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November 30, 2023

TO: Commissioners and Interested Persons

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SUBJECT: Major Amendment Request LCP-5-SNM-22-0041-1 to the City of Santa Monica Certified Land Use Plan, for Public Hearing and Commission Action at the December 13, 2023 Meeting.

SUMMARY OF LUP AMENDMENT REQUEST NO. LCP-5-SNM-23-0041-1

The Coastal Commission certified the City of Santa Monica Land Use Plan (LUP) on November 17, 1992, but the City does not yet have a certified Implementation Plan. Therefore, the City does not have a certified Local Coastal Program (LCP). The City submitted City Council Resolution No. 11444 for the subject LUP amendment ([Exhibit 1](#)), which is intended to allow approval of the Ocean Avenue Mixed-Use Development Project (Coastal Development Permit (CDP) App. No. 5-22-0799) that is also scheduled for the December 13, 2023 Commission meeting.

The proposed, project-specific LUP amendment would increase the maximum permissible height, floor-to-area ratio (FAR), and residential density for five parcels, composed of 11 lots, located in downtown Santa Monica. The five parcels are located at 129 Santa Monica Boulevard, 101 Santa Monica Boulevard, 1327 Ocean Avenue, 1333 Ocean Avenue, and 1337 Ocean Avenue; the subject parcels constitute a 1.9-acre project site developed with four existing commercial structures and two private surface parking lots. The Ocean Avenue Mixed-Use Development Project (CDP App. No. 5-22-0799) proposes demolition of the existing structures onsite—except for two historic landmark buildings proposed for renovation—and construction of a new, multi-structure, mixed-use development. The proposed development includes a 120-room hotel, a 100-unit residential development with 25 affordable units, a museum, a public observation deck, and 381 subterranean parking spaces. The proposed development also includes new retail and restaurant uses onsite.

Four of the five subject parcels are located on Ocean Avenue within Subarea 3b, “Ocean Avenue” of the certified LUP. LUP Subarea 3b encompasses the parcels on Ocean Avenue fronting the blufftop Palisades Park and is characterized by a mix of high-rise commercial office buildings, condominiums, hotels, and one hostel. Certified LUP Policy 67 limits all development located within Subarea 3b on Ocean Avenue—except for development located at the existing Miramar Hotel—to a maximum of three stories, 45 ft. in height, and a FAR of 2.0.

The fifth parcel on the project site is located on Second Street within the area specified as Subarea 5, “Downtown Core” in the certified LUP. Certified LUP Policy 71 limits all development located in Downtown Core to a maximum of six stories, 84 ft. in height, and a FAR of 3.5 (with residential floor area discounted by 50% in calculating FAR.) Policies 67 and 71 are echoed by LUP Map No. 15, which details development standards for specific locations in Downtown Santa Monica. The proposed LUP amendment would exclude the project site from the limitations of Policy 67, Policy 71, and Map No. 15, while adding new development standards to allow a maximum 130-ft. height and a cumulative FAR of 2.95 on the five subject parcels ([Exhibit 2](#)).

Ocean Avenue is designated as a scenic view corridor in Map No. 13 of the certified LUP; as such, restrictions on massing and scale are especially important on this street to preserve public coastal views. Development standards also help avoid impacts to visual resources by ensuring new development is designed for consistency with the scale of surrounding development. However, the proposed height and FAR will not adversely impact any existing, public coastal views, as the subject site is already developed with multi-story buildings extending up to 40-ft. tall that block any public coastal views onsite or through the site from inland of Ocean Avenue and Santa Monica Boulevard. Views from Ocean Avenue, Santa Monica Boulevard, Pacific Coast Highway, and the public beach will not be affected by the proposed development associated with this LUP amendment.

Additionally, significantly taller buildings with greater FARs currently exist on the streets surrounding the subject site. Further, Downtown Santa Monica is characterized by a mix of high-rises and development of lesser scale, with most lots maximizing FAR to the greatest extent possible to accommodate multiple businesses and visitor-serving uses. The Ocean Avenue Mixed-Use Development Project, which motivated this LUP Amendment request, would be visually compatible with the surrounding neighborhood with regard to height and FAR. Thus, the proposed LUP amendment would not result in adverse impacts to visual resources or the character of the surrounding area.

