITECTURE & DESIGN
7623 Sunset Blvd. #6 | Los Angeles, CA 90046 | 310.862.9531

CONSULTANTS:

SHORE HOTEL
1515 OCEAN BLVD.
SANTA MONICA, CA 90401

OWNER: SAND AND SEA CORP.

Issue	Date & Issue Description	By	Check
1	CLIENT REVIEW 08.09.2019	HP	

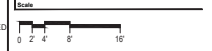


Project Name
SHORE-HOTEL-ANEX

Project Number
SHORE-1

Lead Architect
MARCELLO POZZI

Description
PROJECT INFORMATION / SHEET INDEX



A0.1

5-18-0872

Page 4 of 8

LOWER LEVEL / PODS					UPPER LEVEL / PODS				
SPACE / ROOM	LEVEL	AREA / S.F.	PLUMBING FIXT.	REMARKS	SPACE / ROOM	LEVEL	AREA / S.F.	PLUMBING FIXT.	REMARKS
POD - 1	1ST LEVEL	257 SF	TOILET / SHOWER & SINK	THREE BEDS (1 QUEEN+ 2 DOUBLE)	POD - 2	2ND LEVEL	206 SF	TOILET / SHOWER & SINK	TWO BEDS (2 QUEEN)
POD - 3	1ST LEVEL	283 SF	TOILET / SHOWER & SINK	THREE BEDS (1 QUEEN+ 1 DOUBLE)	POD - 4	2ND LEVEL	225 SF	TOILET / SHOWER & SINK	TWO BEDS (2 QUEEN)
POD - 5	1ST LEVEL	267 SF	TOILET / SHOWER & SINK	TWO BEDS (1 QUEEN+ 1 DOUBLE)	POD - 6	2ND LEVEL	206SF	TOILET / SHOWER & SINK	TWO BEDS (2 DOUBLE)
POD - 7	1ST LEVEL	272 SF	TOILET / SHOWER & SINK	THREE BEDS (1 QUEEN+ 2 DOUBLE)	POD - 8	2ND LEVEL	216 SF	TOILET / SHOWER & SINK	TWO BEDS (2 QUEEN)
POD - 9	1ST LEVEL	278 SF	TOILET / SHOWER & SINK	THREE BEDS (1 QUEEN+ 2 DOUBLE)	POD - 10	2ND LEVEL	216 SF	TOILET / SHOWER & SINK	TWO BEDS (1 QUEEN+ 1 DOUBLE)
POD - 11	1ST LEVEL	273 SF	TOILET / SHOWER & SINK	THREE BEDS (1 QUEEN+ 2 DOUBLE)	POD - 12	2ND LEVEL	216 SF	TOILET / SHOWER & SINK	TWO BEDS (2 QUEEN)
POD - 13	1ST LEVEL	326 SF	TOILET / SHOWER & SINK (ADA)	THREE BEDS (1 QUEEN+ 2 DOUBLE)	POD - 14	2ND LEVEL	216 SF	TOILET / SHOWER & SINK	TWO BEDS (1 QUEEN+ 1 DOUBLE)

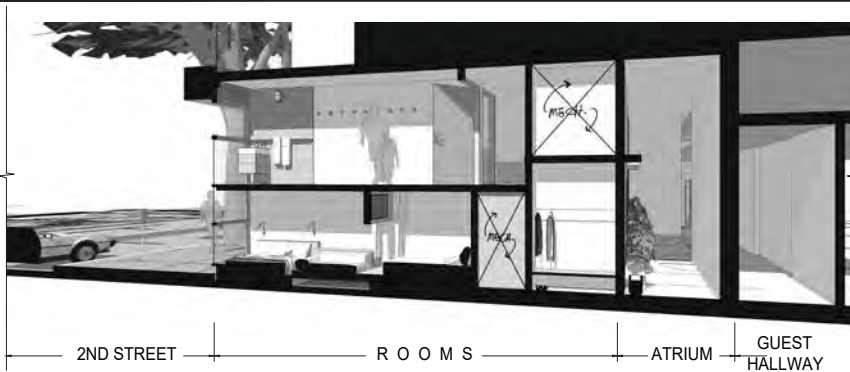


2



1

ION TO BE
OR WALL
WALL & INFILLED
(ING)
commission
TAIL)
Exhibit 2
MARGARILLO POZZI

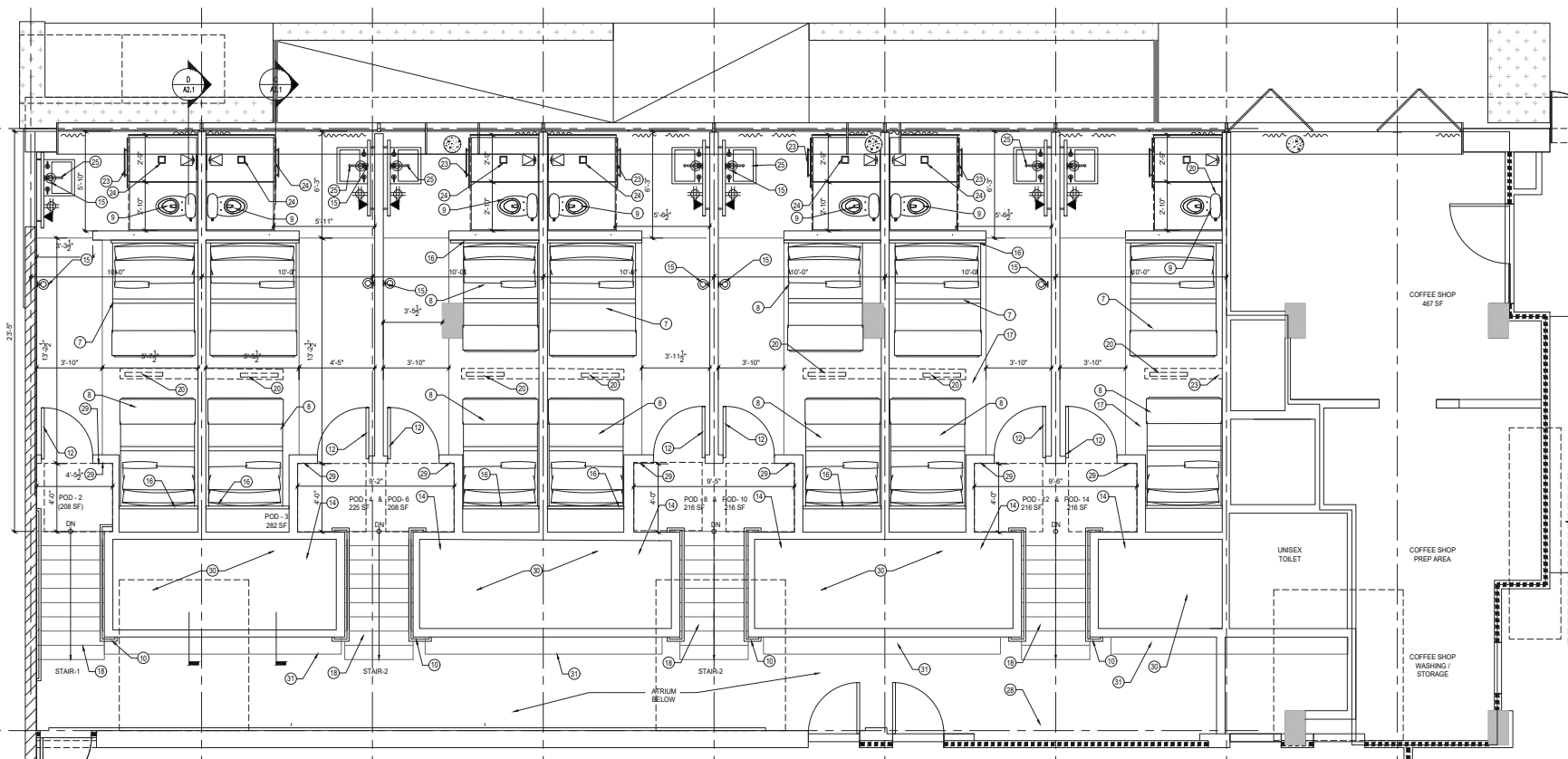


SCHEMATIC DESIGN / SECTION - B
SCALE: 3/8" = 1'-0"

