

CALIFORNIA COASTAL COMMISSION

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W15c

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STAFF REPORT: REGULAR CALENDAR

Application No.: 5-20-0597

Applicants: Sandra and Walter Franco

Agents: Sandra and Walter Franco

Project Location: 66 11th Street, Hermosa Beach, Los Angeles County (APN: 4187-004-013)

Project Description: Conversion of an existing, two-story, 28.7-ft. tall, 3,402 sq. ft., 11-unit apartment complex with no on-site parking into a 9-unit hotel building with two low-cost rooms, a new 1,201 sq. ft. rooftop deck, and two parking spaces on-site.

Staff Recommendation: Approval with conditions

SUMMARY OF STAFF RECOMMENDATION

Staff recommends after-the-fact approval of the conversion of an existing 11-unit apartment complex with no on-site parking into a new 9-unit hotel. The project site is located less than 350 ft. from the beach and is designated General Commercial by the Hermosa Beach certified LUP. The designation limits the subject development to commercial and visitor-serving uses, and the site is located in a downtown area that struggles to provide adequate public parking for beach visitors. Currently, the existing 11-unit apartment complex is legally non-conforming in terms of land use and off-street parking availability. The new proposed use will be consistent with the preferred use policies of the Coastal Act and the certified LUP, and staff recommends that Special Conditions be imposed to address parking and overnight accommodation issues resulting from the proposed development.

The proposed hotel requires the provision of at least nine parking spaces pursuant to the certified LUP and past Commission action; however, the proposed project would only provide two on-site parking spaces. The applicants were not able to identify an alternative off-site parking source to reduce the parking deficit by leasing spaces from a private, off-site lot. Without additional mitigation, the project would not sufficiently address public access impacts associated with the anticipated change in intensity of use of the site and increased demand for public parking in the downtown and beach areas of Hermosa Beach. Thus, the applicants have proposed, and special conditions require, additional measures to mitigate the public access impacts, including: an in-lieu fee paid to the City of \$28,900 per each required parking space not provided on-site for a total of \$202,300;¹ a final Transportation Demand Management Plan (TDMP) imposed by **Special Condition 5** that requires the applicants to provide 12 bicycles on-site to hotel guests at no cost, fund a new 16-bicycle rack within the City's right of way, and provide free transit passes to hotel employees; **Special Condition 6**, which requires rooms be provided to guests who arrive at the hotel without automobile at a 10% discount, and that two rooms to be always designated as "car-free." Thus, as conditioned, the project will be consistent with public access policies of the Coastal Act.

The Coastal Act also requires protection and provision of lower-cost visitor and recreational facilities, including overnight accommodations, pursuant to Section 30213 of the Coastal Act. The applicants are proposing two of the nine rooms to be offered at low-cost rates and to pay a mitigate fee of \$25,000. **Special Condition 2** requires the applicants to comply with their proposal to provide two low-cost rooms on-site and **Special Condition 3** requires the applicants to comply with their proposal to pay a mitigation fee of \$25,000 in lieu of providing a third lower-cost room. This combination of lower-cost rooms on-site and in-lieu fee payment will be consistent with the lower-cost recreational policies of the Coastal Act.

The Commission certified the City's Land Use Plan (LUP) in 1982. However, the City does not yet have a certified Local Coastal Program (LCP). Therefore, the standard of review for this project is Chapter 3 of the Coastal Act, and the certified LUP for Hermosa Beach provides guidance.

Commission staff recommends that the Commission **APPROVE** coastal development permit application 5-20-0597, as conditioned. The motion is on page 4.

¹ City of Hermosa Beach Planning Commission Resolution No. 20-18.

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EXHIBITS

[Exhibit 1](#) – Vicinity Map

[Exhibit 2](#) – Unpermitted Development

[Exhibit 3](#) – Project Plans

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[Exhibit 5](#) – CoSMoS Analysis

[Exhibit 6](#) – Letter from City of Hermosa Beach for In-Lieu Parking Fees

I. MOTION AND RESOLUTION

Motion:

I move that the Commission **approve** Coastal Development Permit No. 5-20-0597 pursuant to the staff recommendation.

Staff recommends a **YES** vote. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

Resolution:

The Commission hereby approves the Coastal Development Permit for the proposed project and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.

II. STANDARD CONDITIONS

- 1. Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the applicants or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
- 2. Expiration.** If development has not commenced, the permit will expire two years from the date on which the Commission voted on the application. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
- 3. Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 4. Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 5. Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the applicants to bind all future owners and possessors of the subject property to the terms and conditions.

III. SPECIAL CONDITIONS

1. Revised Final Plans. PRIOR TO ISSUANCE OF THIS COASTAL DEVELOPMENT PERMIT, the applicants shall submit, for review and written approval of the Executive Director, two full-size sets of revised final plans, that substantially conform with the plans submitted to the Commission and received on October 30, 2020, except that they shall be modified to reflect the following:

A. The permittees shall submit final revised plans showing the location, design, height and materials of rooftop screen walls, gates, and guardrails for the review and approval of the Executive Director. Materials may consist, all or in part, of wood; wrought iron; frosted or partially frosted glass; Plexiglas or other visually permeable barriers that are designed to prevent bird-strikes. Clear glass or Plexiglas shall not be installed unless appliqués (e.g., stickers/decals) are used to reduce reflectivity and transparency, and, in any case, use of opaque or partially opaque materials is preferred to clear glass, Plexiglas, or appliqués.

B. The location of parking spaces, bicycle racks, and a garage lift, if proposed, shall be clearly indicated in the plans.

The permittees shall undertake development in conformance with the approved final plans. Any proposed changes to the approved final plans shall be reported to the Executive Director. No changes to the approved final plans shall occur without a Commission amendment to this Coastal Development Permit unless the Executive Director determines that no amendment is legally required.

2. Provision of On-Site Lower-Cost Overnight Accommodations. BY ACCEPTANCE OF THIS PERMIT, the applicants agree to operate the hotel consistent with its proposal to provide two (2) low-cost overnight accommodations on-site available to the general public for the life of the development, as described below:

A. The applicants shall provide two (2) low-cost rooms priced at 75% of the annual statewide average daily rate (ADR), adjusted for changes in the Consumer Price Index (CPI) starting in 2022, and to be adjusted in the future according to CPI not more than once per year, with written notice to the Executive Director. Additionally, in lieu of full provision of 25% of the number of high-cost rooms developed on-site as lower-cost overnight accommodations, the applicants shall pay an in-lieu mitigation fee in accordance with **Special Condition 3** below. If the applicants seek to increase the rates or reduce the percentage of lower-cost accommodations, they will need to obtain an amendment that will authorize the change, in conjunction with a requirement to further mitigate for any increased rates.

B. The permittees shall submit an annual monitoring report for review and written approval by the Executive Director that provides evidence of operation of the lower-cost overnight accommodations in compliance with all requirements of this permit, including sufficient detail to demonstrate the total number of rooms rented daily in the hotel, the number of low-cost hotel rooms rented for each day, the room rates for the low-cost hotel rooms, and any additional costs charged to guests for the reservation of these rooms. By the third anniversary of approval of this CDP, and by the same date every three years thereafter, the permittees shall retain an independent auditing company, approved by the Executive Director, to perform an audit to evaluate compliance with this Special Condition. Within 30 days of preparation, a copy of the auditing report and a summary of its findings shall be submitted to the Executive Director for review and written approval.

C. The permittees shall undertake development in accordance with their proposal, the approved revised plans, and approved rules and procedures for the life of the development, unless the Commission amends this permit so as to relieve the permittees of this obligation, or the Executive Director provides a written determination that no amendment is legally required.

3. Lower-Cost Overnight Accommodations Mitigation Fee. PRIOR TO THE ISSUANCE OF THIS COASTAL DEVELOPMENT PERMIT, the applicants shall pay an in-lieu mitigation fee totaling \$25,000.

A. The \$25,000 in-lieu fee shall be deposited into an interest-bearing account(s), to be established and managed by the California State Coastal Conservancy (the "Conservancy").

B. The Conservancy shall use the funds to support expanding availability of lower-cost overnight visitor accommodations, such as lower-cost hotel rooms, hostel beds, tent campsites, cabins, or campground units, at appropriate locations within the coastal area of Hermosa Beach or the greater Los Angeles County coastal area, or a similar project to promote access to the coast.

C. The in-lieu fee will be transferred to the Conservancy; therefore, the funds shall be used pursuant to the existing MOU between the Coastal Commission and the Conservancy, dated August 2018, and for the purposes described in subsection B, above. In addition, at least thirty days prior to the transfer of the funds, the permittees shall provide the Conservancy with any documentation necessary to the Conservancy, including information needed to effectuate transfer of the Funds to the Conservancy, unless the permittees receives a waiver of this requirement in writing from the Conservancy's Executive Officer.

4. General Occupancy Agreement. BY ACCEPTANCE OF THIS PERMIT, the applicants agree that all hotel facilities shall be open to the general public. The hotel shall be operated as a bona fide hotel. No timeshare or other fractional ownership or long-term occupancy of units is permitted without an amendment to this permit. No rooms shall be rented for more than 30 consecutive days. Rooms shall be rented in accordance with any local government limitations on length of hotel stay.