With regard to Section 30213 of the Coastal Act, the proposed amendment restricts the mass, scale, and height of new development on the subject five parcels. As proposed, the mixed-use project does not include any low-cost overnight accommodations onsite. Staff believes that there is an opportunity for the project design to be revised to increase the size (height or bulk) of some structures onsite (e.g., the museum or residential structures) in a manner that would allow for the inclusion of affordable lodging to be provided onsite in a manner consistent with Section 30213 of the Coastal Act. Thus, staff has included **Suggested Modification 1** to allow for such flexibility should low-cost

overnight accommodations be proposed or required. **Suggested Modification 2** has also been included to update Map No. 15 of the LUP to reflect the new development standards proposed for the subject five parcels.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Commission, after public hearing, reject the City's proposed LCP amendment as submitted, and certify the proposed amendment only if modified pursuant to staff's recommended suggested modification. The suggested modification is necessary to ensure that the LUP portion of the amendment meets the requirements of, and is consistent with, the policies of Chapter 3 of the Coastal Act.

The two motions and resolutions to carry out the staff recommendation are on **Page 5**. The suggested modification to the LUP amendment request is included under Section III of this staff report.

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EXHIBITS

[Exhibit 1 –City of Santa Monica Resolution No. 11444](#)

[Exhibit 2 – Proposed New LUP Policy](#)

[Exhibit 3 – LUP Map No. 15](#)

[Exhibit 4 – Project Location and Rendering](#)

I. PROCEDURAL REQUIREMENTS

A. STANDARD OF REVIEW

The standard of review for amendments to LUPs is found in Section 30512 of the Coastal Act. This section requires the Commission to certify an LUP amendment if it finds that the amendment meets the requirements of Chapter 3 of the Coastal Act. Specifically, Section 30512(c) states:

(c) The Commission shall certify a land use plan, or any amendments thereto, if it finds that a land use plan meets the requirements of, and is in conformity with, the policies of Chapter 3 (commencing with Section 30200). Except as provided in paragraph (1) of subdivision (a), a decision to certify shall require a majority vote of the appointed membership of the Commission.

Pursuant to Section 30512 of the Coastal Act, the Commission shall take action by a majority vote of the Commissioners present.

B. LOCAL REVIEW AND DEADLINE FOR COMMISSION ACTION

Section 30503 of the Coastal Act requires public input in LCP development. It states:

During the preparation, approval, certification, and amendment of any local coastal program, the public, as well as all affected government agencies, including special districts, shall be provided maximum opportunities to participate. Prior to submission of a local coastal program for approval, local governments shall hold a public hearing or hearings on that portion of the program which has not yet been subjected to public hearing within four years of such submission.

The City of Santa Monica Planning Commission held public hearings to present advisory recommendations on the LUP amendment to the City Council on March 21, 2018; July 18, 2018; and October 9, 2018. The City Council held a public hearing and approved Resolution No. 11444 on July 14, 2022 ([Exhibit 1](#)).

The City submitted the LUP amendment request to the Coastal Commission on September 6, 2022. On September 20, 2022, due to unusual circumstances stemming from the complexity of the proposed LUP amendment and its relation to the Ocean Avenue Mixed-Use Development Project, the deadline to review the application was extended to October 4, 2022 pursuant to Section 13553 of the California Code of Regulations. Staff reviewed the submittal for consistency with the LCP submittal requirements of Sections 13518-13520, Title 14 of the California Code of Regulations and requested additional information on October 4, 2022. Staff received additional information from the City on November 29, 2022. Staff determined that the proposed LUP amendment was found to be in proper order and legally adequate to comply with the submittal requirements of Section 30510 of the Coastal Act and Section 13553 of the California Code of Regulations (Title 14) on December 12, 2022. The Commission

subsequently approved a one-year time extension on February 8, 2023, thereby extending the deadline for Commission action from March 12, 2023 to March 11, 2024. Thus, the deadline by which the Commission must act on the amendment request is March 11, 2024.

II. MOTIONS AND RESOLUTIONS

A. DENIAL OF LUP AMENDMENT AS SUBMITTED

Motion I:

I move that the Commission certify Land Use Plan Amendment No. LCP-5-SNM-22-0041-1 as submitted by City of Santa Monica.

Staff recommends a **NO** vote. Passage of this motion will result in rejection of Land Use Plan Amendment and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Resolution to Deny as Submitted:

The Commission hereby denies certification of Land Use Plan Amendment LCP-5-SNM-22-0041-1 as submitted by the City of Los Angeles and adopts the findings set forth below on the grounds that the amendment does not conform with the policies of Chapter 3 of the Coastal Act. Certification of the Land Use Plan amendment would not comply with the California Environmental Quality Act because there are feasible alternatives or mitigation measures which could substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.