3

SCHEMATIC DESIGN / SECTION - B
SCALE: 3/8" = 1'-0"

2



SCHEMATIC DESIGN / 1ST LEVEL ENLARGED PLAN (PODS)
SCALE: 3/8" = 1'-0"

1

SHEET NOTES

H. VENTILATION ALL ROOMS REQUIRED NATURAL VENTILATION BY MEANS OF OPERABLE WINDOWS MIN. 4% OF THE FLOOR AREA OF THE ROOM OR FRESH AIR MECHANICAL BATHROOMS WATER CLOSET COMPARTMENTS AND SHOWER ROOMS SHALL BE PROVIDED WITH AGGREGATE GLAZING AREA IN WINDOW OF NO LESS THAN 3 SQ.FT. ONE HALF OF WHICH MUST BE OPERABLE WITH MECHANICAL VENTILATION IS NOT PROVIDED.

SHEET NOTES

F. THE BOTTOM 10" OF ALL DOORS SHALL HAVE A SMOOTH UNINTERRUPTED SURFACE.
G. ALL ELECTRICAL ON DEMO PARTITIONS TO BE REMOVED TO THE NEAREST ELECTRICAL BOX.

SHEET NOTES

D. CLOSERS, WHERE REQUIRED SHALL HAVE AN OPENING FORCE NOT EXCEEDING 5 POUNDS FOR ALL DOORS WITH THE EXCEPTION OF FIRE RATED DOORS WHICH MAY NOT EXCEED 8.5 POUNDS.
E. THRESHOLDS SHALL NOT BE GREATER THAN 1/2" IN TOTAL HEIGHT WITH THE LEADING EDGES BEVELLED OR SLOPED AT AN ANGLE NOT EXCEEDING 45 DEGREES SO THAT NO SINGLE VERTICAL CHANGE OF ELEVATION EXCEEDS 1/4".

SHEET NOTES

A. ALL DIMENSIONS ARE FROM FINISHED FACE TO FINISHED FACE, UNLESS OTHERWISE NOTED.
B. NOT USED.
C. HAND ACTIVATED DOOR OPENING HARDWARE SHALL BE CENTERED NOT LESS THAN 36" NOR MORE THAN 44" HIGH AND SHALL BE OPERABLE WITH A SINGLE EFFORT NOT REQUIRING GRASPING OF THE OPENING HARDWARE.

KEY NOTES

(1) BEVERAGE COUNTER AND STORAGE CABINET
(2) ROOM NUMBER SIGN
(3) MECHANICAL EQUIPMENT ROOM
(4) ARCHITECTURAL PROJECTION (CONCRETE)
(5) NOT USED

KEY NOTES

(6) WALL / CEILING MOUNTED TV
(7) CONSOLE / TRAY
(8) SHOWER HEAD
(9) SLIDING FROSTED GLASS DOOR
(10) SHOWER DRAIN
(11) BASE CABINET MOUNTED SINK
(12) ENTRY CABINET WITH MIRROR
(13) NIGHT STAND TABLE

KEY NOTES

(14) NEW GLASS GUARDRAIL / PRIVACY SCREEN
(15) DOUBLE DOOR CLOSET WITH DRAWERS (SEE MILLWORK PACKAGE)
(16) WALL SCONCE
(17) HEADBOARD WITH SOUND AND LIGHTING CONTROLS
(18) RAISED PLATFORM / WOOD VENEER FINISH
(19) ZON LEVEL ACCESS STAIRS
(20) MECHANICAL EQUIPMENT

KEY NOTES

(1) QUEEN BED 60" X 76"
(2) STANDARD DOUBLE BED 54" X 72"
(3) (N) LOW FLOW TOILET
(4) WALL MOUNTED GUARD RAIL
(5) (N) TOILET AND SHOWER CONTROLS FOR INTERIOR DESIGN PLANS (TYPICAL)
(6) GUEST ROOM DOOR

KEY NOTES

(1) SETBACK LINE SHOWN DASHED
(2) OUTLINE OF BUILDING PROJECTION ABOVE (SHOWN DASHED)
(3) EXIST. DOOR / WINDOW AND FRAME (TYPICAL)
(4) 6" HEDGE ALONG PROPERTY LINE
(5) NEW PERMEABLE PINE CHALK-PAINTED SEE LANDSCAPE PLANS
(6) (N) TERRACE ACCESS, SEE LANDSCAPE PLANS FOR DETAILS

LEGEND

--- EXISTING PARTITION TO BE DEMOLISHED
--- EXISTING EXTERIOR WALL TO REMAIN
--- NEW EXTERIOR WALL & INFILL (TO MATCH EXISTING) (SEE PARTITION DETAILS)

Scale
0 2 4 6 10'
North
A2.1
Exhibit 2
MARCELLO POZZI

SHORE HOTEL
1515 OCEAN BLVD.
SANTA MONICA, CA 90401
OWNER: SAND AND SEA CORP.

1
CLIENT REVIEW 08.08.2019



Project Name
SHORE-HOTEL ANNEX
Project Number
SHORE-1
CAD File Name
N:\05.7742.000\CAD\Sheets\Pkg-1_Ground Floor\A2-01

UPPER LEVEL / CONSTRUCTION PLAN & SECTION - B & C



MARCELLO POZZI
ARCHITECTURE & DESIGN
 WWW.MILLO.NET
 7623 Sunset Blvd. #B | Los Angeles, CA 90046 | 310.552.5931

CONSULTANTS:

SHORE HOTEL

1515 OCEAN BLVD.
 SANTA MONICA, CA 90401

OWNER: SAND AND SEA CORP.

1	Issue	Date & Issue Description	By	Check
1	CLIENT REVIEW	08.09.2019	MD	

Seal/Signature



Project Name
 SHORE-HOTEL ANNEX

Project Number
 SHORE-1

CAD File Name
 N:\05.7742.000\CAD\Sheets\Pkg-1_Ground Floor\A2-01

Description
 SECTION / PERSPECTIVE

Scale
 0 2 4 6 8 10
 Ref. North

SCHEMATIC DESIGN / SECTION - D
 SCALE: N.T.S.

California Coastal Commission

Exhibit 2

5-18-0872

Page 8 of 8

A2.2

MARCELLO POZZI

2-20-90

Santa Monica, California

ORDINANCE NUMBER 1516 (CCS)

(City Council Series)

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

SECTION 3. Mitigation Fee Requirement.

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

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

SECTION 4. Applicability. This Ordinance shall apply to:

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

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

SECTION 5. Fee.

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

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

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

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

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

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

SECTION 6. Payment of Fee.

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

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

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

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

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

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

(5) The compliance agreement shall be recorded.