5. Transportation Demand Management Plan. PRIOR TO THE ISSUANCE OF THIS COASTAL DEVELOPMENT PERMIT, the applicants shall submit, for the review and approval of the Executive Director, a revised Transportation Demand Management Plan (TDMP) in substantial conformance with the TDMP received by Commission staff via email on November 29, 2021. The revised TDMP shall be prepared by a qualified professional with expertise in traffic and parking management and shall identify measures to be implemented to lessen the impacts to public access due to the subject development and the parking deficit. At a minimum, the revised TDMP shall include, but is not necessarily limited to, the following:

A. Parking for a minimum of two vehicles on-site, one ADA space and one standard space.

B. The applicants shall comply with all parking conditions imposed by the City under legal authority other than the Coastal Act, including in-lieu parking fees for any parking spaces in deficit. As of July 21, 2020, the City of Hermosa Beach Planning Commission has resolved² that an in-lieu parking fee of \$28,900 will be collected per each required parking space not provided on-site, therefore resulting in a total \$202,300 mitigation fee for a seven-space deficit, to be deposited into an established City fund for future construction of public parking opportunities near the beach in Downtown Hermosa Beach. Within 60 days of payment of the in-lieu parking fee, the permittees shall submit receipts as evidence of compliance.

C. A minimum of 12 bicycles with bicycle parking racks shall be provided and maintained by the permittees and offered at no cost to hotel guests for the life of the development. The TDMP shall include a site plan identifying the location of bicycle rack(s) on site.

D. The permittees shall submit evidence to the Executive Director that they have provided the City of Hermosa Beach with adequate funding to install a minimum of sixteen-bicycle rack(s) within the City's right of way or other City-owned property within the general vicinity of the subject site.

² City of Hermosa Beach Planning Commission Resolution No. 20-18.

E. A public transit fare reimbursement program shall be implemented by the permittees and all successors-in-interest. The permittees shall provide to employees of the development a 100% reimbursement of any public transit fares to and from work. Posters, brochures, and registration materials of the program shall be available to employees at all times, and employees shall be informed of the program upon orientation and annually thereafter.

F. The permittees shall ensure that public access to the nearby beach and coastal access off of 11th Street and 11th Court is not inhibited by the construction or operation of the development.

The permittees shall undertake development in conformance with the approved Transportation Demand Management Plan unless the Commission amends this permit or the Executive Director provides a written determination that no amendment is legally required for any proposed minor deviations.

6. Car-Free Rooms and No-Car Discounts.

A. PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicants shall submit, for the review and written approval of the Executive Director, a plan for the “car-free” rooms and “no-car discount.” The plan shall outline how the applicants will actively promote and publicize availability of the “car-free” rooms and the discount for guests of any room without a car.

B. BY ACCEPTANCE OF THIS PERMIT, the applicants agree to submit an annual monitoring report for review and written approval by the Executive Director that provides evidence of operation of the “car-free” rooms and “no car discount.” in compliance with all requirements of this permit, including sufficient detail to demonstrate the total number of rooms rented daily in the hotel, the number of “car-free” hotel rooms rented for each day, and the number of no-car discount rooms rented for each day.

(1) At least two of the nine rooms shall be “car-free” and restricted to use by hotel guests who arrive without automobiles. Designation of the two (2) low-cost rooms as car-free rooms is prohibited.

(2) The hotel operators shall require evidence from the hotel guests of “car-free” rooms that they have arrived at the hotel via an alternative mode of transportation, such as shuttle, bus, rideshare, etc.

(3) The permittees shall provide a 10 percent discount for all hotel guests who arrive without automobiles, whether lodging in the two (2) designated car-free rooms or not.

(4) Nothing in this condition is intended to limit the authority or ability of the Executive Director to investigate compliance with the terms and conditions of this CDP and take appropriate enforcement action as necessary. The permittees shall provide, at any time at the request of Executive Director, all evidence necessary to demonstrate compliance with the terms and conditions of this permit, including, but not necessarily limited to the information described in this condition.

(5) The monitoring report must be an assessment of compliance with the terms and conditions of this CDP regarding the “car-free” rooms and “no car discount” rooms.

(6) The applicants shall provide the monitoring information required by this condition to the Executive Director annually for the life of the development.

(7) By the third anniversary of approval of this CDP, and by the same date every three years thereafter, the permittees shall retain an independent auditing company, approved by the Executive Director, to perform an audit to evaluate compliance with this Special Condition. The permittees shall ensure that the auditing company provides the Executive Director with a report that satisfies the following criteria. The auditor’s report shall evaluate compliance by the permittees during the prior three-year period. The report shall identify the auditor's findings, conclusions and the evidence relied upon, including the sufficiency of both the information required by the CDP to perform the audit and the information made available by the permittees. After the first report by the auditing company, the three-year audit period may be extended to five years upon written approval of the Executive Director. The Executive Director may grant such approval if each of the previous audits revealed compliance with the conditions in the auditor's opinion, if confirmed by the Executive Director.

C. The permittees shall undertake development in conformance with the approved Monitoring Report unless the Commission amends this permit so as to relieve the permittees of this obligation, or the Executive Director provides a written determination that no amendment is legally required.

7. Waiver of Rights to Future Shoreline Protective Device.

A. BY ACCEPTANCE OF THIS PERMIT, the applicants acknowledge that the entirety of the property authorized by this permit constitutes new development under the Coastal Act and is therefore not entitled to a shoreline protective device under Section 30235 of the Coastal Act. Thus, by acceptance of this permit, the applicants hereby waive, on behalf of

themselves and all successors and assigns, any rights to construct such devices that may exist under applicable law.

B. BY ACCEPTANCE OF THIS PERMIT, the applicants further agree, on behalf of themselves and all successors and assigns, that they are required to remove all or a portion of the development authorized by the permit, and restore the site, if:

(1) the City or any other government agency with legal jurisdiction has issued a final order, not overturned through any appeal or writ proceedings, determining that the structures are currently and permanently unsafe for occupancy or use due to damage or destruction from waves, flooding, or other hazards related to coastal processes, and that there are no feasible measures that could make the structures suitable for habitation or use without the use of bluff or shoreline protective devices;

(2) essential services to the site (e.g., utilities, roads) can no longer feasibly be maintained due to the coastal hazards listed above;

(3) removal is required pursuant to Local Coastal Program (LCP) policies for sea level rise adaptation planning; or

(4) the development requires new and/or augmented shoreline protective devices that conflict with relevant LCP or Coastal Act policies.

In addition, the development approval does not permit encroachment onto public trust lands, and any future encroachment must be removed unless the Coastal Commission determines that the encroachment is legally permissible pursuant to the Coastal Act and authorizes it to remain. Any future encroachment onto public trust lands would also be subject to the State Lands Commission's (or other designated trustee agency's) leasing approval.

8. Development Removal. By acceptance of this permit, the permittee agrees, on behalf of itself and all successors and assigns, that the landowner shall remove all development authorized by this permit if: (1) the City or any other government agency with legal jurisdiction has issued a final order, not overturned through any appeal or writ proceedings, determining that the structures are currently and permanently unsafe for occupancy or use due to damage or destruction from waves, flooding, or other hazards related to coastal processes, and that there are no feasible measures that could make the structures suitable for habitation or use without the use of shoreline protective devices; (2) essential services to the site (e.g., utilities, roads) can no longer feasibly be maintained due to the coastal hazards listed above; (3) removal is required pursuant to LCP policies for sea level

rise adaptation planning; or (4) the development requires new and/or augmented shoreline protective devices that conflict with relevant LCP or Coastal Act policies. The permittee shall obtain a coastal development permit for removal of approved development unless the Executive Director provides a written determination that no coastal development permit is legally required. In addition, this permit does not permit encroachment onto public trust lands and any future encroachment onto public trust lands must be removed unless the Coastal Commission determines that the encroachment is legally permissible pursuant to the Coastal Act and authorizes it to remain. Any future encroachment would also be subject to the State Lands Commission's (or other trustee agency's) leasing approval.

9. Water Quality, Drainage and Landscaping Plans.

A. The applicants shall undertake development in accordance with the drainage and run-off control plan received by Commission staff on October 30, 2020, showing that roof and surface runoff will be captured with downspouts and filtered catch basins and redirected to the municipal storm drain system. Vegetated landscaped areas shall only consist of native plants or non-native drought tolerant plants, which are non-invasive. No plant species listed as problematic and/or invasive by the California Native Plant Society, the California Exotic Pest Plant Council, or as may be identified from time to time by the State of California shall be employed or allowed to naturalize or persist on the site. No plant species listed as a 'noxious weed' by the State of California or the U.S. Federal Government shall be utilized within the property. The applicants shall incorporate Best Management Practices (BMPs) into the construction and postconstruction phases of the subject development. The applicants have stated that they shall also comply with the applicable water efficiency and conservation measures of the City's adopted CALGreen standards concerning irrigation systems, and efficient fixtures and appliances.