B. APPROVAL OF LUP AMENDMENT WITH SUGGESTED MODIFICATIONS

Motion II:

I move that the Commission certify Land Use Plan Amendment No. LCP-5-SNM-22-0041-1 to the Santa Monica certified LUP if modified in conformance with the suggested changes recommended by staff.

Staff recommends a **YES** vote. Passage of this motion will result in certification of the Amendment to the Land Use Plan with suggested modifications and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Resolution to Certify if Modified:

The Commission hereby certifies Santa Monica Land Use Plan Amendment LCP-5-SNM-22-0041-1 if modified as suggested and adopts the findings set forth below on the grounds that the Land Use Plan amendment with suggested modifications will meet the requirements of and be in conformity with the policies

of Chapter 3 of the Coastal Act. Certification of the land use plan amendment if modified as suggested 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 plan on the environment, or 2) there are no further feasible alternatives or mitigation measures that would substantially lessen any significant adverse impacts which the Land Use Plan Amendment may have on the environment.

III. SUGGESTED MODIFICATIONS

For the following suggested modifications:

Language of the currently certified LUP is shown in plain text.

The City's proposed additions are shown in underline text.

The City's proposed deletions are shown in ~~strike-out text~~.

The Commission's suggested additions are shown in **bold, underline text**.

The Commission's suggested deletions are shown in **~~bold, underline, strike out text~~**.

The following suggested modifications are necessary to carry out the Chapter 3 policies of the Coastal Act:

Suggested Modification 1: Increase the minimum permissible height and FAR on the subject site.

Policy 82

If the properties located on the north side of Santa Monica Boulevard between Ocean Avenue and Second Street commonly referred to as 129 Santa Monica Boulevard, 101 Santa Monica Boulevard, 1327 Ocean Avenue, 1333 Ocean Avenue, 1337 Ocean Avenue (the "Established Large Site") are redeveloped as a comprehensive project pursuant to a development agreement, then the development standards in Policies 67 and 71 and the corresponding development intensities shown on Map 15 shall not apply to such new project on the Established Large Site, and the project shall instead not exceed 130 feet, with no limitation on the number of stories, and a cumulative maximum 2.95 F.A.R. across the Established Large Site. **The maximum height and cumulative maximum F.A.R. may be increased by the minimum height and FAR necessary to accommodate lower-cost overnight accommodations onsite equaling at least 25% of the market-rate overnight accommodations.**

Suggested Modification 2: Modify Map No. 15 ([Exhibit 3](#)) of the LUP to reflect new development standards for the project site.

LUP Map No. 15, Development Intensities

Add footnote stating: "The development standards of Map No. 15 shall not

apply to the properties located on the north side of Santa Monica Boulevard between Ocean Avenue and Second Street.”

IV. FINDINGS

A. AMENDMENT DESCRIPTION

The proposed LUP amendment would alter development standards for five contiguous parcels in downtown Santa Monica, Los Angeles County. The five parcels correspond to the following addresses: 129 Santa Monica Boulevard, 101 Santa Monica Boulevard, 1327 Ocean Avenue, 1333 Ocean Avenue, and 1337 Ocean Avenue ([Exhibit 4](#)). The five parcels constitute a 1.9-acre project site currently developed with four primary structures and two private parking lots. The existing development includes a mixed-use development with 19 dwelling units and a 43-space private parking lot at 101 Santa Monica Boulevard; a commercial development at 1327 Ocean Avenue; two commercial buildings designated by the Santa Monica Landmarks Commission as historic landmarks at 1333 and 1337 Ocean Avenue; and a 93-space private surface parking lot at 129 Santa Monica Boulevard.

Four of the five subject parcels are located in the Subarea 3b, “Ocean Avenue” of the certified LUP Ocean Avenue subarea. LUP Subarea 3b encompasses the parcels on Ocean Avenue fronting the blufftop Palisades Park and is characterized by a mix of high-rise commercial office buildings, hotels, and condominiums. New development on the four subject parcels is subject to LUP Policy 67, which limits all development located on Ocean Avenue to a maximum of three stories, 45 ft. in height, and an FAR¹ of 2.0. LUP Policy 67 excludes development located at 1133 Ocean Avenue from these standards and instead allows a maximum 130-ft. height and a FAR of 2.6 pursuant to a similar, project-specific LUP amendment approved by the Commission in 2022.²

The fifth parcel is located in the Subarea 5, “Downtown Core” of the certified LUP. The fifth parcel is subject to LUP Policy 71, which limits new development to a maximum of six stories, 84 ft. in height, and a FAR of 3.5, with residential floor area discounted by 50% in calculating FAR.