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

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

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

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

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

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

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

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

APPROVED AS TO FORM:



ROBERT M. MYERS
City Attorney

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

Barbara Finkel

Mayor Pro Tempore

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

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

Noes: Councilmembers: None

Abstain: Councilmembers: None

Absent: Councilmembers: Genser, Mayor Zane

ATTEST:

Betty Holmes
Asst. City Clerk

RECEIVED
South Coast Region

AUG 28 2014

BUSS-SHELGER ASSOCIATES
Real Estate Consultants

CALIFORNIA
COASTAL COMMISSION
865 S. Figueroa Street, Suite 3338
Los Angeles, California 90017
Telephone: (213) 388-7272
Facsimile: (213) 388-5276
E-Mail: bussshelger@pacbell.net

September 6, 2013

Economic Development Division
City of Santa Monica
1901 Main Street Suite D
Santa Monica, CA 90405

Attention: Ms. Nia Tang
Senior Development Analyst

Subject: Analysis of Mitigation Fees
Removing Low Cost Lodging at Shore Hotel
1515 Ocean Avenue
Santa Monica, California 90401

Our File No. 4794-13

Ladies & Gentlemen:

This consulting report has been prepared in order to assist in determining the mitigation fee for the removal of the affordable lodging obligation at the Shore Hotel, and potentially others. As part of the process of determining the 1990 adjusted obligation in the event of non-compliance, both the CPI components and the change in commercial land values over time have been investigated and defined. As it relates to July 2013, the February 1990 base level fee of \$8,000 per unit is now indexed to the following figure:

CPI Index Component (65%)	\$ 9,507
Land Cost Index (35%)	<u>7,322</u>
Total Adjusted 2013 Fee	\$16,829

Set forth within this study are the aggregate yearly increases which can be related to different points in time, depending on City needs. As it relates to the units at the Shore Hotel, which is in question, the following mitigation fee is applicable through July 2013.

Shore Hotel - 72 units @ \$16,829/unit \$1,211,688

The ensuing report addresses the key issues which is determining the change of CPI index, and more importantly the extent of land value increase over the past 23 years.

Respectfully submitted,

BUSS-SHELGER ASSOCIATES


Ronald L Buss


James P. Jochimsen

BACKGROUND

Introductory Information

This report is intended for the use of the City of Santa Monica to calculate the cost of the mitigation fees associated with the removal of the low cost lodging accommodations in the Coastal Zone. A major portion of this report focuses on the change of value for commercial land in Santa Monica between early 1990 and early 2013.

There is sufficient market information in this study to value the land beneath the Shore Hotel, however that is not within the scope of this assignment. The affordable lodging housing mitigation fee for 2013 is set forth on the previous transmittal page. In the event the fee determination is retrospective, the appropriate unit charge for the year in question may be found on the last page of this study.

Ordinance No. 1516

The ordinance cited above was enacted to determine mitigation fees for taking affordable lodging units off the market. The base level of these fees is \$8,000 per unit for each low cost lodging unit removed, this rate was established February 27, 1990. To take into consideration inflation, the following formula was established per Ordinance No. 1516.

- 65% of the base level fee of \$8,000 per unit is to be adjusted based on the percentage change in the Consumer Price Index (CPI) between the date of the adoption of the ordinance and the date in which payment of the mitigation fee is made. The CPI index will be based on the year-end 1989 figure posted by the Bureau of Labor Statistics.
- 35% of the base level fee of \$8,000 per unit is to be adjusted based on the percentage change in the land cost between the date of adoption of the Ordinance and the date in which payment of the mitigation fees is made. Land cost shall mean the average purchase price per square foot for commercially zoned property; it is assumed to be confined to the City of Santa Monica.

BUSS-SHELGER ASSOCIATES

CONSUMER PRICE INDEX CHANGE

Background

The Consumer Price Index (CPI) as of year-end 1989 was 127.0 increasing to 232.19 by July 2013, 23 plus years later. This report provides an annual escalation factor for each year from the beginning of 1990 through July 2013 and the attendant mitigation fee for each year. CPI refers to the index for Urban Wage Earners and Clerical Workers for the Los Angeles/Riverside/Orange County statistical area as published by the United States Department of Labor. The CPI component adopted in Ordinance No. 1516 applies a 65% factor to an \$8,000 per unit basis, this equates to \$5,200 per unit which is shown in the table below.

CPI Table

<u>Beginning Year</u>	<u>Consumer Price Index</u>	<u>Percent Increase</u>	<u>Base Unit Charge</u>
1990	127.000	Base (0%)	\$5,200
1991	135.200	6.46%	\$5,536
1992	138.600	9.13%	\$5,675
1993	143.500	12.99%	\$5,875
1994	146.700	15.51%	\$6,006
1995	148.100	16.61%	\$6,063
1996	149.400	17.64%	\$6,117
1997	152.700	20.24%	\$6,252
1998	155.300	22.28%	\$6,359
1999	157.200	23.78%	\$6,437
2000	160.600	26.46%	\$6,576
2001	166.600	31.18%	\$6,821
2002	170.700	35.20%	\$7,030
2003	176.700	39.13%	\$7,235
2004	180.200	41.89%	\$7,378
2005	188.500	48.43%	\$7,718
2006	195.500	53.94%	\$8,004
2007	202.900	59.76%	\$8,307
2008	212.282	67.15%	\$8,692
2009	211.007	66.15%	\$8,640
2010	216.233	70.26%	\$8,854
2011	219.619	72.93%	\$8,992
2012	224.444	76.73%	\$9,190
2013	228.649	80.04%	\$9,362
8/13	232.190	82.83%	\$9,507

BUSS-SHELGER ASSOCIATES

LAND VALUE CHANGE

Background

Land purchases in the city of Santa Monica were researched for sales in the mid-year 1989/90 timeframe, as well as currently. In compliance with the Ordinance the sales data were averaged for each time frame to ascertain the average commercial land value. The average percentage change will be determined for each of the 23 yearly intervals. Sales that were not Commercial Zoned were not considered as the Ordinance specifically requires Commercial Zoned property.

1990 Price Level

Our research and previous Buss-Shelger files produced eight sales from the one-year period of mid-1989 through mid-1990. These acquisitions ranged from 4,792 square feet to 37,462 square feet, the prices paid ranged between a low of \$73 and a high of \$203 per square foot. The Ordinance addresses the average of the sales; adjustments to the sales were not made. The result was an average price per square foot of \$115 as shown below.

Transfer Date	Land Area (Square Feet)	Purchase Price		Property Location
		Amount	Per Sq. Ft.	
9/1989	22,651	\$4,600,000	\$203	N/S 2 nd St., E of Santa Monica
1/1990	4,792	\$675,000	\$141	S/S 10 th St., W/S Santa Monica
1/1990	37,462	\$2,850,000	\$76	SWC 16th St. & Broadway
2/1990	7,405	\$665,000	\$90	N/S 6th St. & Broadway
2/1990	4,792	\$350,000	\$73	E/S Pico, S/O 16 th Street
5/1990	16,117	\$1,600,000	\$99	SEC Ocean & Colorado Ave.
TOTALS	93,219	\$10,740,000	\$115	

Two previous independent appraisals established an affordable mitigation fee for commercially zoned land in the City at \$118 per square foot for 1990 which corresponds closely with the above, this figure has been adopted in our study.

BUSS-SHELGER ASSOCIATES

2013 Price Levels

Due to the lengthy recessionary period now drawing to a close, it was necessary to include transfers covering a three-year period in order to provide sufficient commercial land sale data to allow an average to emerge. The acquisitions uncovered are recapped chronologically below in the same format as the 1989/1990 benchmarks.

Transfer Date	Land Area (Square Feet)	Purchase Price		Property Location
		Amount	Per Sq. Ft.	
7/10	14,985	\$3,500,000	\$234	N/S 7 th St., E/O Santa Monica
8/11	56,114	\$13,325,000	\$237	SWC 16 th St. & Santa Monica
2/12	37,489	\$11,250,000	\$300	SW 7th & Lincoln Blvd.
9/12	45,030	\$9,660,000	\$214	SEC 16 th St. & Santa Monica
9/12	23,087	\$13,150,000	\$570	NWC Bay St. & Ocean Way
10/12	22,080	\$7,300,000	\$331	NWC Wilshire Blvd. & Stanford
TOTALS	198,785	\$58,185,000	\$293	

Correlation

The two studies produced an average commercial land base of \$118 per square foot for 1990, escalating to \$293 per square foot in 2012 recognizing no sales occurred in 2013. As a comparison, the average land value increase was \$175 per square foot for 22 years; this equates to an average of 6.74% (\$7.95 per sq. ft.) yearly, non-compounded. This annual index has been applied in the following table to the 35% component of \$8,000 per unit or \$2,800 per unit.