B. Any proposed changes to the approved plan shall be reported to the Executive Director. No changes to the approved plan shall occur without a Commission amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

10. Storage of Construction Materials, Mechanized Equipment, and Removal of Construction Debris.

A. No demolition or construction material, debris, or waste shall be placed or stored where it may enter sensitive habitat, receiving waters or a storm drain, or be subject to wave, wind, rain, or tidal erosion and dispersion;

B. No demolition or construction equipment, materials, or activity shall be placed in or occur in any location that would result in impacts to environmentally sensitive habitat areas, streams, wetlands or their buffers;

- C. Any and all debris resulting from demolition or construction activities shall be removed from the project site within 24 hours of completion of the project;
- D. Demolition or construction debris and sediment shall be removed from work areas each day that demolition or construction occurs to prevent the accumulation of sediment and other debris that may be discharged into coastal waters;
- E. All trash and debris shall be disposed in the proper trash and recycling receptacles at the end of every construction day;
- F. The applicants shall provide adequate disposal facilities for solid waste, including excess concrete, produced during demolition or construction;
- G. Debris shall be disposed of at a legal disposal site or recycled at a recycling facility. If the disposal site is located in the Coastal Zone, a coastal development permit or an amendment to this permit shall be required before disposal can take place unless the Executive Director determines that no amendment or new permit is legally required;
- H. All stock piles and construction materials shall be covered, enclosed on all sides, shall be located as far away as possible from drain inlets and any waterway, and shall not be stored in contact with the soil;
- I. Machinery and equipment shall be maintained and washed in confined areas specifically designed to control runoff. Thinners or solvents shall not be discharged into sanitary or storm sewer systems;
- J. The discharge of any hazardous materials into any receiving waters shall be prohibited;
- K. Spill prevention and control measures shall be implemented to ensure the proper handling and storage of petroleum products and other construction materials. Measures shall include a designated fueling and vehicle maintenance area with appropriate berms and protection to prevent any spillage of gasoline or related petroleum products or contact with runoff. The area shall be located as far away from the receiving waters and storm drain inlets as possible;
- L. Best Management Practices (BMPs) and Good Housekeeping Practices (GHPs) designed to prevent spillage and/or runoff of demolition or construction-related materials, and to contain sediment or contaminants

associated with demolition or construction activity, shall be implemented prior to the on-set of such activity; and

M. All BMPs shall be maintained in a functional condition throughout the duration of construction activity.

11. Compliance with Local Conditions Approval. This action has no effect on conditions imposed by the City of Hermosa Beach pursuant to an authority other than the Coastal Act, except as provided in the last sentence of this condition. The permittees are responsible for compliance with all terms and conditions of this coastal development permit in addition to any other requirements imposed by other local government permit conditions pursuant to the local government's non-Coastal Act authority. In the event of conflicts between terms and conditions imposed by the local government and those of this coastal development permit, the terms and conditions of this coastal development permit shall prevail.

12. Assumption of Risk, Waiver of Liability, and Indemnity. BY ACCEPTANCE OF THIS PERMIT, the permittees acknowledge and agree (i) that the site may be subject to hazards including but not limited to waves, erosion, storm conditions, liquefaction, flooding, and sea level rise; (ii) to assume the risks to the permittees and the property that is the subject of this permit of injury and damage from such hazards in connection with this permitted development; (iii) to unconditionally waive any claim of damage or liability against the Commission, its officers, agents, and employees for injury or damage from such hazards; and (iv) to indemnify and hold harmless the Commission, its officers, agents, and employees with respect to the Commission's approval of the project against any and all liability, claims, demands, damages, costs (including costs and fees incurred in defense of such claims), expenses, and amounts paid in settlement arising from any injury or damage due to such hazards; (v) that sea level rise could render it difficult or impossible to provide services to the site (e.g., maintenance of roadways, utilities, sewage or water systems), thereby constraining allowed uses of the site or rendering it uninhabitable; and (vi) that the structure require future adaptation or may need to be removed or relocated and the site restored if it becomes unsafe.

13. Deed Restriction. PRIOR TO ISSUANCE OF THIS COASTAL DEVELOPMENT PERMIT, the applicants shall submit to the Executive Director for review and approval documentation demonstrating that the applicants have executed and recorded against the parcel(s) governed by this permit a deed restriction, in a form and content acceptable to the Executive Director: (1) indicating that, pursuant to this permit, the California Coastal Commission has authorized development on the subject property, subject to terms and conditions that restrict the use and enjoyment of that property; and (2) imposing the Special Conditions of this permit, as covenants, conditions and restrictions on the use and enjoyment of the Property. The deed restriction shall include a legal description of the entire parcel or parcels governed by this permit. The deed restriction shall also indicate that, in the event of an extinguishment or termination of the deed restriction for any

reason, the terms and conditions of this permit, shall continue to restrict the use and enjoyment of the subject property so long as either this permit or the development it authorizes, or any part, modification, or amendment thereof, remains in existence on or with respect to the subject property.

IV. FINDINGS AND DECLARATIONS

A. Project Location and Description

The project site is located at 66 11th Street, within the City of Hermosa Beach in Los Angeles County ([Exhibit 1](#)). The lot is 2,913 sq. ft. and is located approximately 350 ft. from the inland extent of the beach. The site is directly adjacent to residential uses along the southern border and primarily commercial uses to the north, east, and west of the project location. The site is zoned C-2 (Restricted Commercial), and the City of Hermosa Beach's certified LUP designation is General Commercial, which does not include residential use ([Exhibit 4](#)). The proposed hotel use would be compatible with surrounding commercial development, and hotel uses are prioritized within the C-2 zone. Although the ongoing housing shortage crisis is of statewide concern, and there may be remedies provided under the California Housing Crisis Act of 2019 (SB-330), Sections 30213 and 30222 of the Coastal Act establish a priority for visitor serving and recreational uses over residential, industrial, or general commercial uses within the coastal zone. In this case, the proposed hotel is more consistent with the development policies of the Coastal Act and the land use designation of the City's certified LUP, as compared to the previous residential use of the subject property.

The site was previously developed with a two-story, 28.7-ft. tall, 11-unit apartment complex, divided into a 2,209 sq. ft. primary structure facing 11th Street containing eight units and a detached two-story 1,183 sq. ft. rear structure containing three units. As described further below, unpermitted development was undertaken at the subject property, and therefore, the site is currently developed with two structures of the same footprint and height as before, however the first floor of the rear structure currently consists of a 355 sq. ft. two-car garage on the ground floor, a 608 sq. ft. guest room on the second floor. The two structures are connected via a walkway bridge and second-floor stairwell, and a rooftop deck spanning the two structures is partially constructed.

The 11 dwelling units were constructed as short-term housing for City electrical workers in 1911. The City record shows interior renovation of the units occurred throughout 2007, including repairs to the existing plumbing and foundation, without any record of Coastal Commission review. These repairs appear to have been minor in scope, and the applicants indicate that the work did not significantly alter any of the building's major structural components (i.e. roof, foundation, exterior walls, or size of habitable interior floor area).

In 2016, the applicants used the subject development for unpermitted short-term vacation rentals. On August 11, 2020, the City issued a notice requiring the applicants to halt all short-term vacation rental use. The applicants maintain that the unpermitted use had ceased beforehand in 2019.

In October 2017, the applicants began unpermitted construction of a new, 1,201 sq. ft. rooftop deck spanning both structures. The applicants obtained approval from the City of Hermosa Beach Community Development Department ([Exhibit 2](#)) but did not obtain approval from the Coastal Commission. The applicants have claimed that this work was exempt from coastal development permit (CDP) requirements. However, pursuant to Section 13252(b) of the California Code of Regulations, the replacement of 50 percent or more of a structure is not repair and maintenance under Section 30610(d) of the Coastal Act and shall require a CDP. The Commission, through its past actions, has interpreted these regulations to apply to all structural components such as load-bearing walls (both interior and exterior), roofs, flooring, framing, foundations, etc. Hence, replacement of the entire roof structure for construction of a 1,201 sq. ft. deck would constitute non-exempt development requiring a CDP.

The applicants indicated that significant structural deterioration of the rear structure was discovered during construction of the roof deck. The discovered damage was extensive, and repairs would exceed the threshold for repair and maintenance that would qualify as exempt development. Improvements to the rear structure, which commenced on July 29, 2020, ceased upon discovery of structural damage and pending Coastal Commission approval. On September 3, 2020, with the exception of one wall, the rear structure containing three dwelling units was demolished without a CDP. On October 30, 2020, Commission staff received a CDP application for the current proposal; however, the unpermitted demolition of three units and partial construction of a new garage and hotel room were not disclosed in the application and were later discovered by Commission staff during the analysis of the proposed project.

The applicants now propose to redevelop the site into a nine-room hotel consisting of a two-story, 28.75-ft tall, 2,209 sq. ft. primary front structure with 8 hotel rooms, exterior bathroom, office, and storage space, attached via a walkway bridge, second-floor stairwell, and 1,201 sq. ft. rooftop deck to a 1,183 sq. ft. rear structure with first-floor two-car garage and second-story, 608 sq. ft. hotel room ([Exhibit 3](#)). The applicants request after-the-fact approval for the partial demolition and reconstruction of the rear structure. The project would result in a boutique hotel (Surfside Suites) with two low-cost hotel suites consisting of a single bedroom equipped with an extra pull-out bed to accommodate additional guests, in addition to seven high-cost hotel suites providing up to two bedrooms each. The hotel suite sizes in the primary structure will range from approximately 242 sq. ft. to 400 sq. ft. All hotel rooms will include microwaves and refrigerators, and all guests will have access to free laundry facilities on-site. Six of the nine suites will include partial kitchens stocked with dishes, pots, and pans. The new rooftop deck will be limited to guest use and include a grill, tables, and chairs. The existing structural layout of the 11 residential units will remain substantially intact, with overall building renovation for compliance with City of Hermosa Beach Community Development Department and Americans with Disabilities Act (ADA) regulations. Of the 3,402 sq. ft. total interior habitable floor area, 355 sq. ft. will be converted for the two-car garage, and no increases in height are proposed.

The applicants propose two on-site parking spaces and payment of in-lieu fees for seven additional parking spaces to the City of Hermosa Beach. The applicants also

propose a Transportation Demand Management Plan (TDMP), which includes providing twelve bicycles at no cost to hotel guests, installing bicycle rack(s) on-site that can accommodate at least twelve bicycles; installing another bicycle rack within the City's right of way that provide, at applicants' expense, for at least sixteen bicycles; and purchase of yearly public transit passes for cleaning and maintenance staff. The hotel will be managed by a property manager who lives directly south of the site on 10th Street and does not require a separate parking space. The development is located within 50 ft. of "rideshare zone" (a location specifically designated by rideshare apps as a pick-up/drop-off site), and 60 ft. from a public beach parking lot operated by the City of Hermosa Beach.