Map No. 15 of the LUP shows maximum “development intensities” in downtown Santa Monica and applies to all subject five parcels ([Exhibit 3](#)). The four parcels located on Ocean Avenue are designated for Residential—Visitor Commercial use by Map No. 15 and limited to a maximum of three stories, 45 ft. in height, and a FAR of 2.0 consistent with Policy 67. Map No. 15 does not specify a designated use for the fifth parcel located

¹ FAR is defined as the ratio of floor area of all principal and accessory buildings onsite (excluding uninhabitable area, such as decks) to the site area, calculated by dividing the proposed development area by the lot area. [Section 9.04.090](#) of the uncertified Santa Monica Municipal Code excludes basements from the FAR.

² LUP Amendment No. [LCP-5-SNM-21-0020-1](#).

on Second Street but does limit development on the parcel to a maximum 45-ft. height, three stories, and a FAR of 2.0.

The proposed amendment would add a new LUP policy excluding the subject five parcels (i.e. the project site) from the maximum development standards of certified LUP Policy 67, Policy 71, and Map No. 15 ([Exhibit 2](#)). As proposed, development on the subject five parcels would instead be allowed a maximum 130-ft. height and a cumulative FAR of 2.95 across the site contingent upon the parcels being “redeveloped as a comprehensive project pursuant to a development agreement” (DA) between the City and developers.

The proposed LUP amendment is project-specific and intended to allow approval of the Ocean Avenue Mixed-Use Development Project (CDP App. No. 5-22-0799) consistent with the certified LUP. The Ocean Avenue Mixed Use Development Project is a separate, but related, project also scheduled for the December 13, 2023 Commission meeting. The project would consist of four primary components: 1) demolition of all existing development onsite except the two structures designated as historic landmarks; 2) consolidation and subdivision of the five parcels to create two parcels; 3) construction of a new, maximum 12-story-over-basement, 130-ft. tall, 248,570 sq. ft. mixed-use multi-structure development, and 4) approval of a DA. The proposed new development would include a hotel with 120 market-rate rooms; 100 residential units with 25 of the units restricted as affordable; a museum; a public observation deck; retail uses; and restaurant uses. The applicants requested that the City propose the current LUP amendment to reflect the maximum proposed mass and scale onsite.

B. REJECTION OF LUP AMENDMENT AS SUBMITTED

Under Sections 30512(c), 30513, and 30514(b), the Commission shall certify a proposed amendment to an LUP unless it does not meet the requirements of, and is in conformity with Chapter 3 policies of the Coastal Act. As detailed below, the City’s proposed LUP amendment does not meet the requirements of, nor conform with, Chapter 3 of the Coastal Act.

The applicable Chapter 3 policies of the Coastal Act are as follows, in relevant part:

Section 30210: 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 30213: 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: 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.

Section 30250: (a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources.

Section 30251: 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. New development in highly scenic areas such as those designated in the California Coastline Preservation and Recreation Plan prepared by the Department of Parks and Recreation and by local government shall be subordinate to the character of its setting.

The following certified LUP policies, which may also be considered as guidance, state in relevant part:

LUP Policy 35: Lower cost visitor and recreational facilities shall be protected, encouraged, and where feasible, provided...The City shall identify sites suitable for lower-cost over-night lodging. If these alternatives are not feasible, then an in-lieu fee payment shall be made and placed in a fund established by the City for the provision of lower-cost lodging facilities within the Coastal Zone, including land acquisition, construction, and replacement...

Height and FAR Standards

Section 30251 of the Coastal Act identifies the visual character of new development as a resource protected by the Coastal Act and requires preservation of public views and maintenance of overall visual compatibility. This includes reviewing development for massing and scale consistent with the surrounding area. The Santa Monica certified

LUP preserves visual resources by assigning subareas to each geographic portion of the City and enforcing differing height and FAR limitations per subarea. These location-specific development standards allow for more stringent limitations on mass and scale if necessary to protect coastal views or ensure visual compatibility with the surrounding area.

Ocean Avenue is designated as a scenic view corridor in Map No. 13 of the certified LUP; as such, restrictions on massing and scale are especially important on this street to preserve public coastal views. Development standards also help avoid impacts to visual resources by ensuring new development is designed for consistency with the surrounding development scale. However, the proposed height and FAR will not adversely impact any existing, public coastal views, as the subject site is already developed with multi-story buildings extending up to 40-ft. tall that block any public coastal views onsite or through the site from inland of Ocean Avenue and Santa Monica Boulevard. Additionally, the project site is located immediately inland of bluffs and is not immediately visible from Pacific Coast Highway and the beach, which are both located at lower elevations. Thus, views from Ocean Avenue, Santa Monica Boulevard, Pacific Coast Highway, and the public beach will not be affected by the proposed development associated with this LUP amendment.