Beginning Year	Value Change	Base Unit Charge
1990	100.0%	\$2,800
1991	106.74%	\$2,989
1992	113.48%	\$3,177
1993	120.22%	\$3,366
1994	126.96%	\$3,555
1995	133.70%	\$3,744
1996	140.44%	\$3,932

BUSS-SHELGER ASSOCIATES

<u>Beginning Year</u>	<u>Value Change</u>	<u>Base Unit Charge</u>
1997	147.18%	\$4,121
1998	154.92%	\$4,338
1999	160.66%	\$4,498
2000	167.40%	\$4,687
2001	174.14%	\$4,876
2002	180.88%	\$5,065
2003	187.62%	\$5,253
2004	194.36%	\$5,442
2005	201.10%	\$5,631
2006	207.84%	\$5,820
2007	214.58%	\$6,008
2008	221.32%	\$6,197
2009	228.06%	\$6,386
2010	234.80%	\$6,574
2011	241.54%	\$6,703
2012	248.28%	\$6,951
2013	255.02%	\$7,141
7/13	261.50%	\$7,322

BUSS-SHELGER ASSOCIATES

ANNUAL MITIGATION FEES

Recapitulation

The anticipated price to replace a lodging unit lost in 1990 was \$8,000; the breakdown of this was 65% CPI or \$5,200, and 35% of Land Value or \$2,800 per unit. These components are to be escalated by their appropriate escalation factors. The following chart shows the total cost per unit for each year from 1990 through 2013.

Beginning Year	Per Lodging Unit		
	Consumer Price Index	Land Value Changes	Mitigation Fees (Total)
1990	\$5,200	\$2,800	\$8,000
1991	\$5,536	\$2,989	\$8,525
1992	\$5,675	\$3,177	\$8,852
1993	\$5,875	\$3,366	\$9,241
1994	\$6,006	\$3,555	\$9,561
1995	\$6,063	\$3,744	\$9,807
1996	\$6,117	\$3,932	\$10,049
1997	\$6,252	\$4,121	\$10,373
1998	\$6,359	\$4,338	\$10,697
1999	\$6,437	\$4,498	\$11,124
2000	\$6,576	\$4,687	\$11,263
2001	\$6,821	\$4,876	\$11,697
2002	\$7,030	\$5,065	\$12,095
2003	\$7,235	\$5,253	\$12,488
2004	\$7,378	\$5,442	\$12,820
2005	\$7,718	\$5,631	\$13,349
2006	\$8,041	\$5,820	\$13,824
2007	\$8,307	\$6,008	\$14,315
2008	\$8,692	\$6,197	\$14,889
2009	\$8,640	\$6,386	\$15,026
2010	\$8,854	\$6,574	\$15,428
2011	\$8,992	\$6,703	\$15,695
2012	\$9,190	\$6,951	\$16,141
2013	\$9,362	\$7,141	\$16,503
7/13	\$9,507	\$7,322	\$16,829

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South Coast Region

AUG 28 2014

CALIFORNIA
COASTAL COMMISSION
**Acknowledgement and Receipt For Payment Of
Affordable Lodging Mitigation Fee**

The undersigned, on behalf of the City of Santa Monica, acknowledges receipt of the sum of One Million Two Hundred Eleven Thousand Six Hundred Eighty Eight Dollars and no/100 (\$1,211,688.00) ("Payment") pursuant to Check No. 7010 from Sand and Sea, Inc. dba Shore Hotel, a copy of which is attached, as full and final payment for the Affordable Lodging Mitigation Fee as required by Condition No. 8 in City of Santa Monica Statement of Official Action for Development Review Permit No. 05-007, Conditional Use Permit No. 05-009, Variance No. 06-018 and General Plan Amendment No. 06-001 dated as of September 23, 2008. This Payment fulfills all of the obligations of the Shore Hotel located at 1525 Ocean Avenue under City of Santa Monica Ordinance No. 1516 (CCS).

As detailed in my September 30, 2013 letter, because this project is under the concurrent jurisdiction of the City and the California Coastal Commission, the elimination of the low cost lodging at The ~~Shore~~ Hotel through the payment of this fee also requires review by the Coastal Commission. *Shore*

Dated: December __, 2013

By: David Martin

David Martin, Director
Planning and Community Development Department

Sand & Sea, Inc.
dba Shore Hotel
1515 Ocean Avenue
Santa Monica, CA 90401

WELLS FARGO BANK

16-24/1220

DATE

PAY

10/3/2013

***1,211,688.00

One Million Two Hundred Eleven Thousand Six Hundred Eighty-Eight and 00/100*****

PAY
TO THE
ORDER
OF

CITY OF SANTA MONICA
TREASURY
1717 4TH STREET #150
SANTA MONICA, CA 90401

Shield

Sand & Sea, Inc.
dba Shore Hotel

1515 Ocean Avenue • Santa Monica, CA 90401

NO. 7010

10/3/2013

CSMTOT
10/3/2013

CITY OF SANTA MONICA
JF100313

AFFORDABLE LODGING MITIGATION FEE

1,211,688.00



1,211,688.00

494
SF4001HG-15AN
SAFEGUARD LITHO USA SPN22 CK7SH01124

REORDER FROM YOUR LOCAL SAFEGUARD DISTRIBUTOR, IF UNKNOWN, CALL 800-523-2422

HSPW020010000 V133F006452



Hostelling International USA

8401 Colesville Road, Suite 600, Silver Spring, Maryland 20910 T (301) 495-1240 F (301) 495-6697 W hiosa.org

April 3, 2014

Ms. Sherilyn Sarb, Deputy Director
Ms. Teresa Henry, District Manager
Ms. Deborah Lee, District Manager
California Coastal Commission

RE: Cost Estimates for New Hostel Development Allowing for Lower Cost Overnight Accommodations

This letter provides additional support for the current cost of establishing hostels as a form of lower cost overnight accommodations in California Coastal areas. Our organization had previously provided cost information in 2007 and although there are slight variations in our current approach the data is similar when factoring the impact of inflation.

This information is provided by Hostelling International USA, a National Non-Profit focused on cultural understanding through travel and specifically through the use of affordable hostel accommodations. Our network consists of 55 hostels through the U.S., with 34 of those locations directly operated by our organization (14 in California). This experience provides the background for defining costs of development with sustainable on-going operations. We also have a number of current development projects across the U.S. that are either in the construction or planning stages that allow us to assess current development costs.

To support our internal data we have also engaged a construction estimator to prepare an estimate for the cost per bed specific to developing a hostel in Southern California. This cost estimate summary is attached.

We do need to highlight that there are many variables involved in arriving at the cost of construction for a hostel. Among these are:

- Number of beds, and overall square footage allocated per bed
- Size of the building
- Efficiency of the interior layout
- Cost of land/building
- New construction vs. renovation of existing structure
- Site conditions – utility access, parking, storm water retention requirements
- Condition of the structure if renovating: Roof, Windows, Exterior walls, Egress, Vertical transportation, Handicap accessibility, Floor plan, Structural, Seismic, MEP systems
- Overall layout of the building
- Seismic considerations
- Parking requirements

We have previously been able to develop hostels through a variety of approaches including new construction, adaptive re-use of various building structures (both leased and owned), and transformation of previous lodging

California Coastal Commission
Exhibit 5

or residential buildings. For renovation projects, we have recently found that it is usually necessary to do a complete interior demolition and new build-out to meet the layout needs and regulatory code requirements for hostel use. The change of use and occupancy typically requires that all building systems be brought up to current code and this is typically accomplished through full replacement. This can include interior walls, ceilings, stairways, electric, plumbing, mechanical, fire alarm, sprinkler. We often also encounter building envelope issues such as roof replacement, repointing, masonry repairs, wood rot, sidewalk replacement, and handicap accessibility modifications. The variables are significant in these projects with a range of costs commonly approaching or exceeding the cost of new construction.