B. Lower-Cost Overnight Accommodations

Section 30213 of the Coastal Act states:

Lower-cost visitor and recreational facilities shall be protected, encouraged, and where feasible, provided. Developments providing public recreational opportunities are preferred. The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, hotel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

Section 30222 of the Coastal Act states:

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

Sections 30213 and 30222 of the Coastal Act establish a priority for visitor serving and recreational uses over residential, industrial, or general commercial uses within the coastal zone. Section 30213 requires permitted development to protect, encourage and, where feasible, provide lower-cost visitor and recreational facilities. As further discussed below, there are numerous examples of the Commission applying this policy in past decisions to protect and provide lower-cost overnight accommodations for the visiting public with new development applications for overnight accommodations. In order to protect a range of overnight accommodations in the coastal zone, the Commission has, in these past decisions, interpreted this policy to require that when new overnight accommodations are proposed, the accommodations will provide facilities that serve people with a range of incomes, including lower economic means, or will otherwise provide for lower-cost overnight accommodations.

Overnight Accommodations Trends

Historically, the Commission has approved new hotel developments along the coastline because they are visitor-serving facilities. These hotels, however, are often exclusive because of their high room rates, particularly in recent years.³ The Commission has required mitigation for the use of land that would have been available for lower-cost and visitor-serving facilities.⁴ The Commission has approved projects and LCP amendments that require that development of overnight accommodations provide facilities which serve the public with a range of incomes.⁵ If the development proposed does not provide for a range of affordability on-site, the Commission has required off-site mitigation, such as payment of an in-lieu mitigation fee, to fund construction of lower-cost overnight accommodations such as hostels, RV parks, and campgrounds.⁶

Commission staff prepared a 2016 study of Low-cost Visitor Accommodations, which reviewed statewide data about overnight accommodations lost in the coastal zone since 1989. In its report to the Commission in November 2016, staff found that out of six “cost” categories ranging from “economy” to “luxury,” a total of 24,720 economy rooms were lost, compared to 11,247 rooms of the remaining five classes.⁷ Economy rooms have been lost over the same time period at over twice the rate of all other cost categories combined. Thus, all told, nearly 70% of all rooms that have been lost since 1989 have been economy rooms, whereas less than 10% of the rooms lost have been in the upscale and luxury categories, and less than 0.2% have been lost in the luxury category. It has been found that, as more high-cost hotels are developed, the remaining lower-cost to moderate-cost hotel accommodations in the coastal zone tend to be older structures that become less economically viable as time passes. Further, as more redevelopment occurs, the stock of lower-cost overnight accommodations tends to be reduced, since it is often more lucrative for developers to replace these structures with higher-cost accommodations. Such trends have made it much more difficult for visitors who have limited means for overnight accommodations to access the coast. This is particularly true for visitors traveling from inland locations that cannot easily make the trip to the coast and back home again in a single day.

Although statewide demand for lower-cost accommodations in the coastal zone is difficult to quantify, there is no question that low-cost hotels, camping, and hostel opportunities are in high demand in coastal areas, and that there is an on-going need to provide more lower-cost opportunities along California’s coast. In a Coastal Conservancy-commissioned survey conducted in 2017, an assessment of low-cost

³ [Explore the Coast Overnight- An Assessment of Lower Cost Accommodations](#), published by State Coastal Conservancy on January 8, 2019.

⁴ [NPB-MAJ-1-06, Part A](#) (Marriott Hotel VSC)

⁵ [HNB-MAJ-2-06](#) (Huntington Beach-Timeshares); [A-6-PSD-8-04/101](#) (San Diego-Lane Field); [A-5-RPV-2-324](#) (Rancho Palos Verdes-Long Point); [RDB-MAJ-2-08](#) (Redondo Beach); [SBV-MAJ-2-08](#) (Ventura); [5-98-156- A17](#) (Long Beach-Pike Hotel); [LOB-MAJ-1-10](#) (Long Beach-Golden Shore).

⁶ [5-18-0872](#) (Shore Hotel); [6-13-0407](#) (McMillin-NTC, LLC); [5-14-1785](#) (Olson Real Estate Group, Inc.)

⁷ [Public Workshop: Lower Cost Visitor Serving Accommodations](#), published by Coastal Commission on October 26, 2016.

overnight accommodations found that “...respondents cited financial concerns as the primary reason they do not stay overnight at the coast. Over 45% of Californians said that overnight accommodations at the coast were inconvenient or unaffordable.”⁸

Section 30604(h) of the Coastal Act provides that when acting on a coastal development permit, the issuing agency “may consider environmental justice, or the equitable distribution of environmental benefits.” The reduction in low- and moderate-cost overnight accommodations in the coastal zone is an environmental justice issue. The Commission’s Environmental Justice Policy, adopted in March 2019, states in part “...the conversion of lower-cost visitor-serving facilities to high-cost facilities is also a barrier to access for those with limited income, and contributes to increased coastal inequality.” In light of the trend in the market to provide luxury hotels, as well as the demolition of existing lower-cost hotels and hotels along the coast, it is becoming increasingly important to protect and provide lower-cost overnight accommodations in the coastal zone as required by Section 30213 of the Coastal Act. With far fewer low-cost lodging facilities, a large segment of the population will be effectively excluded from overnight stays at the coast. By forcing this economic group to lodge elsewhere (or to stay at home), there is an adverse impact on the public’s ability to access the beach and coastal recreational areas. Therefore, by protecting and providing low-cost lodging for the price-sensitive visitor, a broader segment of the population will have the opportunity to visit the coast.

In order to protect and provide for lower-cost visitor-serving facilities, the Commission has, at times, imposed in-lieu mitigation fees on development projects that remove existing facilities and/or propose only new high-cost overnight accommodations, or change the land use to something other than overnight accommodations. By requiring such mitigation, a method is provided to assure that at least some lower-cost overnight accommodations will be protected and/or provided.

As the trend to demolish or convert low-cost hotels continues, and most newly constructed hotels are designed and marketed as high-cost products, persons of low and moderate incomes will make up fewer of the guests staying overnight in the coastal zone. Without more low and moderate-cost lodging facilities, a significant segment of the population will be excluded from overnight stays at the coast. Access to coastal recreational facilities, such as beaches, harbors, piers, and special coastal communities, is enhanced when lower-cost and moderate-cost overnight lodging facilities exist to serve a broad segment of the population.

Defining Lower-Cost

The first step to implement Coastal Act 30213 requirements is to define what is and is not a lower-cost unit. In a constantly changing market, it can be difficult to define what price point constitutes low-, moderate-, and high-cost accommodations for a given area. As such, the Commission has utilized different approaches over time to define such

⁸ [Explore the Coast Overnight- An Assessment of Lower Cost Accommodations](#), published by State Coastal Conservancy on January 8, 2019.

terms, including by considering the unique factual circumstances for each particular project. In previous actions, the Commission has addressed what are appropriate terms for defining lower-cost and high-cost hotels, including applying a quantitative methodology for determining what is considered “lower-cost.” The formula is based on California hotel and motel accommodations (single room up to double occupancy), and does not account for hostels, RV parks, campgrounds or other alternative accommodations into the equation, as these facilities do not typically provide the same level of accommodation as hotels and motels. Rather, hostels and campgrounds are generally inherently lower-cost, and are the type of facilities that a mitigation measure for the loss of lower-cost overnight accommodations might require.

The formula calculates the average daily peak rate (generally July and August) of lower-cost hotels and motels based on the average daily rates of hotels and motels across the entire State of California. Under this formula, lower-cost is determined as the average daily room rates for all hotels within a specific area that have a room rate 75% less than the statewide average daily room rate. To obtain data inputs for the formula, statewide average daily room rates (ADR) are collected monthly by Smith Travel Research and are available on the “Visit California” webpage. To be most useful, peak season (summer) rates for standard, double occupancy rooms are utilized for the formula, and to ensure that the lower-cost hotels and motels surveyed meet a minimally acceptable level of quality, including safety and cleanliness, standard use of the formula only includes AAA Auto Club-rated properties, that are rated one- and two-diamond rated hotels. Once the low-cost rate is identified, the Commission has determined that the high-cost rates are generally prices 125% higher than the statewide average daily room rate. By definition, the hotel rooms that are more expensive than the low-cost room rate as calculated, but less expensive than the high-cost room rate as calculated, qualify as moderate-cost rooms. For example, if \$100 was the statewide average room rate, and low-cost rooms were determined to be 25% less (or \$75), then high cost would be defined as those rooms 125% above the statewide average, or \$125. The moderate-cost rooms would range between \$75 to \$125.

After defining the project as low-, moderate-, or high-cost, the Commission must next determine how many, if any, lower-cost rooms/units should be provided for a given project as mitigation for impacts to lower-cost visitor accommodations caused by the proposed development. In past projects, the Commission has found that one way to protect lower-cost accommodations, as required by section 30213, is to ensure that at least 25% of the number of new proposed high-cost rooms are lower-cost. In other words, 25% of the proposed high-cost rooms must be reserved at the identified low-cost rate. Although the provision of on-site lower-cost accommodations is superior, in previous situations when on-site provision has been found to be infeasible, the Commission has alternatively required “in-lieu” mitigation payments for the construction of an equivalent number of lower-cost rooms/units (such as hostel beds) off-site. The funds are paid into an account managed by an appropriate entity, including the local government, State Coastal Conservancy, California State Parks, Hostelling International, or a similar agency familiar with low-cost accommodations management, to ensure that such funds are spent on new lower-cost units, including new campground and hostel facilities.