Additionally, significantly taller buildings with greater FARs and massing are located on each street surrounding the subject site, including a 201-ft. tall building at 201 Santa Monica Boulevard, a 180-ft. tall building at 1431 Ocean Avenue, and a 160-ft. tall building at 1111 Second Street. These developments are not unique in the surrounding area—Downtown Santa Monica is characterized by a mix of high-rises and development of lesser scale, with most lots maximizing FAR to the greatest extent possible to accommodate multiple businesses and visitor-serving uses. The proposed project is visually compatible with the surrounding neighborhood with regard to height, mass, and scale.

Considering the scale of development in the surrounding downtown area, as well as the proposed design and use of open-space, the proposed development with an increased height and FAR will not impact the visual character of the surrounding community. Rather, by allowing an increase in the maximum permissible height and FAR for the project site, the proposed LUP amendment will facilitate projects which improve existing, degraded visual resources onsite and maintain visual compatibility with the downtown area.

Therefore, the LUP amendment, as proposed, can be found consistent with Section 30251 and 30253(e) of the Coastal Act.

Lower Cost Overnight Accommodations

Coastal Act and existing LUP policies identify public recreational access as critically important—especially recreation for the visiting public—and require protection and maximization. Many visitors live in inland areas, where a coastal trip may require a lengthy car, train, or bus ride. For many low- and moderate-income visitors, affordable lodging is essential for meaningful access to the California coast. As such, Section

30210 of the Coastal Act requires public access and recreation opportunities to be maximized for all people, which includes those who do not or cannot afford to live near the coast. Section 30213 of the Coastal Act additionally requires permitted development to protect, encourage and, where feasible, provide lower-cost visitor and recreational facilities. In numerous past actions, the Commission has applied this policy to protect, and require provision of, lower-cost overnight accommodations in relevant development projects.

The Commission has approved new hotel developments along the coastline as high-priority visitor-serving facilities—however, high room rates can render these visitor-serving hotels unattainable by many who cannot afford to pay market rate prices for hotel rooms.³ In November 2016, Commission staff presented a comprehensive study of lower-cost visitor accommodations eliminated from the coastal zone since 1989.⁴ The study found that, out of six “cost” categories ranging from “economy” to “luxury,” a total of 24,720 economy rooms were lost without replacement, compared to 11,247 rooms total in the remaining five classes. These survey results indicate that nearly 70% of all hotel rooms eliminated from the coastal zone from 1989 to 2016 were economy rooms, whereas less than 10% of the rooms lost were in the upscale and luxury categories. Although statewide demand for lower-cost accommodations in the coastal zone is difficult to quantify, lower-cost hotels, camping, and hostel opportunities are in high demand in coastal areas, and there is an ongoing need to provide a range of more affordable lodging along California’s coast.

Despite being a very significant visitor-serving destination, Santa Monica has limited facilities within its coastal zone that offer lower-cost overnight accommodations for visitors. In May 1990, the City estimated that 502 lower cost overnight accommodation units existed in the City’s coastal zone. Even with the requirement in certified LUP Policy 35 that “no more than 25% of these facilities may be removed from the coastal zone until or unless an equivalent number of such lodging facilities has been replaced within the City,” those 502 affordable overnight accommodation units were reduced by 59% in the following 26 years, resulting in 297 affordable overnight accommodation units in the Santa Monica coastal zone by 2018.¹¹ The City has not identified sites suitable for lower-cost overnight lodging as required by the certified LUP, resulting in no new replacement facilities.

Considering the dwindling lodging options available for low-income visitors in coastal Santa Monica, the provision of new lower-cost overnight accommodations is especially important. Furthermore, the limited supply of affordable overnight accommodations in the coastal zone is an environmental justice issue. Section 30604(h) of the Coastal Act provides that when acting on a coastal development permit, the issuing agency “may

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

⁴ [Public Workshop: Lower Cost Visitor Serving Accommodations](#), published by Commission staff on October 26, 2016.

consider environmental justice, or the equitable distribution of environmental benefits.” As defined in Section 30107.3 (a) of the Coastal Act, “environmental justice” means “the fair treatment and meaningful involvement of people of all races, cultures, incomes and national origins, with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies,” and, pursuant to Coastal Act Section 30013, the Commission and all public agencies are charged with advancing environmental justice when implementing the Coastal Act. Thus, environmental justice considerations are relevant to the Commission’s review of new high-cost hotel projects.