Sample Costs Estimates:

In order to provide you with a simple cost estimate for a hostel, we have made certain assumptions. These include:

- New construction
- Reinforced masonry construction
- Two story building
- 100 beds in 12,000 square feet
- Moderate sitework required
- Prevailing wages

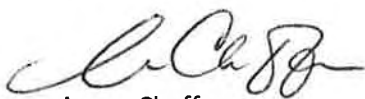
Hard costs of construction on this sample project including construction contingency is \$3,261,000, or \$32,610 per bed. Soft costs come to \$951,000, or \$9,510 per bed. We additionally assumed \$1,200,000 for a 12,000 SF parcel of land, or \$12,000 per bed (However, land costs can vary greatly depending on location, and typically the locations that will provide sustainable operations carry a higher cost). This combines to a total development cost of \$5,412,000, or \$54,120 per bed.

Although actual cost per bed can vary substantially depending on the specifics of the site, we feel that our estimates fairly reflect new construction projects and provide a close comparison for building acquisition and renovation projects.

HI-USA has in the past been able to develop hostels at a lower cost when we have had access to long-term below market rate leases from Federal and local governments. These projects allow us to eliminate the cost of acquisition or the land portion of new construction. The cost per bed in these situations can be reduced but the opportunity is very limited.

HI-USA appreciates California Coastal Commission's commitment to lower cost overnight accommodations and the previous financial assistance the Commission has provided to hostel projects.

Sincerely,



Aaron Chaffee
Vice President of Development

Attachment

CONCEPTUAL ESTIMATE

PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
Location: **California , USA**
Owner:
Architect:

Date: **3-31-14**
Estimate Type: **Conceptual**
PCI file Name: **1-14 Review Draft.xlsx|Estimate**

No.	Description	Quantity	Unit	Unit Price	Amount	Total
	Summary	12,000	S.F.			
	Two stories, No Basement, Simple design					
I.	Building Construction Costs					
A.	Seismic Bracing and Reinforcing	12,000	s.f.	\$10.00	\$120,000	
B.	Excavation, Foundation and Concrete Work	12,000	s.f.	\$10.61	\$127,320	
C.	Structural Work	12,000	s.f.	\$21.08	\$253,000	
D.	Masonry and Stucco Work	12,000	s.f.	\$38.28	\$459,360	
E.	Windows & H.M. Doors	12,000	s.f.	\$5.15	\$61,800	
F.	Roof and Flashing	12,000	s.f.	\$3.03	\$36,300	
G.	Interior Drywall & Ceilings	12,000	s.f.	\$12.37	\$148,400	
H.	Ceramic Tile Flooring	12,000	s.f.	\$10.44	\$125,333	
I.	Painting	12,000	s.f.	\$5.20	\$62,375	
J.	Window Treatments	12,000	s.f.	\$0.00	\$0	FF&E
K.	HVAC	12,000	s.f.	\$23.00	\$276,000	
L.	Sprinklers	12,000	s.f.	\$3.50	\$42,000	
M.	Security/Fire Alarm	12,000	s.f.	\$2.00	\$24,000	
N.	Plumbing	12,000	s.f.	\$13.38	\$160,600	
O.	Electrical	12,000	s.f.	\$16.42	\$197,000	
P.	Millwork & Wood Doors	12,000	s.f.	\$16.83	\$202,000	
Q.	Elevator	12,000	s.f.	\$4.17	\$50,000	
R.	Steel Stair and Railing	12,000	s.f.	\$2.92	\$35,000	
S.	General Conditions	15%		\$2,380,488	\$357,073	
	Subtotal Building Construction Estimate	12,000	s.f.	\$228.13		\$2,737,562
II.	Sitework	12,000	s.f.	\$18.95	\$227,363	\$227,363
	*Note: sitework can vary substantially pending vehicle access, storm water retention and utility access					
	Total Hard Cost - Building and Sitework					\$2,964,924
III.	Contingency	10%		\$2,964,924	\$296,492	\$296,492
					\$3,261,416	
IV.	Soft Costs					
A.	CM Fee	7%		\$2,964,924	\$207,545	
B.	Architectural	9%		\$2,964,924	\$266,843	
C.	MEFP Engineering	4%		\$2,964,924	\$118,597	
D.	Civil Engineering	4%		\$2,964,924	\$118,597	
E.	Permit Expediter				\$10,000	
F.	Permit	1%		\$2,964,924	\$29,649	
G.	FF&E	100	Bed	\$2,000	\$200,000	
	Total Soft Costs					\$951,231
V.	Land					\$1,200,000
	Total Cost					\$5,412,648
	Cost per bed					\$54,126
	The following items are excluded from this estimate:					
	- Special Consultant Fees			- LEED Administration & Commissioning		
	- Legal Fees			- Interior Design Fees		
	- Utility Company Service Fees			- U/G Tanks		

California Coastal Commission

Exhibit 5

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PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
 Location: **California, USA**
 Owner:
 Architect:

Date: 3-31-14
Estimate Type: Conceptual
PCI file Name: I-14 Review Draft.xlsx|Estimate

No.	Description	Quantity	Unit	Unit Price	Amount	Total
	- Hazardous Materials/Waste					
	Estimate Breakdown					
A.	Seismic					None
1	Bracing and Reinforcing					
	a. Structural	12,000	s.f.	\$4.00	\$48,000	
	b. Architectural	12,000	s.f.	\$2.00	\$24,000	
	c. Mech. Plbg. and Elect.	12,000	s.f.	\$3.00	\$36,000	
	d. Fire Protection	12,000	s.f.	\$1.00	\$12,000	
	Subtotal	12,000	s.f.	\$10.00		\$120,000
B.	Excavation, Foundation and Concrete Work					
1	Excavation					
	a. Footings & Foundations	225	cy	\$30.00	\$6,756	
	b. SOG	222	cy	\$30.00	\$6,667	
	c. Elevator Pit/Stair	1	allow	\$4,500.00	\$4,500	
	d. Remove off Site	447	cy	\$28.00	\$12,527	
	e. Stone SOG	222	cy	\$28.00	\$6,222	
	f. Misc. Fill	1	allow	\$3,600.00	\$3,600	
2	Concrete					
	a. Footings	28	cy	\$250.00	\$7,037	
	b. Foundations	42	cy	\$410.00	\$17,311	
	b. SOG	6,000	s.f.	\$6.00	\$36,000	
	c. Elevator Pit/Stair	1	allow	\$8,000.00	\$8,000	
	d. Sidewalks & Pads	0	allow	\$5,000.00	\$0	see sitework
	e. Concrete on metal Deck	4,200	cy	\$3.50	\$14,700	
	f. Misc. Concrete	1	allow	\$4,000.00	\$4,000	
	Subtotal	12,000	s.f.	\$10.61		\$127,320
C.	Structural Work & Framing					
1	New Steel structure	12,000	s.f.	\$15.00	\$180,000	
2	New Steel Deck	12,000	s.f.	\$5.00	\$60,000	
3	HVAC Openings	1	allow	\$5,000.00	\$5,000	
4	Misc. Structural	1	allow	\$8,000.00	\$8,000	
	Subtotal	12,000	s.f.	\$21.08		\$253,000
D.	Masonry and Stucco Work					
1	New Block - Exterior	9,880	s.f.	\$18.00	\$177,840	
2	Interior Masonry	12,900	s.f.	\$12.00	\$154,800	
3	Stucco - Exterior Only	9,880	s.f.	\$9.00	\$88,920	
4	Masonry @ Elevator and Stair - Block	2,700	s.f.	\$14.00	\$37,800	
	Subtotal	12,000	s.f.	\$38.28		\$459,360
					California Coastal Commission	

California Coastal Commission

Exhibit 5

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CONCEPTUAL ESTIMATE

PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
Location: **California, USA**
Owner:
Architect:

Date: **3-31-14**
Estimate Type: **Conceptual**
PCI file Name: **I-14 Review Draft.xlsx\Estimate**

No.	Description	Quantity	Unit	Unit Price	Amount	Total
	Estimate Breakdown					
E.	Windows & Hollow Metal Doors (Verify Extent of Windows)					
1	Storefront	1	allow	\$5,000.00	\$5,000	
2	New Windows					
	a. New Windows - Public Areas	1	allow	\$12,000.00	\$12,000	
	c. New Windows - Rooms	25	each	\$1,000.00	\$25,000	
3	Blocking at Windows & Doors	1	allow	\$2,000.00	\$2,000	
4	Entry Storefront/Doors - w Access Control	1	pair	\$3,000.00	\$3,000	
5	Other Entry Doors	2	each	\$1,600.00	\$3,200	
6	Interior Borrowed Lite @ Front desk	1	allow	\$2,000.00	\$2,000	
7	New Hollow Metal Doors	4	each	\$900.00	\$3,600	
8	Window Security Bars - 1st Floor	12	each	\$500.00	\$6,000	
10	Skylights	0	each	\$2,500.00	\$0	None
	Subtotal	12,000	s.f.	\$5.15		\$61,800
F.	Roofing and Flashing					
1	New Roof					
	a. New Roof w/ Flashing	6,750	s.f.	\$4.00	\$27,000	Shingle
	b. Curbs/Flashing for HVAC	1	allow	\$3,000.00	\$3,000	
2	Parapet Coping	0	allow	\$25.00	\$0	None
3	Gutters & Downspouts	325	l.f.	\$12.00	\$3,900	
	Gutters & Downspouts	1	allow	\$2,400.00	\$2,400	
	Subtotal	12,000	s.f.	\$3.03		\$36,300
G.	Interior Partitions & Ceilings					
1	Rough Carpentry	1	allow	\$6,000.00	\$6,000	
1	Furring, Insulation & Drywall 1 side					
	a. 1st Floor-Furring, Insulation/ Drywall 1 side	1	allow	\$6,000.00	\$6,000	At Entry Only
	b. 2nd Floor-Furring, Insulation/Drywall 1 side	0	s.f.	\$4.00	\$0	Exposed Block
2	Stud walls with drywall 2 sides & sound Insulat					
	a. 1st Floor-Stud walls w/ dry 2 sides & sound	4,800	s.f.	\$7.00	\$33,600	
	b. 2nd Floor-Stud walls- dry 2 sides & sound	5,200	s.f.	\$7.00	\$36,400	
3	Blocking in walls for built-in items	1	allow	\$1,400.00	\$1,400	
4	Drywall Soffits Allowance	1	allow	\$2,000.00	\$2,000	At Entry Only
5	Drywall Ceilings @ 2nd Floor	6,000	s.f.	\$8.00	\$48,000	
6	Drywall Ceilings @ 1st Floor Toilets/Bath	1,000	s.f.	\$8.00	\$8,000	
7	ACT Ceilings	1	allow	\$5,000.00	\$5,000	At Entry Only
8	Misc. Drywall	1	allow	\$2,000.00	\$2,000	
	Subtotal	12,000	s.f.	\$12.37		\$148,400
H.	Ceramic Tile and Flooring					
1	Carpet	1,167	s.y.	\$50.00	\$58,333	
2	Recycled Rubber Flooring	0	s.y.	\$70.00	\$0	none
3	Ceramic Tile - floors	1,000	s.f.	\$14.00	\$14,000	
4	Ceramic at shower Units	20	each	\$2,000.00	\$40,000	
5	Public Kitchen Ceramic	1	allow	\$5,000.00	\$5,000	
6	Vinyl Base	1	allow	\$4,000.00	\$4,000	
7	Floor Prep	1	allow	\$4,000.00	\$4,000	

California Coastal Commission

Exhibit 5

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CONCEPTUAL ESTIMATE

PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
Location: **California , USA**
Owner:
Architect:

Date: **3-31-14**
Estimate Type: **Conceptual**
PCI file Name: **I-14 Review Draft.xlsx|Estimate**

No.	Description	Quantity	Unit	Unit Price	Amount	Total
	Subtotal	12,000	s.f.	\$10.44		\$125,333
	Estimate Breakdown					
I.	Painting					
1	Paint Drywall Walls	1	allow	\$8,000.00	\$8,000	
2	Paint Block Walls - Interior	1	allow	\$20,000.00	\$20,000	
3	Paint Ceilings	1	allow	\$12,000.00	\$12,000	
4	Paint Doors & Frames	35	allow	\$125.00	\$4,375	
5	Misc. Painting	1	allow	\$3,000.00	\$3,000	
6	Paint Railings & Stair	1	allow	\$3,000.00	\$3,000	
7	Exterior Painting	1	allow	\$12,000.00	\$12,000	
	Subtotal	12,000	s.f.	\$5.20		\$62,375
J.	Window Treatments	1	allow	\$0.00	\$0	FF&E
	Subtotal	12,000	s.f.			\$0
K.	H.V.A.C. System					
1	New HVAC Units and Ductwork	12,000	s.f.	\$23.00	\$276,000	
	Subtotal	12,000	s.f.	\$23.00		\$276,000
L.	Sprinkler System					
1	Sprinkler System	12,000	s.f.	\$3.50	\$42,000	
2	New Water Service & Street Work	0	allow	\$10,000.00	\$0	See Sitework
	Subtotal	12,000	s.f.	\$3.50		\$42,000
M.	Security/Fire Alarm System					
1	Security/Fire Alarm System	12,000	s.f.	\$2.00	\$24,000	
	Subtotal	12,000	s.f.	\$2.00		\$24,000
N.	Plumbing					
1	Water closet HC type	3	each	\$1,000.00	\$3,000	
2	Standard water closet	17	each	\$900.00	\$15,300	
3	Shower Sets	20	each	\$1,400.00	\$28,000	
4	Urinal	0	each	\$1,000.00	\$0	
5	Lavatories	20	each	\$600.00	\$12,000	
6	Janitor's Sink	2	each	\$700.00	\$1,400	
7	2 Compartment sink	1	each	\$800.00	\$800	
8	Grease Trap	1	each	\$1,200.00	\$1,200	
9	Sensors	20	each	\$250.00	\$5,000	
10	Floor/shower drains	20	each	\$400.00	\$8,000	Combo w/ Shower
11	Other Floor Drains	5	each	\$600.00	\$3,000	
12	Trap Primers	4	each	\$300.00	\$1,200	
13	Clean outs	4	each	\$350.00	\$1,400	
14	Hose bibbs	2	each	\$450.00	\$900	
15	Domestic hot water heater	1	allow	\$8,000.00	\$8,000	
16	Underground piping & sewer	12,000	s.f.	\$1.00	\$12,000	
17	Above grade waste and vent	12,000	s.f.	\$2.00	\$24,000	
18	Domestic water piping and insulation	12,000	s.f.	\$2.50	\$30,000	
19	Sump pump	0	allow	\$1,000.00	\$0	
20	Perimeter drain tile	0	l.f.	\$12.00	\$0	

California Coastal Commission
\$0 Verify Exhibit 5

CONCEPTUAL ESTIMATE

PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
Location: **California , USA**
Owner:
Architect:

Date: **3-31-14**
Estimate Type: **Conceptual**
PCI file Name: **J-14 Review Draft.xlsx|Estimate**

