

**CALIFORNIA COASTAL COMMISSION**

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# W16c

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Hearing Date: 9/08/2021

## STAFF REPORT: REGULAR CALENDAR

**Application No.:** 5-20-0522

**Applicant:** Street Retail West II, LP

**Agent:** Crest Real Estate and Schmitz & Associates, Inc.

**Location:** 1202 3<sup>rd</sup> Street Promenade, Santa Monica, Los Angeles County (APN: 4292-002-001)

**Project Description:** Change the use of an existing 44,936 sq. ft. 3-story retail structure into a recreational fitness center.

**Staff Recommendation:** Approval with conditions.

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## SUMMARY OF STAFF RECOMMENDATION

The subject site, located at 1202 3<sup>rd</sup> Street Promenade in Santa Monica is currently developed with a 33-foot-high, three-story, 44,936 square foot commercial retail building built in 1949. The applicant proposes to change the use of the entire retail structure into a recreational fitness center. The primary issue before the Commission is the increased parking demand and the associated impact on public access.

The existing building does not provide any onsite parking. The site is within the downtown parking assessment district, and the current parking demand is supported by the nearby municipal structures controlled by the City of Santa Monica. The proposed change in use of the 44,936 sq. ft. commercial structure represents an increase in the intensity of use on the site and will increase parking demand by up to 65 spaces during

peak conditions. However, according to the site-specific parking study conducted by Walker Consultants, there are sufficient parking resources to accommodate the increased demand in the nearby parking structures. Additionally, the subject site is near high quality transit options such as the Metro Expo Line and Big Blue Bus stops. Furthermore, the applicant has proposed a Transportation Demand Management Program (TDMP) to reduce parking demand on nearby parking facilities, and, as conditioned, the applicant is required to reimburse 100% of transit fares for all employees. **Special Condition 1** is imposed to implement the TDMP to ensure the project does not impact public access to the coast. The project, as served by the parking district, does provide adequate parking facilities for the new development without impacting public coastal access parking, and the surrounding public transit options provide a substitute to parking spaces to serve the development. As conditioned, the project is consistent with the development and public access policies of the Coastal Act.

Therefore, Commission staff recommends that the Commission **APPROVE** coastal development permit application 5-20-0522 with **one** special condition requiring implementation of the proposed TDMP. The motion and resolution can be found on **Page 4**.

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## **EXHIBITS**

[Exhibit 1 – Vicinity Map and Project Site](#)

[Exhibit 2 – Project Plans](#)

[Exhibit 3 – Project Site’s Walk Score](#)

## I. MOTION AND RESOLUTION

### Motion:

I move that the Commission approve Coastal Development Permit 5-20-0522 pursuant to the staff recommendation.

Staff recommends a **YES** vote on the foregoing motion. 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 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 applicant 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 applicant to bind

all future owners and possessors of the subject property to the terms and conditions.

### **III. SPECIAL CONDITIONS**

#### **1. Transportation Demand Management Program**

- A. By acceptance of this permit, the permittee agrees to maintain the Transportation Demand Management Program submitted on June 22, 2021 at all times and include the following:
- (i) The applicant and its successors and assigns shall actively encourage employee participation in a Transportation Ride Sharing Program.
  - (ii) A public transit fare reimbursement program shall be implemented and maintained by the permittee and its successors and assigns. The health club operator shall offer full (100 percent) reimbursement of public transit fare to and from work to their employees at the development, provided that the employee purchases a monthly regional public transit pass of the employee's choice (e.g. Big Blue Bus 30-day Pass, Metro EX Pass, Metro TAP or equivalent). An employee accepting the transportation allowance shall be required to sign a statement agreeing that said employee will not utilize a single occupancy vehicle for the majority (at least 51%) of their daily commute distance more often than: (a) five working days per month or (b) 25% of their days of work per month, whichever is less. The employee's statement shall also specify the employee's alternative commute mode (e.g. transit, bike, walk). The employee must demonstrate compliance as reasonably required by the employer.
  - (iii) The applicant and its successors and assigns shall provide shower and locker facilities (within the Building) for use by the health club employees of the Building who arrive on bicycles.
  - (iv) The applicant and its successors and assigns shall provide information at the front desk regarding the transit fair reimbursement program and alternate forms of commuting such as bicycles and public transit.
  - (v) The applicant and its successors and assigns shall implement a publicity program, the content of which is subject to the review and approval of the Executive Director, that indicates how the future tenants of the development will be made aware of the provisions of this special condition. A publicity program detailing the TDMP as conditioned shall be distributed by the health club operator to their

employees during the first month of occupancy of the new development and shall be distributed to all employees annually thereafter for the life of the development. Newly hired employees shall receive the TDMP during first month of their employment.