The Commission’s Environmental Justice Policy, adopted in March 2019, indicates that the Commission shall “strive for a no-net-loss of lower-cost facilities in the coastal zone, while implementing a longer-term strategy to increase the number and variety of new lower-cost opportunities”. In California, equitable coastal access and recreation opportunities for all populations has not been realized due to historic and social factors, such as discriminatory land use and economic policies and practices, with greater barriers to access experienced by low-income communities, communities of color, and underserved communities.⁵ Spatial analysis of 2010 Census data shows a majority of Californians (70.9%) live within 62 miles of the coast, but populations closest to the coast are disproportionately white, affluent, and older than those who live farther inland.⁶

Additionally, a State Coastal Conservancy-commissioned survey in 2017 identified that “low and middle-income households, people of color, and young people are less likely than higher-income, white, or older Californians to stay overnight at the California coast” and states: “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.”⁷

The limited supply of lower-cost accommodations in the coastal zone exacerbates access inequalities related to socioeconomic status. A lack of affordable lodging in coastal cities disproportionately prevents individuals from low-income communities from staying on the coast overnight. Many visitors from low-income communities are traveling from inland locations and cannot easily make the trip to the coast and back home again in a single day. Therefore, by protecting and providing lower-cost lodging for the price-sensitive visitor, a broader segment of the population will have the opportunity to visit the coast. Furthermore, access to coastal recreational facilities, such as the beaches,

⁵ [“Free the Beach! Public Access, Equal Justice, and the California Coast”](#), Robert Garcia & Erica Flores Baltodano, 2 Stanford Journal of Civil Rights and Civil Liberties. 143 (2005); [Report on Coastal Act Affordable Housing Policies and Implementation](#), published by Commission staff on February 10, 2015; [Report on the Historical Roots of Housing Inequity and Impacts on Coastal Zone Demographic Patterns](#), published by Commission staff on June 9, 2022.

⁶ [Coastal Access Equity and the Implementation of the California Coastal Act](#), Reineman, et al., (2016) Stanford Environmental Law Review Journal, v. 36. Pages 96-98.

⁷ [Explore the Coast Overnight- An Assessment of Lower Cost Accommodations](#), published by State Coastal Conservancy on January 8, 2019.

harbor, piers, and other coastal points of interest, are also enhanced when there are overnight lodging facilities that serve a broader segment of the population.

To facilitate provision or retention of lower-cost accommodations in proposed visitor-accommodating development for consistency with Coastal Act Section 30213, the Commission has required that applicants either: A) ensure a percentage of the proposed onsite overnight accommodations are provided at lower-cost; B) establish an equivalent number of lower-cost accommodations offsite or nearby; and/or C) ensure an adequate in-lieu fee is paid to a fund designated for creation of new lower-cost overnight accommodations.

In past projects, the Commission has found that one method of protecting lower-cost overnight accommodations, as required by Section 30213, is to ensure at least 25% of the total proposed hotel rooms are provided at lower-cost rates.⁸ In these actions, the Commission has defined lower-cost rates as not exceeding 75% of the statewide average overnight lodging cost (also known as the “average daily rate,” or “ADR”), which has been recently corroborated by the Coastal Conservancy’s 2019 Explore the Coast Overnight Study. Sections 30210 and 30213 of the Coastal Act support the Commission’s approach that development providing lower-cost accommodations onsite is the preferred method of protecting and maximizing public coastal access and recreation. Only in previous actions where onsite provision is determined infeasible has the Commission approved fee payments “in lieu” of the construction of an equivalent number of lower-cost rooms/units (such as hostel beds) offsite.⁹

The LUP amendment request is project-driven to allow for the construction of a new 120-room luxury hotel on the subject site. No overnight accommodations currently exist on the project site, and no lower-cost hotel rooms are proposed. Therefore, based upon the Commission’s approach for ensuring consistency with Coastal Act Section 30213 and the Commission’s consideration of environmental justice, at least 30 lower-cost rooms should be provided onsite (i.e. at least 25% of 120 rooms) if feasible. If it is not feasible, all of the 30 rooms should be provided offsite and funded through an in-lieu fee payment.