First, using the Commission’s methodology, as described above, to define the low-cost room price threshold, Commission staff obtained statewide peak season (July 2021 and August 2021) ADRs collected monthly by Smith Travel Research and available on the “Visit California” webpage, which were \$182.24 for July 2021 and \$177.08 for August 2021. The average daily room rates for the year 2021 are being used since they are comparable with average daily room rates prior to the COVID-19 pandemic and closely resemble pre-pandemic circumstances. Using the July 2021 ADR, the low-cost rate is \$136.68, high-cost rate is \$227.80, and the moderate-cost is between \$136.68 and \$227.80. Using the August 2021 ADR, the low-cost rate is \$132.81, high-cost rate is \$221.35, and the moderate-cost is between \$132.81 and \$221.35. Taking an average from both July 2021 and August 2021, the statewide rate is: July/August 2021 ADR is \$179.66; the low-cost rate is \$134.75, high-cost rate is \$224.58, and the moderate-cost is between \$134.75 and \$224.58.

The submitted application indicates two hotel rooms are proposed to be provided at \$129.81 and seven rooms are proposed to be provided at above \$224.58. Based on the ADR analysis above, this will result in two low-cost rooms and seven high-cost rooms on-site, or 22% of all rooms provided at low-cost. **Special Condition 2** ensures that the two low-cost rooms remain affordable in perpetuity, and it entails that the applicants conform with annual monitoring and triannual auditing requirements that serve as substantial evidence of providing lower-cost overnight accommodations. If applicants seek to change the rates of the lower-cost rooms, or otherwise propose a different number of lower-cost overnight accommodations on-site, a CDP amendment will be needed to assess whether the changes will be consistent with Section 30213 of the Coastal Act.

Mitigation Requirement

The Commission has found in past actions that, under most circumstances, for high-cost overnight visitor accommodations where low-cost alternatives are not included on-site, a fee may be used to compensate for the fact that at least 25% of the rooms on-site are not being provided as lower-cost rooms.⁹ The proposed project includes nine new guest units; therefore, the provision of 2.25 lower-cost rooms would be consistent with past Commission action (25% of nine rooms is 2.25 rooms). This leaves a 0.25-room deficit, as the applicants propose only two low-cost rooms on-site. The applicants have indicated that it will be economically infeasible to provide a third low-cost room on-site.

Therefore, in order to protect lower-cost accommodations in the coastal zone, the applicants have proposed to provide an in-lieu fee sufficient to provide 0.25 lower cost rooms off-site. In 2015, the Commission’s consultant estimated a construction cost of \$100,000 per motel room (excluding land costs), with each motel room requiring 250 square feet of land area.¹⁰ Thus, to mitigate for 0.25 rooms, the mitigation fee would be

⁹ [5-14-1785](#) (Olson Real Estate Group, Inc); [6-13-0407](#) (McMillin-NTC, LLC)

¹⁰ Exhibit 6 of [5-18-0872](#) (Sunshine Enterprises, LP)

\$25,000.¹¹ In this case, the proposed development is a small, boutique hotel which will convert an existing multi-family residence to a visitor-serving use. As previously discussed, it is not economically feasible for a third guest unit on-site to be offered as lower-cost. The 0.25-room deficit also does not constitute a major deficit, and no-cost amenities are proposed to be offered to hotel guests including, but not limited to, laundry, roof deck grill, and picnic area.

In order to ensure that the proposed use and cost of overnight accommodations are consistent with sections 30213 and 30222 of the Coastal Act, the Commission imposes **Special Condition 2**, which requires the applicants to maintain the proposed two low-cost rooms on-site, and **Special Condition 3**, which requires the applicants to submit the \$25,000 in-lieu mitigation fee, prior to issuance of the Certificate of Occupancy or within three years of Commission approval, whichever is sooner, and ensures that the funds will be directed toward the State Coastal Conservancy, to support expanding availability of lower-cost overnight visitor accommodations in the coastal zone. The preferred use of the in-lieu fee is for the provision of low-cost rooms; however, the condition was written broadly to allow for any form of lower-cost visitor accommodation.

Additionally, the Commission imposes **Special Condition 4** is required to ensure that all hotel rooms shall be available to the general public as visitor-serving accommodations and not privatized by long-term occupancy or otherwise restricted from public use. To ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes **Special Condition 13**, requiring that the property owners record a deed restriction against the property, referencing all of the Special Conditions of this permit.

Only as conditioned can the proposed development be found to be consistent with Section 30213 of the Coastal Act.

C. Public Access

Section 30210 of the Coastal Act states:

In carrying out the requirement of Section 4 of Article X of the California Constitution, maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.

Section 30211 of the Coastal Act states:

¹¹ 25% of the 9 guest units = 2.25 rooms
2.25 rooms – 2 low-cost rooms = 0.25 rooms
0.25 rooms * \$100,000 per room = \$25,000

Development shall not interfere with the public's right of access to the sea where acquired through use or legislative authorization, including, but not limited to, the use of dry sand and rocky coastal beaches to the first line of terrestrial vegetation.

Section 30252 of the Coastal Act states:

The location and amount of new development should maintain and enhance public access to the coast by (1) facilitating the provision or extension of transit service, (2) providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, (3) providing nonautomobile circulation within the development, (4) providing adequate parking facilities or providing substitute means of serving the development with public transportation, (5) assuring the potential for public transit for high intensity uses such as high-rise office buildings, and by (6) assuring that the recreational needs of new residents will not overload nearby coastal recreation areas by correlating the amount of development with local park acquisition and development plans with the provision of on-site recreational facilities to serve the new development.

Section 30253(d) of the Coastal Act states, in relevant part:

New development shall do all of the following:

(d) Minimize energy consumption and vehicle miles traveled.

Hermosa Beach certified LUP Section III(A) states:

To preserve and increase where feasible, residential, commercial, and general public parking within the Coastal Zone.

Hermosa Beach certified LUP Section III(C)(1) states, in relevant part:

Policy: That the City should not allow the elimination of existing on-street parking or off-street parking spaces within the coastal zone. Future residential and commercial construction should provide the actual parking necessary to meet the demand generated...

Sections 30210 and 30211 of the Coastal Act require that new development be designed not to interfere with the public's ability to access the coast. The Coastal Act prioritizes the protection of public access to the coast and, in Section 30252, identifies adequate parking as an important component of new development. Adequate on-site parking is necessary to provide relief for the general lack of on-street parking that is otherwise utilized by the public to access the coastal zone throughout Hermosa Beach. It is especially important for visitor-serving development to provide adequate on-site parking in order to prevent conflict between residents and visitors for limited street parking spaces. Section 30253(d) additionally encourages minimization of energy consumption and vehicle miles traveled, often achieved by siting new development contiguous with adequate means of public transit. These requirements are echoed in

certified LUP Section III.C.1, which requires new development to meet the full parking demand generated.

The Downtown Hermosa Beach pier area surrounding the proposed development is a major visitor destination for recreational purposes. Public access to Hermosa Beach is available approximately 350 ft. west of the proposed development on 11th Street. The proposed development will not interfere with the public's ability to access the coast by foot or bicycle—however, for those traveling by car, public access to the coast is largely limited by the amount of on-street parking. There is already significant competition for beach parking in the downtown beach area surrounding the project site, as residents and visitors must rely on a limited pool of metered, on-street parking and public parking lots. Preservation of the public beach lots and metered street parking is especially important considering that these spaces are intended to serve all Hermosa Beach visitors, including those who may not have the means to afford overnight accommodations in the coastal zone.

As described above, the existing development is legally nonconforming with regard to the lack of any on-site parking. While the certified LUP does not have specific requirements for the amount of parking spaces required for each development use, the Commission has consistently required adequate parking facilities be provided when new development is proposed to prevent development from interfering with public access, as stated above. In addition, the City's uncertified Hermosa Beach Municipal Code (HBMC) does provide parking requirements determined by the type and density of use for each development. Although not part of the Commission's standard of review, it is reasonable to look to the City's municipal code to assess the amount of parking that the City would typically require for the proposed development.

HBMC Section 17.44.020 requires new multi-family residences which exceed three dwelling units to provide two parking spaces per residential unit, in addition to two guest parking spaces for every two units. HBMC Section 17.44.030(H) requires new hotels to provide one parking space per guest unit. Thus, today, the existing, 11-unit apartment complex would require 33 off-street parking spaces per current development standards and the proposed, nine-unit hotel would require nine off-street parking spaces. HBMC Section 17.44.040(E)(2)(b) requires building sites exceeding a 1:1 gross floor area to building site area ratio to provide a minimum of 25% of the required parking on-site, with the remaining required parking authorized to be paid through in-lieu fee contributions with approval of a parking plan. Thus, as currently proposed, the provision of two off-street parking spaces for nine hotel rooms would result in 22% of parking provided on-site, which is slightly below the 2.25 parking spaces on-site required to satisfy the HBMC minimum prerequisite; however, the HBMC is not a standard of review for a coastal development permit.

It is not clear from the submitted plans whether a third parking space could have been accommodated in the rear structure; the applicants contend that this is not feasible based on ADA requirements, but has not provided an alternatives analysis. While the project site is limited by the narrow size and vehicle access obtained solely through 11th Street, potential additional alternatives may include re-designing the unpermitted

carport constructed in 2020 in order to provide additional on-site parking spaces, providing a car or garage lift, or reducing the proposed number of guest rooms. To allow for the applicants to modify existing plans to allow for a potential third parking space accessed by the alley, **Special Condition 1** requires that the applicants submit revised project plans for final approval, which may tentatively include a third parking space by use of car lift. The final revised plans will be reviewed for substantial conformance with plans currently proposed.