No.	Description	Quantity	Unit	Unit Price	Amount	Total
21	Electrical water cooler	1	each	\$1,400.00	\$1,400	
22	Gas piping allowance	1	allow	\$4,000.00	\$4,000	
	Subtotal	12,000	s.f.	\$13.38		\$160,600
	Estimate Breakdown					
O.	Electrical Work					
1	Electrical Installation including Lights	12,000	s.f.	\$16.00	\$192,000	
2	Exterior Lighting on Building	1	allow	\$5,000.00	\$5,000	
3	New Service - By Utility Co.	0	allow	\$8,000.00	\$0	Site Specific
	Subtotal	12,000	s.f.	\$16.42		\$197,000
P.	Millwork, Doors & Specialties					
1	Sinks w/ intergral Bowls	20	allow	\$1,200.00	\$24,000	
2	Shower Base/Surround	20	each	\$3,600.00	\$72,000	
3	Toilet Accessories	20	each	\$600.00	\$12,000	
4	Kitchens					
	a. Apartment Kitchens Built-ins & Counters	1	allow	\$7,000.00	\$7,000	None
	b. Public Kitchen Built-ins & Counters & Island	1	allow	\$18,000.00	\$18,000	
5	Window Sills	30	each	\$200.00	\$6,000	
6	New Wood Doors & Hardware w/ Card readers	25	each	\$1,200.00	\$30,000	
7	New Wood Doors & Hardware w/o Card reader	6	each	\$900.00	\$5,400	
8	Allowance for Closet Rods and Shelves	1	allow	\$6,000.00	\$6,000	
9	Front Desk	1	allow	\$6,000.00	\$6,000	
10	Misc. Millwork	1	allow	\$2,000.00	\$2,000	
11	Fire Extinguishers	4	each	\$400.00	\$1,600	
12	Flag Pole	0	allow	\$2,000.00	\$0	
13	Canvas Awning	1	allow	\$5,000.00	\$5,000	
14	Interior Signage - Rooms, Stairs & Baths	40	each	\$50.00	\$2,000	Basic
15	Exterior Signage	1	allow	\$5,000.00	\$5,000	Simple
	Subtotal	12,000	s.f.	\$16.83		\$202,000
Q.	Elevator					
1	New Elevator	1	allow	\$50,000.00	\$50,000	
	Subtotal	12,000	s.f.	\$4.17		\$50,000
R.	New Steel Stair and Railings					
1	New Interior Stairs & Railings	2	stairs	\$15,000.00	\$30,000	Simple
2	Misc. Steel/Masonry Connections	1	allow	\$5,000.00	\$5,000	
	Subtotal	12,000	s.f.	\$2.92		\$35,000
S.	Kitchen Appliances					
1	Apartment Kitchen Appliances					None
	a. Apartment Kitchen Stoves w/ Hoods	0	each	\$1,500.00	\$0	
	b. Apartment Kitchen - Refrigerators	0	each	\$1,000.00	\$0	
	c. Apartment Kitchen - Microwave	0	each	\$200.00	\$0	
	d. Dishwasher	0	each	\$750.00	\$0	
2	Public Kitchen & Laundry Appliances - Not Cor					
	a. Stoves w/ Hoods	2	each	\$2,000.00	\$4,000	
	b. Refrigerators	2	each	\$1,200.00	\$2,400	
	c. Microwave	4	each	\$200.00	\$800	
3	Washer	2	each	\$2,500.00	\$5,000	
4	Dryer	2	each	\$2,200.00	\$4,400	
	Subtotal				\$16,600	

California Coastal Commission
Exhibit 5

PROJECT CONTROL

411 South Wells Street - Suite 902
Chicago Illinois 60607

Project: **Prototype Hostel - New Construction**
 Location: **California , USA**
 Owner: _____
 Architect: _____

Date: 3-31-14
Estimate Type: Conceptual
PCI file Name: 1-14 Review Draft.xlsx|Estimate

[illegible]

Maurice Robinson & Associates LLC
28 Dover Place
Manhattan Beach, CA 90266
August 25, 2015

Ms. Madeline Cavalieri
California Coastal Commission
725 Front Street, Suite 300
Santa Cruz, CA 95060

Re: Evaluation of Hostelling International's (HI) 'Cost Estimates for New Hostel Development Allowing for Lower Cost Overnight Accommodations,' dated April 3, 2014; and thoughts on the sufficiency of the Shore Hotel's Mitigation Fee

Dear Madeline:

1. Review of Hostelling International's Development Cost Estimates

Per your request, I have reviewed the above-referenced analysis of the cost to develop a new hostel, as well as a similar analysis prepared by HI on October, 26 2007, entitled: 'Cost Estimates for Construction of Hostels'. Because the methodologies for the two studies were a bit different, they did not lend themselves to direct comparison of the per-bed cost conclusions.

The 2014 analysis assumed new construction of a 100-bed hostel in a 12,000 square foot (sf) building, including purchase of a hypothetical 12,000 sf parcel of land for \$1,200,000, or \$100/sf of land. Construction costs were estimated to be \$42,120 per bed, or \$350/sf, without land. Including land, the total development costs were estimated to be \$54,120 per bed, or \$451/sf.

My conclusion is that the 2014 cost estimates for the building are very well-developed, and can be used as a guide for the construction costs to build a new 100-room hostel statewide, excluding land. The land portion, however, was not intended to be representative of a vacant lot in Santa Monica. I believe that a proper analysis must separate the two components—building and land—to be applicable to other locations in the California Coastal Zone, and for future indexing.

The cost of land in Santa Monica has increased so dramatically over the past 25 years that it is no longer representative of the vast majority of other coastal zone properties. In 1990, vacant land for the development of low-cost lodging in Santa Monica was estimated by the City and their consultants to cost \$118/sf. A follow-up study in 1999 estimated the price of land at \$143/sf. By 2013, the average price for land Citywide was estimated at \$293/sf.; additionally, in 2012, land in the more valuable coastal zone portion of the City was estimated at \$578/sf.

However, unless it is the Commission's intention to replace the 72 lost low-cost lodging units from the Shore Hotel development in the immediate area of that very desirable and high-cost site, one should not automatically apply such peak pricing to the land component of HI's estimate of the cost to develop the building.

The price for land in almost all other locations within the California Coastal Zone is much lower than in Santa Monica. In fact, HI made the assumption in their 2014 study that their hypothetical hostel would be built elsewhere, in a lower-priced location within the Southern California Coastal Zone, where land is much cheaper. Indeed, if applicants were given such flexibility, they would most likely select the cheapest land that they could find to replace low-cost lodging. Under this scenario, the \$100/sf price may be reasonable, but the replacement beds would most certainly not be located in Santa Monica. Thus, in the absence of a specific policy that requires replacement of lost low-cost lodging in the immediate location, it would be unfairly burdensome to apply the price of such high-cost land to the equation of hostel development on a statewide basis.

I believe that HI's building cost estimate of \$42,120 per bed would be appropriate throughout the state's Coastal Zone. It includes compliance with ADA and all applicable State regulations, and includes prevailing wages. Only the land cost would change, depending where the hypothetical hostel were to be built. So, it is a very good number to use to build hostel structures.

This lends itself to a two-tiered Index for a representative cost to develop low-cost lodging statewide. The \$42,120 per bed estimate for the structure can be indexed on an annual basis, either by CPI or, alternatively, with a more construction industry-specific index such as the Turner Building Cost Index. (see <http://www.turnerconstruction.com/cost-index>)

The land component, however, is tremendously variable throughout the state. I suggest that for this portion of the costs, each time an application for mitigation is being processed, an on-line search for vacant land sales be done, to derive a current estimate of the cost for an appropriate-sized local parcel of land to support replacement lodging units. Most large real estate brokerage or appraisal firms such as CBRE or JLL will have access to such sales. Alternatively, such data can be purchased on CoStar (see www.costar.com) or similar real estate research sites.

As part of my assignment, I also reviewed HI's 2007 hostel development cost analysis. In it, HI presented two scenarios: the first assumed that an existing building and its underlying land would be acquired, gutted, and redeveloped into a 100-bed hostel. Total development costs, including land, were estimated to be \$44,898 per bed, or about \$300 per square foot for the hypothetical 15,000 sf facility. The second scenario in the 2007 analysis assumed an existing building could be leased—vs. purchased—which resulted in costs that were much lower, at \$18,300 per bed, or \$123 per square foot. Of course, in the second scenario, no land would be purchased; the leased building would have to pay additional monthly rental costs; and there would be no opportunity to realize any real estate appreciation; so the two estimates were not truly apples-to-apples.