- B. Any proposed changes to the measures shall be submitted to the Executive Director to determine if an amendment to the permit is legally required.

## **IV. FINDINGS AND DECLARATIONS**

### **A. Project Location and Description**

The project site is located at 1202 3<sup>rd</sup> Street Promenade in the City of Santa Monica ([Exhibit 1](#)). In Santa Monica's certified Land Use Plan, the allowable uses for this site in the Downtown Core subarea include retail, pedestrian-oriented, visitor-serving commercial, public parking uses and other complementary uses (such as hotels, offices, cultural facilities, restaurants, social services, and housing). Public access to a sandy beach is located approximately 0.2 miles southwest of the project site, via one of the pedestrian bridges that crosses over Pacific Coast Highway. The project site is not located between the first public road and the sea ([Exhibit 1](#)). The project site is currently developed with a 44,936 square foot, two-story commercial building over basement with no on-site parking. The property fronts Wilshire Boulevard to the west, 3<sup>rd</sup> Street Promenade to the north, and an alley, 2<sup>nd</sup> Court, to the south. The building was constructed in 1949. On July 14, 2008, the City of Santa Monica designated the building as a City Landmark.

The applicant proposes changing the use of the entire 44,936 square feet commercial structure from retail to a recreational fitness center on the basement, 1<sup>st</sup> floor, and 2<sup>nd</sup> floor ([Exhibit 2](#)).

#### **Standard of Review**

The standard of review for this development are the Chapter 3 policies of the Coastal Act. In August 1992, the Commission certified the land use portion of the City of Santa Monica's Local Coastal Program (LCP). The City does not have a certified Implementation Plan and therefore does not have a fully certified LCP. Coastal Act Section 30604(a) states that, prior to certification of an LCP, a coastal development permit can only be issued upon a finding that the proposed development is in conformity with Chapter 3 of the Coastal Act; the certified LUP may be used as guidance.

### **B. Public Access and Recreation**

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

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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:

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.

Coastal Act Section 30252 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 onsite recreational facilities to serve the new development.

LUP Policy 20 states, in part:

New development shall provide adequate parking to meet all demands created by the development. With the exception of development within the Third Street Assessment District and at the Santa Monica Pier, required off-street parking spaces shall be located on the parcel or building site...

LUP Policy 30 states:

Recreational opportunities, conspicuously posted, shall be provided for all the people consistent with public safety needs and the need to protect public rights, the rights of private property owners, and natural resource areas from overuse.

LUP Policy 31 states, in part:

Visitor-serving commercial, recreational facilities designed to enhance public opportunities for coastal recreation and Coastal Dependent development and uses shall have priority over residential or general commercial development...

LUP Policy 52 states:

New development within the Downtown Parking Assessment District may rely on the public parking structures within the District in lieu of providing on site parking pursuant to the District regulations, provided that the District assures that sufficient parking exists to accommodate the parking demand of new development. The City shall assure, as a part of the coastal development permit review process of each development located within the District, that there is parking available within the District to adequately support the proposed development. The City shall conduct appropriate parking availability studies on a yearly basis to support this policy objective.

LUP Policy 70 (Downtown Core (Subarea 5 Between Colorado Avenue and Wilshire Boulevard)) states:

Allowable use shall include retail, pedestrian oriented, visitor-serving commercial, public parking uses and other complementary uses (such as hotels, offices, cultural facilities, restaurants, social services, and housing).

The applicant proposes changing the use of 44,936 square feet of retail to a recreational fitness center on the basement, 1<sup>st</sup> floor, and 2<sup>nd</sup> floor ([Exhibit 2](#)). The proposed recreational health club use (pedestrian oriented, visitor-serving commercial) is consistent with the allowable land use specified in Policy 70 of the certified Santa Monica LUP and with Policy 30 and 31, which provides for recreational opportunities and visitor-serving commercial facilities in the Coastal Zone.

The proposed change in use represents an increase in the intensity of use on the site and will increase parking demand generated by the area. Since the Downtown district is supported by the entire Downtown parking supply, in the past, the Commission has reviewed the supply of the Downtown parking structures and on-street parking spaces as a whole when reviewing development within the district, consistent with Policy 52 of the certified LUP. In order to inform the project's impact on public access in Downtown Santa Monica, Walker Consultants prepared a technical memorandum dated March 25, 2021 and an addendum to the memorandum dated May 27, 2021. The study evaluated Downtown Santa Monica parking supply, after demolition of public Parking Structure 3<sup>1</sup> and after the change of use of the existing retail structure into a health club.