In 1982, the Commission approved a parking management plan, which has been in place for nearly 40 years. The parking management program has been revised various times since its original approval in 1982 (Ref: CDP Nos. 5-82-251, 5-82-251-A1, 5-84-236, 5-84-236-A1, 5-84-236-A2, 5-97-011). The residential parking program covers nearly the entirety of the City's Coastal Zone (an area bounded by both City boundaries on the north and south, the Strand (ocean front) on the west and Loma and Morningside Drives on the east) and provides for preferential parking by permit for residents who live within four blocks of the beach. In general, the parking program as approved most recently by the Commission, consists of preferential on-street parking for City residents between May 15 and September 15 from 10:00 AM to 10:00 PM every year, a maximum of 1 hour parking in preferential spaces for non-residents, and provision of free remote parking lots for visitor beach parking.

Given that the site is located within the parking management plan area, the applicants provided a parking demand analysis for the proposed development. According to a Parking and Traffic consultant to the City of Hermosa Beach, peak parking demand for hotel uses typically occurs during overnight hours from 9:00 p.m. to 10:00 a.m. daily. Hotel uses have peak times which coincide with times of the week where public parking is more available when compared to general retail and office uses. The nearest public surface parking lot, which contains 130 parking spaces, is located across the street (60 ft.) away from the proposed development at 1101 Hermosa Avenue (Lot A). Lot B contains 37 parking spaces and is located north of 13th Court, between Hermosa Avenue and Beach Drive, and is approximately two blocks (515 ft.) away. The public parking structure containing 261 parking spaces located at 13th Street and Hermosa Avenue (Lot C) is located approximately three blocks (650 ft.) away. The overall public parking lot occupancy for Lots A, B and C is between 79% to 95% during weekday evenings and weekend afternoons.

Additional public parking spaces are provided throughout the downtown area, and the subject property is located within Zone 2 of the coastal zone public parking supply (between 16th Street and 8th Street and as far east as Ardmore Avenue). In Zone 2, through a combination of public parking lots and metered street parking spaces, occupancy rates range between 51% and 62% during weekday evenings and weekend afternoons.

The applicants contend that the proposed project will lessen impacts on the availability of public parking when compared to the existing, legally nonconforming use. The applicants state that a deficit of seven off-street parking spaces is preferable to a deficit of 33 spaces (the amount required for an 11-unit apartment by the HBMC). They

additionally state that the City's Consulting Traffic Engineer determined "trips generated by the proposed project are expected to be 3 trips during a.m. and p.m. [peak hours], compared to 6 trips for apartment use." As such, the proposed nine-room hotel is anticipated to indeed reduce parking requirements for this site when compared with the existing, legally nonconforming 11-unit apartment complex, and as conditioned, will bring the project in greater conformance with Section 30252 of the Coastal Act.

Further, the applicants contend that there are rideshare apps (e.g., Uber and Lyft) and bus lines which may provide parking relief options for hotel occupants. Specifically, there are the bus lines 130 and 109, which have stops along Hermosa Avenue. A Parking Analysis conducted for the proposed Strand and Pier Hotel project (11 and 19 Pier Ave., 1250 and 1272 The Strand, and 20, 30, and 32 13th St.) indicated through traffic counts for the next-door Beach House Hotel (containing 96 rooms) that during the Friday evening peak hour (June 23, 2017), there were 12 Uber/Lyft trips (approximately 35% of the total trips) which suggests that some portion of hotel guests may arrive via rideshare services.

In past actions, the Commission has accepted in-lieu fees as acceptable mitigation for a deficit of on-site parking when the fees contribute to an adequate parking implementation plan.¹² The applicants propose to provide two parking spaces in the rear structure and pay in-lieu fees for the additional seven parking spaces required. The City typically requires \$28,900 per in-lieu parking space; thus, the project proposes a \$202,300 mitigation fee to be deposited into a City fund for future construction of public parking opportunities near the beach in Downtown Hermosa Beach, as required in **Special Condition 5** and **Special Condition 11**. Since 2000, the City has accepted in-lieu fees for a total of 23 parking spaces (i.e. 23 off-street parking space requirements were waived for various Hermosa Beach projects in the past 21 years). Nonetheless, in discussion between City and Commission staff regarding the in-lieu fees, City staff acknowledged that the City does not currently have a clear program to use in-lieu fees to construct or acquire new parking, nor is it clear that the fees are adequate. However, the City has committed to work with Commission staff to reevaluate the adequacy of the fees and develop a program to determine how to use the fees to provide full replacement for parking not provided on-site ([Exhibit 6](#)). However, the construction of new public parking lots or additional on-street parking requires a considerable amount of time for planning and land acquisition—it may take several years, even decades, for the currently proposed in-lieu fees to provide actual, available parking spaces in the vicinity of the project site that will mitigate for the lack of parking provided to meet the demands of the proposed project. It is entirely possible that the seven-space parking deficit, which presents 78% of the parking demand generated by the project, will not be fully mitigated with the simple use of the in-lieu fee.

Therefore, the applicants also propose a TDMP, which includes providing a minimum of twelve bicycles to hotel guests at no cost, installing bicycle rack(s) on-site that can

¹² [5-13-0717](#) (1429 Hermosa LLC); [5-20-0181](#) (B&J Capital Group Investments)

accommodate at least twelve bicycles; installing additional bicycle rack(s) within the City's right of way provide, at applicants' expense, for at least sixteen bicycles; and purchase of public transit passes for cleaning and maintenance staff at no cost to all employees. To ensure that these mitigation measures are met, **Special Condition 5** requires the applicants to submit a final TDMP that incorporates all of these elements, which is anticipated to alleviate the impacts to public access due to the subject development and the resulting parking deficit.

To further mitigate for the potential impacts to public access and incentivize guests to use bicycles or rideshare apps rather than arriving in a private vehicle that would need to be parked at the hotel or in the area for the duration of their stay, **Special Condition 6** requires applicants to provide a 10% discount to hotel guests if they stay at the property without a vehicle, and at least two rooms, which shall not coincide with the two rooms already designated as low-cost, will be maintained for guests who utilize alternative modes of transportation (e.g., public transit, rideshare, etc.), subject to verification and monitoring procedures. In findings made for the local approval of this project, the City of Hermosa Beach acknowledged that hotel guests who arrive at the hotel in private vehicles, if not relying on rideshare apps or public transit, will very likely need to store the vehicle for the duration of their time as a guest in the hotel in Hermosa Beach. As a practical matter, due to the lack of on-site or secured off-site parking, guests who arrive to the hotel in private vehicles are likely to use the surrounding public parking facilities to store their vehicles during their stay at the hotel, which could be for extended periods, including times of peak parking use (summertime, weekday evenings, and weekend afternoons) and times of lesser parking use. While the use of public beach parking to support a private boutique hotel may not be in and of itself consistent with the public access policies of the Coastal Act, nor LUP Section III.C.1 requiring new development to meet the parking demand generated by the new development on its face, the proposed project is conditioned to adequately mitigate for lack of on and off-site parking through the designation of no-car rooms and promotion of no-car discounts, which is intended to decrease anticipated parking demands.

In the month prior to the hearing, the applicants discussed the possibility of leasing parking spaces for guest use at a private, off-site location. The applicants proposed the provision of five parking spaces leased for guest use at a restaurant located immediately east of the project site, Crafty Minds Brews + Bites (1031 Hermosa Ave, Hermosa Beach), which has a total of 17 on-site parking spaces. However, pursuant to the special conditions of CDP 5-00-404, the Commission required the restaurant to provide a minimum of 17 on-site parking spaces to serve the restaurant located at 1031 Hermosa Ave, Hermosa Beach. Thus, all of the parking spaces at the restaurant are encumbered and the restaurant could not lease the parking spaces to another development without violating the conditions of CDP 5-00-404. The applicants also contacted the owners of an existing parking lot located within one block of the project site that appears to be associated with residential use, but the property-owners declined the inquiry. The applicants have indicated that there are no other feasible options to lease private, off-site parking within the vicinity of the site.

While there do appear to be additional private parking lots located within three blocks of the project site (such as 42 13th Street Parking and 1128 The Strand), aerial photographs suggest these lots are fairly impacted and may not be feasible options for off-site parking. However, the applicants are not precluded from investigating the use of those lots to see if they are or are not viable options for leased off-site parking. The scarcity of private parking lots in the downtown area underscores the need for new development to avoid worsening an existing deficit in parking near the beach.

Because it is not feasible to provide all of the required parking on-site, the applicants have chosen to participate in the City's in-lieu parking fee program. Commission staff met with City staff on December 1, 2021, and City staff acknowledged that the current fee of \$28,900 per deficient space is not sufficient, thus agreeing to reevaluate the in-lieu parking fee program ([Exhibit 6](#)). Once fully developed, such a program will truly utilize the in-lieu fee funds to provide additional public parking and mitigate for parking impacts resulting from new development. Until the program is fully implemented, however, the fees charged and enforced under **Special Condition 5(b)** and **Special Condition 11** will not be sufficient, and the City currently does not have plans to construct new public parking lots. In sum, the proposed hotel would directly provide 22% of parking on-site and take significant mitigation measures to relieve an already-limited stock of public beach parking in order to satisfy the rest (78%) of the parking demand generated by the proposed development through in-lieu fee payment to the City, added bicycle infrastructure, and car-free obligations and incentives, as included and imposed by **Special Condition 5** and **Special Condition 6**. Thus, sufficient off-street parking and/or mitigation will be provided to satisfy the need generated by private development and will not have a significant adverse effect on public access. To ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes **Special Condition 13**, requiring that the property owners record a deed restriction against the property, referencing all of the Special Conditions of this permit.