Commission staff requested analysis of whether any of several project alternatives would render the provision of onsite lower-cost rooms financially feasible. In accordance with Coastal Act Section 30213, one of the more preferable alternatives would be the direct provision of 30 lower-cost rooms onsite in addition to 120 market-rate rooms, rather than as replacements. This would allow the applicants to retain all currently proposed market-rate rooms while still providing affordable lodging onsite. The provision of 30 additional hotel rooms could be accomplished by reallocating uses in the proposed development and/or increasing massing and scale onsite. The proposed site

⁸ [5-20-0181](#) (B&J Capital Group Investments); [A-5-LGB-21-0060](#) (Highgate Hotels); [5-18-0872](#) (Sunshine Enterprises, LP); [A-5-DPT-18-0046](#) (Lancor); [5-20-0597](#) (Franco); [Public Workshop: Lower Cost Visitor Serving Accommodations](#), published by Commission staff on October 26, 2016.

⁹ [5-20-0181](#) (B&J Capital Group Investments); [5-20-0597](#) (Franco), [5-21-0139](#) (Ocean Avenue, LLC), [LCP-4-MAL-21-0073-2](#) (Sea View Hotel Project).

is 1.9 acres and includes several proposed structures capable of facilitating either method. One example could be locating the 30 lower-cost rooms within the rear portion of the proposed 34,000 sq. ft. museum structure, which would still leave the two historic landmark structures and two subterranean levels for museum uses. Another option may be adding floors to one or more of the proposed five- and three-story residential structures.

These are only some of the many potential methods for accommodating lower-cost rooms onsite. In 2015, the Commission retained the services of Maurice Robinson & Associates (the applicants' current consultant), who estimated that construction of new motel or hotel rooms would cost an average of \$100,000 per room considering the difference in sizes and amenities. At the time, the Commission's consultant recommended both estimates be adjusted on an annual basis by comparing the Consumer Price Index (CPI) or Turner Building Cost Index (TBCI)¹⁰ of 2015 to future years. The applicants would be using the most recent (Second Quarter 2023) TBCI to estimate an in-lieu fee of approximately \$144,750 per room that is not directly provided onsite, for a total of \$4,342,500.¹¹

Despite the numerous suggested alternatives to provide some form of lower-cost overnight accommodations at or near the subject site, the applicants are not amenable to providing any lower-cost accommodations onsite or offsite, citing an undesirable internal rate of return on investment and potential time delays for revision of the DA (among other concerns). Commission staff reviewed the applicants' feasibility analysis and determined that the applicants have not adequately demonstrated that provision of 30 lower-cost rooms (or some portion thereof) and 120 market-rate rooms is economically nor practically infeasible. More detail may be found in the staff report for CDP Application No. 5-22-0799¹²). As such, there is still the potential that the final design of the project could provide the 30 lower-cost overnight accommodations onsite.

However, the currently proposed LUP amendment includes development standards for the project site which strictly reflect the applicants' current design (i.e. a maximum 130-ft. height and 2.95 cumulative FAR) without allowing flexibility for the applicants to increase the proposed mass and scale to accommodate lower-cost rooms onsite, should they decide to do so. The proposed maximum development standards were

¹⁰ The Turner Building Cost Index is used widely by federal and state governments to measure costs in the nonresidential building construction market in the United States. (<https://www.turnerconstruction.com/cost-index>)

¹¹ Certified LUP Policy 35, which provides guidance, requires that an in-lieu fee include additional land acquisition costs, and the Commission's consultant also recommended that land costs be calculated separately from construction in the in-lieu fee. However, this subject case is unique in that the applicants have proposed directing the in-lieu fees to a specific hostel expansion project located at 1436 Second Street in Santa Monica that is owned and operated by Hostelling International, a third-party entity that already has land and facilities available for providing lower-cost visitor amenities in the Santa Monica coastal zone. As such, it is not necessary for the in-lieu fee to include the cost of land acquisition because in this case, the fee would not be needed or used to purchase land.

¹² <https://documents.coastal.ca.gov/reports/2023/12/W20b/W20b-12-2023-report.pdf>

selected solely to reflect the proposed scope of work, which, as noted, does not include any lower-cost visitor-accommodation facilities; thus, with the proposed language as submitted by the City, these standards cannot be increased by the minimum necessary to accommodate lower-cost rooms even if avoiding adverse visual resource impacts as described above.

As stated above, the preferred method to ensure consistency with Coastal Act Sections 30210 and 30213 is the provision of new lower-cost rooms on or near the project site. Therefore, the proposed LUP amendment, as submitted, could unintentionally hinder the provision of new affordable lodging onsite and, as submitted, is not consistent with Sections 30210 and 30213 of the Coastal Act. Amendment Request No. LCP-5-SNM-22-0041-1 does not meet the requirements of, nor conform with, Chapter 3 of the Coastal Act and must be rejected as currently proposed.