The study prepared a shared parking analysis using the Urban Land Institute's and the International Council of Shopping Center's Shared Parking Model, which, in addition to demonstrating the parking needs of the health club use, also demonstrates how this need interacts on a temporal and seasonal basis vis a vis the existing uses. In this model, Base parking generation ratios, representing weekday and weekend conditions,

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<sup>1</sup> CDP 5-20-0248 approved the demolition of Parking Structure 3 at the Commission hearing on May 13, 2021. Therefore, the study focused on Parking Structures 1-6 except for Parking Structure 3.

are taken verbatim from the Third Edition of ULI's Shared Parking and multiplied by the project's land use quantities, yielding a product which is then adjusted by multiplying hourly and monthly factors for each of the project's respective land uses. Two final adjustments are made to the standard or base parking generation ratios. One adjustment discounts the demand to account for local transportation modal split characteristics, recognizing that not everyone drives a vehicle for every trip, and a second adjustment is made to avoid double counting attendees who are on-site for more than one reason and are therefore not creating additional parking demand. These last two calculations are referred to as the "driving ratio" and "non-captive" adjustments.

Using this model, Walker Consultants analyzed four different parking conditions for the Downtown parking system: 1) Typical busy summer day (August weekday), 2) peak summer day for City beach lots (July weekend), 3) peak summer day for retail area (June weekend), and 4) winter day peak for health club (January weekday). For each of the conditions, the study identified a total parking availability of 821, 530, 265, and 1,257 spaces, respectively, within Parking Structures 1-2 and 4-6.

Therefore, the Walker study found, a range of 265 to 821 parking spaces available among Parking Structures 1-2 and 4-6 during peak summer days from June to August. The increase in parking demand for the health club (estimated to be 125 spaces at the expected highest peak use) and the redistributed demand of Parking Structure 3 leave adequate parking resources among parking structures 1-2 and 4-6, to support the more intense parking demand of the mixed-use project during peak periods without relying on beach parking. The project site is located within a 3-minute walking distance (0.2 miles) to the closest Parking Structures 1 and 2, which were projected to have 10 and 249 available parking spaces, respectively, during a July weekend.

The Commission staff has considered the cumulative effects on coastal access in conjunction with other recently approved applications for development in the area: the planned demolition of public Parking Structure 3 (approved by the Commission on 5/13/2021) and CDP No. 5-21-0090 (approved by the Commission on 8/11/2021). As explained earlier, the parking study for the project before the Commission already evaluated the parking supply assuming Parking Structure 3 is demolished. CDP No. 5-21-0090 approved reconstruction of a 5,808 sq. ft. 3<sup>rd</sup> floor in a commercial building and change the use from retail to a mix of bar/lounge, restaurant and retail on basement and ground floor and from retail to office on three upper levels at 1355 3<sup>rd</sup> Street Promenade, Santa Monica. It represented an increase in parking demand by 88 spaces. Even during the peak beach usage time, this increase in parking demand can still be accommodated by the Downtown Parking District, which has parking availability of 530 and 265 spaces during a July weekend and June weekend, respectively. Therefore, even after considering the demolition of Parking Structure 3 and the development authorized by CDP No. 5-21-0090, the Downtown Parking District still has an adequate amount of available parking during prime beach usage time to accommodate the proposed development.

Furthermore, to offset potential impacts to public access due to the increased parking demand of this project, the applicant proposes a Transportation Demand Management

Program (TDMP). The proposed TDMP, submitted on June 22, 2021, includes providing a public transit fare reimbursement for employees of the commercial space, provision of lockers and showers to employees and customers who choose alternative forms of transportation to and from the premise, and inclusion of an information center at the front desk to publicize the TDMP. **Special Condition 1** is imposed to ensure that the TDMP will be maintained and mitigate for the increased parking demand.

Pursuant to Santa Monica Municipal Code Section 9.28.140 (Bicycle Parking), every change of use is required to provide bicycle parking. However, the requirement to provide long-term and short-term bicycle parking can be fulfilled by payment of a fee per space if the City determines that the placement of bicycle spaces is infeasible due to existing site conditions. In this case, the City determined that placement of the long-term and short-term spaces on-site was infeasible due to the landmark designation of the parcel and building and allowed the bicycle parking requirement to be fulfilled by payment of a fee per space. The City required the applicant to pay a one-time in-lieu fee of \$334.55 per space for a total of \$9,032.85, plus the cost of locker and installation. The provided in-lieu fee will help the City to provide additional bicycle parking spaces within the City's coastal zone, thereby mitigating to some degree the increased parking demand generated by the project.