Therefore, the Commission finds that, as proposed and conditioned, the project provides is in conformity with the coastal access and recreation sections (30210, 30211, 30220, 30252, and 30253) of the Coastal Act.

D. Hazards

Section 30253 of the Coastal Act states, in pertinent part:

New development shall do all of the following:

- (a) Minimize risks to life and property in areas of high geologic, flood, and fire hazard.
- (b) Assure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs.

Section 30253 of the Coastal Act requires that new development minimize risks to life and property in hazardous areas, including areas subject to flooding. New development must also not significantly contribute to erosion or destruction of the site or surrounding area or require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs. The proposed project raises potential hazards concerns related to the project site's location in a low-lying area that is inherently vulnerable to flooding. Thus, potential hazards issues that must be addressed include the potential for flooding, wave runup, and storm hazards associated with coastal development, as well as the risks of locating development in an area that is currently vulnerable to flooding. Both of these hazards concerns may be exacerbated by sea level rise that is expected to occur over the coming decades. These hazards issues are discussed more fully below.

Sea Level Rise

Sea level has been rising for many years. Several different approaches have been used to analyze the global tide gauge records in order to assess the spatial and temporal variations, and these efforts have yielded sea level rise (SLR) rates ranging from about 1.2 mm/year to 1.7 mm/year (about 0.5 to 0.7 inches/decade) for the 20th century, but since 1990 the rate has more than doubled, and the rate of sea level rise continues to accelerate. Since the advent of satellite altimetry in 1993, measurements of absolute sea level from space indicate an average global rate of sea level rise of 3.4 mm/year or 1.3 inches/decade – more than twice the average rate over the 20th century and greater than any time over the past one thousand years.¹³ Recent observations of sea level along parts of the California coast have shown some anomalous trends; however, there is unequivocal evidence that the climate is warming, and such warming is expected to cause sea levels to rise at an accelerating rate throughout this century.

The State of California has undertaken significant research to understand how much sea level rise to expect over this century and to anticipate the likely impacts of such sea level rise. On November 7, 2018, the Commission adopted a science update to its Sea Level Rise Policy Guidance (2018 CCC SLR Policy Guidance). This document provides interpretive guidelines to ensure that projects are designed and built in a way that minimizes sea level rise risks to the development and avoids related impacts to coastal resources, consistent with Coastal Act Section 30253. These guidelines state, “to comply with Coastal Act Section 30253 or the equivalent LCP section, projects will need to be planned, located, designed, and engineered for the changing water levels and associated impacts that might occur over the life of the development.”¹⁴ The most recent projections in the statewide sea level rise guidance indicate that sea levels in this area may rise between 5.5 ft. and 6.8 ft. by the year 2100, though there is a risk of much more significant sea level rise depending on various uncertainties, including the dynamics of ice sheet loss.¹⁵ The projection is given in a range largely because

¹³ <http://www.opc.ca.gov/webmaster/ftp/pdf/docs/rising-seas-in-california-an-update-on-sea-level-rise-science.pdf>

¹⁴ Page 99.

¹⁵ This range of sea level rise reflects the low emissions scenario and high emissions scenario for a site located within the Santa Monica NOAA tide gauge and a medium-high risk aversion. According to the

researchers cannot know exactly how much greenhouse gases we will continue to emit over the coming decades – large-scale curtailment of greenhouse gas emissions would keep sea level rise towards the lower end of the projections, while business as usual emissions scenarios would result in the higher end of the projections. Because the world has continued along the “business as usual” scenario (and data suggests temperatures and sea level rise are tracking along the higher projections), the Ocean Protection Council and the Natural Resources Agency have continued to recommend that we avoid relying on the lower projections in planning and decision-making processes.

As our understanding of sea level rise continues to evolve, it is possible that sea level rise projections will continue to change as well (as evidenced by the recent updates to best available science). While uncertainty will remain with regard to exactly how much sea levels will rise and when, the direction of sea level change is clear, and it is critical to continue to assess sea level rise vulnerabilities when planning for future development. Importantly, maintaining a precautionary approach that considers high or even extreme sea level rise rates and includes planning for future adaptation will help ensure that decisions are made that will result in a resilient coastal California.

On the California coast, the effect of a rise in sea level will be the landward migration of the intersection of the ocean with the shore, which will result in increased flooding, erosion, and storm impacts to coastal areas. For fixed structures on the shoreline, such as a seawall, an increase in sea level will increase the inundation of the structure. More of the structure will be inundated or underwater than is inundated now and the portions of the structure that are now underwater part of the time will be underwater more frequently. Accompanying this rise in sea level will be an increase in wave heights and wave energy. Along much of the California coast, the bottom depth controls the nearshore wave heights, with bigger waves occurring in deeper water. Since wave energy increases with the square of the wave height, a small increase in wave height can cause a significant increase in wave energy and wave damage. Combined with the physical increase in water elevation, a small rise in sea level can expose previously protected back shore development to increased wave action, and those areas that are already exposed to wave action will be exposed more frequently, with higher wave forces. Structures that are adequate for current storm conditions may not provide as much protection in the future.

The City of Hermosa Beach completed an initial sea level rise vulnerability assessment in 2014.¹⁶ The report indicates that the City’s shoreline is highly vulnerable to change due to the very soft substrate (sand dunes) that were built upon and the reduced influx of sediment to the littoral cell. The report also indicates that Hermosa Beach has gained significant beach width due to past sand replenishment projects, including replenishment to protect Los Angeles’ Hyperion Sewage Treatment Plant, and that the structures protecting King Harbor in Redondo Beach, just to the south, serve as a

updated OPC guidance, the medium-high risk aversion scenario should be used when determining a residential structure’s vulnerability to sea level rise hazards.

¹⁶ Ekstrom, J, Moser, S. Vulnerability and Adaptation to Sea Level Rise: An Assessment for the City of Hermosa Beach, September 2014.

sediment trap that benefits Hermosa's beach area. The report concludes on page 18 that:

"To the extent future coastal erosion increases as a result of sea level rise and related changes in sediment dynamics, and if future beach replenishment is not maintained, Hermosa Beach should expect a reduction of the protective beach buffer in front of the city. As a result, future flooding and storm surge could have a more destructive and farther-inland reaching impact than if the beach remains stable. In the absence of having [such] a detailed engineering study, the estimates of inland flooding under the higher sea level rise scenario used here thus may not fully capture the extent of potential risks to the city."

Therefore, there is a high degree of uncertainty regarding future impacts of sea level rise within the City and at the project site, not only caused by the uncertainty of global sea level rise projections, but also by uncertainty related to the long-term effectiveness and feasibility of sand replenishment, as well as the potential for changes in coastal management approaches within the littoral cell, which could significantly impact sediment transport in the area. Future impacts from sea level rise may include not only increased hazards at the project site but also loss of public beach area within the City. These impacts will be further evaluated and addressed in the City's LCP planning process, which is currently underway.

Coastal Hazards and Shoreline Protection

The Coastal Act only allows shoreline protective devices to protect oceanfront development in specific limited situations because such structures generally cause adverse impacts to coastal resources and can constrain the ability of the shoreline to respond to dynamic coastal processes. As a sandy beach erodes, the shoreline will generally migrate landward toward the structure, resulting in a reduction and/or loss of public beach area with no increase of the landward extent of the beach. A beach that rests either temporarily or permanently at a steeper angle, under natural conditions, will have less horizontal distance between the mean low water and mean high water lines, which narrows the sandy beach area available for public access and recreation. Shoreline protective devices also result in a progressive loss of sand because shore material is not available to nourish the nearshore sand bar. The lack of an effective sand bar can allow such high wave energy on the shoreline that sand materials may be lost offshore, where it is no longer available to nourish the beach. This also affects public access through a loss of sandy beach area. Shoreline protection devices such as revetments, seawalls, and bulkheads cumulatively affect shoreline sand supply and public access by causing accelerated and increased erosion on adjacent beaches. Such a protective structure is often placed on public land rather than on the private property it is intended to protect, resulting in a physical loss of beach area formerly available to the general public. In general, shoreline protection devices are not attractive, can detract from a natural beach experience, and adversely impact scenic public views. Shoreline protective devices can also prevent the natural inland migration of public lands (whether submerged lands, tidelands, or public state lands) in areas where they are not adjacent to adjudicated property lines. Shoreline protective devices, by their very nature, tend to

conflict with Chapter 3 policies because shoreline structures can have a variety of adverse impacts on coastal resources, including adverse effects on sand supply, public access, coastal views, natural landforms, and overall shoreline beach dynamics on and off site, ultimately resulting in the loss of beach.

Because shoreline protection devices, such as seawalls, revetments, and groins, can create adverse impacts on coastal processes, Coastal Act Section 30253 specifically requires that new development minimize risk to life and property in areas of high flood hazards and prohibits development that could "...create [or] contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter natural landforms along bluffs and cliffs," including the natural shoreline and seacliffs. This limitation is particularly important when considering new development, such as in this case, because if it is known that a new development may need shoreline protection in the future, it would be unlikely that such development could be found to be consistent with Section 30253 of the Coastal Act. Therefore, the Commission's action on this project must consider the effects of wave uprush, flooding, and storm events (with sea level rise considerations) on public access and recreation.