Thus, the 2014 and 2007 analyses are not directly comparable. The building costs may have increased at a rate approximating inflation during the seven-year period, but the local land component has increased much more dramatically—perhaps at twice the rate of construction.

2. The sufficiency of the Shore Hotel's Low-Cost Lodging Mitigation Fee

Additionally, you have asked for my opinion as to whether or not the Shore Hotel project's impacts to the availability of lower-cost accommodations in the area and the lost potential of the site to provide lower-cost accommodations would be offset by the collection of fees consistent with the 2014 HI analysis. Towards this end, I have reviewed the following materials:

- Analysis of Options for the Travelodge and Pacific Sands Motels in Santa Monica, California, Prepared by PKF Consulting, June 2005;
- Analysis of Affordable Lodging for Santa Monica, California, Prepared by PKF Consulting, May 2008;
- Analysis of Mitigation Fees, Removing Low Cost Lodging at Shore Hotel, Letter to City of Santa Monica, from Buss-Shelger Associates, Real Estate Consultants, dated September 6, 2013;
- City of Santa Monica Ordinance no. 1516.

I understand that the Shore Hotel's mitigation fee, which was paid to the City in 2013, was \$1,211,688. This equates to \$16,829 per room for each of the 72 low-cost rooms that were displaced by the redevelopment and upgrading of the Travelodge and Pacific Sands motels into the current Shore Motel. My opinion is that this amount is wholly inadequate for the replacement of these lost low-cost rooms in Santa Monica.

If there were an opportunity to develop 72 new hostel beds to replace the 72 lost motel rooms, then I would suggest using the \$42,120 per bed estimate for new construction. This would result in a mitigation fee of \$3,032,640, without land.

Land costs, however, could vary dramatically. As noted earlier, the price of the land component of the total cost would depend greatly on the flexibility of the Commission regarding where the replacement units would be allowed to be located. The range in land costs might be as great as from \$100/sf to \$600/sf in Los Angeles County's Coastal Zone. For a 10,000 sf parcel of land, the total land costs could be anywhere from \$1 million to \$6 million—a huge range.

This variability in the price of land dwarfs the cost of providing the hostel improvements. The total cost (land and building) of the 72-bed hostel in this example would range from \$4 million to \$9 million, even though the cost of the structure alone would be constant at \$3 million.

This illustrates the need for the Commission to find alternative, lower-cost ways to acquire the land required to support replacement low-cost lodging. As examples, the proposed hostels could be built on land owned by the following non-private-sector types of entities:

- Public agencies, such as State Parks, which have similar social goals;
- Non-profit organizations, which may not require a market-level rate of return; or
- Quasi-public agencies, such as Port Districts, but leased at a below-market rate.

Indeed, while the cost to construct the hostel building would be expected to remain fairly constant throughout the State, the land costs could vary dramatically in each case. As I noted in my presentation at your March Public Workshop, it behooves the Commission to work closely

with its public and non-profit partners to acquire control of coastal land at below-market costs, to facilitate new low-cost lodging.

3. Final thoughts—hostels may not always be available as replacement low-cost lodging.

This review and evaluation has been based on the concept of replacing lost low-cost lodging, which are typically older motels, with hostel beds, which are much cheaper to build and operate than motel rooms. But there is a limit to the demand for hostel rooms, as compared to the much larger demand segment desiring private motel-style rooms. A bigger question for the Commission to consider is the cost of replacing the older, low-cost motel rooms with new motel rooms. Of course, this is a policy question, which would take into account both lodging economics and other social goals.

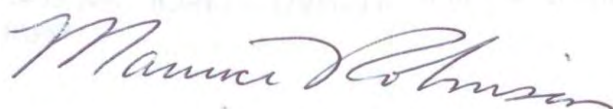
These new motel rooms would likely cost nearly \$100,000 per room to develop (excluding land), which is more than twice the cost of a hostel bed, mostly due to the fact that motels require approximately twice the gross square footage per person than hostels.

Although beyond the scope of this engagement, an analysis could be done that identifies the financial subsidy required to provide motel developers with sufficient economic incentive to build and operate the motels at room rates equal to (or less than) the local low-cost room rates. As a hypothetical example, developers might be willing to build 100-room motels for \$12 million (say, \$10 million for the structure and \$2 million for the land), if market-level room rates average \$200 per night, because the operating economics would provide them with a sufficient rate of return of, say, 18% on their up-front investment. If the average room rates were limited to only \$120 per night, the developers might still be able to achieve their desired rate of return, if total development costs were to be reduced to, say, \$7 million. In such an example, the subsidy would be equal to the \$5 million gap (\$12 million less \$7 million) that would be required to incentivize the developers to agree to limit their room rates. This example—which is only hypothetical—would suggest a mitigation fee of \$50,000 per unit to facilitate the development of low-cost motels.

Part of the subsidy could come in the form of land; part could be an up-front payment from the mitigation fund; and part could be the monetization of tax credits from the local public entities. There are numerous ways to produce the desired solution—the first step must be to identify the amount of subsidy needed to incentive the private sector to replace the lost low-cost rooms.

I hope this review and evaluation has been helpful. If you have additional questions, please do not hesitate to contact me at Maurice@MauriceRobinson.com or 310-640-9656.

Sincerely,

A handwritten signature in blue ink that reads "Maurice Robinson". The signature is fluid and cursive, with the first name "Maurice" written in a larger, more prominent script than the last name "Robinson".

Maurice Robinson, ISHC, CRE, ASA



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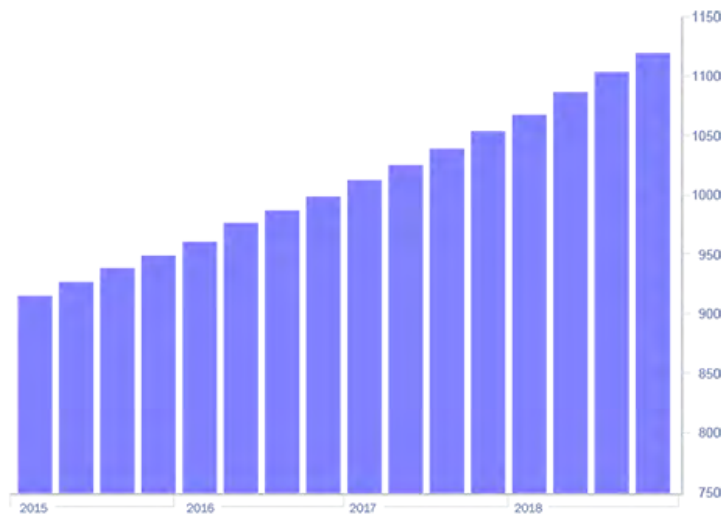
Cost Index

Turner's Fourth Quarter Building Cost Index: Construction Costs Increase as Markets Remain Active

Fourth Quarter 2018 Turner Building Cost Index—which measures costs in the non-residential building construction market in the United States—has increased to a value of 1120. This represents a 1.36% quarterly increase from the Third Quarter 2018 and a 5.86% yearly increase from the Fourth Quarter 2017.

**“The fear of tariffs continue
 to be the primary cause of
 uncertainty for contractors
 nationwide, alongside
 depleting supplies of skilled
 labor.”**

Attilio Rivetti
 Vice President



Quarter	Index	% Change
4th Quarter 2018	1120	1.36
3rd Quarter 2018	1105	1.47
2nd Quarter 2018	1089	1.68
1st Quarter 2018	1071	1.23

Base year: 1967, index 100

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2018

[First Quarter 2018](#)
[Second Quarter 2018](#)
[Third Quarter 2018](#)



2017



First
Quarter
2017



Second
Quarter
2017



Third
Quarter
2017



Fourth
Quarter
2017

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