Potential impacts to public access by the increased parking demand from customers and employees are mitigated, in part, by available public transportation options in this area. According to Walk Score, the site has a score of 89/100 (very walkable), a transit score of 75/100 (excellent), and a bike score of 84 (very bikeable) ([Exhibit 3](#)). The project site is located 0.7 miles (or an 8-minute walk) to the Downtown Santa Monica station on the Metro Expo light rail line. This rapid transit line connects Downtown Santa Monica to job centers in Culver City and Downtown Los Angeles. The project site is also located 400 feet (or a 3-minute walk) away from one transit stop frequented by Bus 2 and Bus 9 for Big Blue Bus. Overall, the project is sited in an area where alternate forms of transportation are readily available for residents to access Downtown Santa Monica and other destinations in the greater Los Angeles Area.

Section 30252 of the Coastal Act requires that the location and amount of new development should maintain and enhance public access to the coast by facilitating the provision or extension of transit service. The development itself would not provide an extension of the surrounding transit services, but the proposed TDMP provides incentives for employees of the development to use the existing public transit systems nearby. Coastal Act Section 30252 further requires new development to provide adequate parking facilities or provide substitute means of serving the development with public transportation. The City of Santa Monica has a uniquely robust public transit system used by both residents and visitors alike. The proposed development, as explained above, is adequately served by existing public transit infrastructure of the area, and, therefore, even though the project does not provide onsite parking for the commercial use, the proposed project as conditioned is consistent with Section 30252 of the Coastal Act.

As conditioned, the proposed development will not have any new adverse impact on public access to the coast or to nearby recreational facilities. Thus, as conditioned, the proposed development conforms with Sections 30210, 30211, and 30252 of the Coastal Act and the public access and recreation policies of the certified Santa Monica LUP.

### **C. Visual Resources**

Section 30251 of the Coastal Act states, in pertinent part:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

LUP Policy 46 states:

The scenic and visual qualities of the Coastal Zone shall be considered and protected as an important public resource. Public views to, from, and along the ocean, the Pier, Inspiration Point and Palisades Park shall be protected. Permitted development including public works of art shall be sited and designed to:

- a. protect views to and along the ocean and scenic coastal areas;
- b. minimize the alteration of natural landforms; and
- c. be visually compatible with the surrounding areas and restore and quality in visually degraded areas.

Section 30251 of the Coastal Act requires that the scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Policy 46 of the Santa Monica LUP similarly provides for the protection of public views. The project site is located approximately 0.2 miles inland of the public beach. The project does not propose any exterior modification of the existing structure. Consequently, the proposed development is not anticipated to adversely affect existing public views from public areas, including the ocean, the Pier, Inspiration Point and Palisades Park. Therefore, the Commission finds the proposed development is consistent with Section 30251 of the Coastal Act and Policy 46 of the certified LUP.

### **D. Local Coastal Program (LCP)**

Coastal Act section 30604(a) states that, prior to certification of a local coastal program ("LCP"), a coastal development permit can only be issued upon a finding that the proposed development is in conformity with Chapter 3 of the Act and that the permitted development will not prejudice the ability of the local government to prepare an LCP that is in conformity with Chapter 3. In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson way (Beach

Overlay District). On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications. 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.

## **E. California Environmental Quality Act**

Section 13096 of Title 14 of the California Code of Regulations requires Commission approval of Coastal Development Permit applications to be supported by findings showing the approval, as conditioned, to be consistent with any applicable requirements of the California Environmental Quality Act (CEQA). Section 21080.5(d)(2)(A) of CEQA prohibits a proposed development from being approved if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse effect which the activity may have on the environment. The 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).)

As conditioned, there are no feasible alternatives or additional feasible mitigation measures available that would substantially lessen any significant adverse effect, individual or cumulative, that the activity may have on the environment. Therefore, the Commission finds that the proposed project, as conditioned to mitigate the identified impacts, is the least environmentally damaging feasible alternative and can be found consistent with the requirements of the Coastal Act to conform to CEQA.

## **APPENDIX A – SUBSTANTIVE FILE DOCUMENTS**

1. 1202 3<sup>rd</sup> Street Promenade Parking Analysis by Walker Consultants, dated 3/25/2021 (Memorandum) and 5/27/2021 (Addendum)