For the use of 6.8 ft. of SLR by Commission staff, staff first followed the methodology outlined in the OPC's 2018 Sea Level Rise document to establish a projected sea level range for the new development. The 2018 OPC Guidance uses NOAA tide gauges, a projected project lifespan, and risk aversion scenario to estimate a sea level rise range. The sea level rise analysis assumed a 75-year projected lifespan for the project, consistent with the Commission's Sea Level Rise Policy Guidance for residential development. According to the 2018 OPC update, the projected sea level rise range for the project site is tied to the Santa Monica NOAA Tide Gauge. This tide gauge estimates a range between 5.5 and 6.8 ft. of sea level rise by 2100 (which falls within the 75-year projected lifespan for the project). With regard to the risk-aversion scenario, both the 2018 CCC SLR Policy Guidance and the OPC documents recommend a medium-high risk scenario for residential developments. Under a 75-year projected lifespan, a medium-high risk scenario and the project's location within the Santa Monica NOAA tide gauge, staff estimated 6.8 ft. of sea level rise within the project vicinity.

Using the sea level rise estimates listed above, staff used CoSMoS to analyze the project site's vulnerability to sea level rise impacts. Staff ran the CoSMoS model using a 6.6-ft. sea level rise scenario (the closest available option that was within the determined sea level range) and a 100-year storm scenario to represent the worst-case scenario ([Exhibit 5](#)). Under an estimated 6.6-ft. sea level rise and 100-year storm scenario, the project site is anticipated to be subject to coastal flooding and wave uprush. As discussed, coastal areas are dynamic environments, and it is difficult to predict with certainty how any particular project site will be impacted, although there is increased risk that the property would be rendered uninhabitable or hazardous in the future. In the case that risk of sea level rise and wave uprush increase beyond current projections, or if there are changes in the frequency or effectiveness of beach nourishment activities and sediment management in the area, flood-prone coastal properties may be threatened sooner than expected.

The project, which includes after-the-fact consideration for the demolition of a residential structure and construction of a new structure with change in use, constitutes new development. As such, the new hotel is not entitled to shoreline protection, and the Commission imposes **Special Condition 7** requiring the applicants to acknowledge that the development approved by this permit is not entitled to shoreline protection and to waive rights to future shoreline protection. Given the dynamic nature of coastal beaches, as well as the long-term uncertainty of sea level rise models, it is important that the risks of developing on this coastal lot are borne by the applicants who will benefit from the private development and not the public. In addition, the proposed development is located in an area where dynamic and unpredictable coastal hazards exist that could adversely impact the development. Therefore, the Commission also imposes **Special Condition 12**, which requires the applicants to assume the risk of development, and **Special Condition 8** establishes procedures for removal of the development, should flooding and sea level rise render the site uninhabitable or hazardous in the future. To ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes **Special Condition 13**, requiring that the property owners record a deed restriction against the property, referencing all of the Special Conditions of this permit.

Therefore, as proposed and conditioned, the Commission finds the project consistent with Section 30253 with regard to coastal hazards.

E. Marine Resources and Water Quality

Section 30230 of the Coastal Act states:

Marine resources shall be maintained, enhanced, and where feasible, restored. Special protection shall be given to areas and species of special biological or economic significance. Uses of the marine environment shall be carried out in a manner that will sustain the biological productivity of coastal waters and that will maintain healthy populations of all species of marine organisms adequate for long-term commercial, recreational, scientific, and educational purposes.

Section 30231 of the Coastal Act states:

The biological productivity and the quality of coastal waters, streams, wetlands, estuaries, and lakes appropriate to maintain optimum populations of marine organisms and for the protection of human health shall be maintained and, where feasible, restored through, among other means, minimizing adverse effects of waste water discharges and entrainment, controlling runoff, preventing depletion of ground water supplies and substantial interference with surface water flow, encouraging waste water reclamation, maintaining natural vegetation buffer areas that protect riparian habitats, and minimizing alteration of natural streams.

The proposed hotel building is new development, which affords an opportunity to improve water quality. Much of the pollutants entering the ocean come from land-based development. The Commission finds that it is necessary to minimize to the extent

feasible the cumulative adverse impacts on water quality resulting from incremental increases in impervious surface associated with additional development. Reductions in the amount of pollutants in the existing runoff would be one step to begin to reduce cumulative adverse impacts to coastal water quality. Storage or placement of construction materials, debris, or waste in a location subject to erosion and dispersion or which may be discharged into coastal water via rain or wind would result in adverse impacts upon the marine environment that would reduce the biological productivity of coastal waters. For instance, construction debris entering coastal waters may cover and displace soft bottom habitat. Sediment discharged into coastal waters may cause turbidity, which can inhibit light penetration and reduce habitat quality and foraging success for avian and marine species.

The Commission therefore imposes **Special Condition 9** and **Special Condition 10**, requiring the applicants to adhere to construction best practices, utilize drought-tolerant, noninvasive landscaping, and treat/manage stormwater runoff on-site in order to find that the proposed project is consistent with Sections 30230, 30231 and 30232 of the Coastal Act regarding protection of marine resources and water quality.

F. Coastal Act Violation

Violations of the Coastal Act that are associated with the subject property have been undertaken including the unpermitted development of the rear structure on September 3, 2020 without benefit of the necessary coastal development permit. Any non-exempt development activity conducted in the coastal zone without a valid coastal development permit, or which does not substantially conform to a previously issued permit, constitutes a violation of the Coastal Act.

If the Commission approves CDP No. 5-20-0597 pursuant to the staff recommendation, a permit is subsequently issued, and the applicants comply with all terms and conditions of the permit, then the violation associated with the unpermitted construction, heretofore described in this report, will be resolved.

Although development has taken place prior to the submittal of this permit application, consideration of the permit application by the Commission has been based solely on consistency of the proposed development with the policies of Chapter 3 of the Coastal Act. Commission review and action on this permit does not constitute a waiver of any legal action with regard to the alleged violations (or any other violations), nor does it constitute an implied statement of the Commission's position regarding the legality of the development undertaken on the subject site without a coastal development permit, or of any other development.

G. Local Coastal Program

Section 30604(a) of the Coastal Act states:

Prior to certification of the Local Coastal Program, a Coastal Development Permit shall be issued if the issuing agency, or the Commission on appeal, finds that the

proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a local coastal program that is in conformity with the provisions of Chapter 3 (commencing with Section 30200).

The Commission conditionally certified the City of Hermosa Beach Land Use Plan on August 19, 1981. The Land Use Plan (LUP) was effectively certified with suggested modifications on April 21, 1982. The modifications were accepted and the LUP is certified. The City submitted a final draft of its zoning and implementation ordinances (LIP) and a revision to their LUP in 2000. The amendment and implementation ordinance were scheduled for public hearing and Commission action at the October 8, 2001 meeting, but the City withdrew. Therefore, these have not been certified and the standard of review for development in Hermosa Beach is still the Coastal Act.

After initial certification, the Commission processed two amendments that allowed mixed commercial uses in Downtown and reduced parking standards to reflect the high number of Downtown restaurants and the number of public parking lots. The City determined that enough area has been identified for visitor serving uses and decided to encourage business use, as well as visitor-serving, uses in the Downtown area. The Commission supported this decision due to the high numbers of existing visitor serving uses in the Hermosa Beach downtown area. The proposed project meets the basic zoning requirements of the C-2 zone (Restricted Commercial) and fulfills another visitor-serving use in the Downtown area.

As conditioned, the proposed development is consistent with Chapter 3 of the Coastal Act and with the certified Land Use Plan for the area. Approval of the project, as conditioned, will not prejudice the ability of the local government to prepare an LCP that is in conformity with the provisions of Chapter 3 of the Coastal Act.

H. Deed Restriction

To ensure that any prospective future owners of the property are made aware of the applicability of the conditions of this permit, the Commission imposes **Special Condition 13**, which requires that the property owner record a deed restriction against the property, referencing all of the above Special Conditions of this permit and imposing them as covenants, conditions and restrictions on the use and enjoyment of the Property. Thus, as conditioned, this permit ensures that any prospective future owner will receive notice of the restrictions and/or obligations imposed on the use and enjoyment of the land, including the risks of the development and/or hazards to which the site is subject, and the Commission's immunity from liability.

I. California Environmental Quality Act

The City of Hermosa Beach is the lead agency, and the Commission is a responsible agency for the purposes of the California Environmental Quality Act ("CEQA"). A

Categorical Exemption was granted for the proposed development and approved by the City Planning Department on July 21, 2020.

Section 13096 of the Commission's administrative regulations requires Commission approval of coastal development permit (CDP) applications to be supported by a finding showing the application, as modified by any conditions of approval, to be consistent with any applicable requirements of CEQA. Section 21080.5(d)(2)(A) of CEQA prohibits approval of a proposed development if there are feasible alternatives or feasible mitigation measures available that would substantially lessen any significant impacts that the activity may have on the environment. The Commission's regulatory program for reviewing and granting CDPs has been certified by the Resources Secretary to be the functional equivalent of CEQA (14 CCR § 15251(c)).

The preceding coastal development permit findings in this staff report have discussed the relevant coastal resource issues with the proposal, and the permit conditions identify appropriate mitigations to avoid and/or lessen any potential for adverse impacts to said resources. The Commission incorporates these findings as if set forth here in full. As conditioned, there are no feasible alternatives or mitigation measures available which would substantially lessen any significant adverse impact, individual or cumulative, which the proposed project would have on the environment. Therefore, the Commission finds that the proposed project can be found consistent with the requirements of the Coastal Act to conform to CEQA.

APPENDIX A – Substantive File Documents

City of Hermosa Beach Land Use Plan, Certified by the Commission on April 21, 1982