C. APPROVAL OF LUP AMENDMENT IF MODIFIED AS SUGGESTED

The City's proposed LUP amendment does not meet the requirements of, and is not in conformity with, the Chapter 3 policies of the Coastal Act as submitted. Further, the proposed LUP does not conform with, and is not adequate to carry out, the policies of the certified LUP as submitted. The following modification is necessary to clarify and make the City's LCP amendment consistent with the certified City's LUP and Chapter 3 of the Coastal Act.

Section 30210 of the Coastal Act requires public access and recreation opportunities to be maximized for all people. Section 30213 of the Coastal Act requires new development to encourage and provide lower-cost visitor-serving recreational facilities where feasible. Pursuant to Coastal Act Section 30013, the Commission and all public agencies are charged with advancing environmental justice when implementing the Coastal Act. In light of Section 30210's mandate to maximize public access and recreational opportunities and Section 30013's call to advance environmental justice and equality, Section 30213 has been interpreted to prioritize provision of lower cost accommodations onsite. In addition, Section 30222 places a higher priority on the provision of visitor-serving uses designed to enhance public opportunities for coastal recreation—including lower-cost overnight accommodations—over residential, industrial, or general commercial uses.

While the proposed new development standards would facilitate construction of new visitor-serving amenities (such as a museum, public observation deck, and a market-rate hotel), it would notably also hinder provision of affordable lodging on the subject five parcels by preventing further revision to the project design in the future. Thus, for the proposed LUP amendment to conform with the public access and recreation policies of the Coastal Act, **Suggested Modification 1** allows development on the subject five parcels to exceed a 130-ft. height and a cumulative FAR of 2.95 by the minimum amount necessary to provide lower-cost rooms in the amount of at least 25% of all market-rate overnight accommodations onsite.

This modification will allow the applicants to add additional height and floors to the proposed structures as necessary to build new affordable lodging onsite. In the event of a future project onsite with a greater number of proposed market-rate and/or lower-cost rooms, the future applicants would be able to exceed the 130-ft. maximum height and the cumulative FAR of 2.95 to provide lower-cost rooms equivalent to at least 25% of all market-rate accommodations proposed onsite. By ensuring the additional height and FAR are the minimum necessary to provide lower-cost rooms, the modification will not result in significant adverse impacts on visual resources or the surrounding community character.

Map No. 15 of the current, certified LUP restricts new development on four of the subject five parcels to a maximum of three stories, 45 ft. in height, and an FAR of 2.0. New development on the fifth parcel is limited to a maximum of six stories, 84 ft. in height, and an FAR of 3.5, with residential floor area discounted by 50% in calculating FAR. The shading and captions on the current map do not indicate any exceptions for the subject five parcels, despite the proposed LUP amendment allowing development on the subject parcels to exceed a 130-ft. height and a cumulative FAR of 2.95 by the minimum amount necessary to provide lower-cost rooms onsite.

Thus, **Suggested Modification 2** modifies Map No. 15 to include a note excluding the five parcels located on Santa Monica Boulevard between Ocean Avenue and Second Street from the development standards otherwise specified on the map. This modification corrects the map to reflect the new development standards proposed for the project site of the Ocean Avenue Mixed-Use Development Project and will improve clarity.

As modified, the proposed LUP amendment would meet the requirements of, and conform with, the Chapter 3 policies of the Coastal Act.

D. CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 21080.9 of the California Public Resources Code—within the California Environmental Quality Act (CEQA)—exempts local governments from the requirement of preparing environmental review documentation in connection with its activities and approvals necessary for the preparation and adoption of an LCP. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. (14 CCR § 15251(f).) Thus, under Section 21080.5 of CEQA, the Commission's review and analysis of the LCP amendment in this staff report satisfies CEQA environmental review requirements. Nevertheless, the Commission is required in approving an LCP submittal to find that the LCP does conform with the requirement in CEQA section 21080.5(d)(2)(A) that the amended LCP will not be approved or adopted as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impact which the activity may have on the environment. 14 C.C.R. Sections 13542(a), 13540(f), and 13555(b). The City's LCP amendment consists of an LUP amendment.

As outlined in this staff report, the proposed LCP Amendment, if modified as suggested, will be consistent with the policies of the LUP and the Chapter 3 policies of the Coastal Act. Thus, the Commission finds that the LCP Amendment, if modified as suggested, is in conformity with and adequate to carry out the land use policies of the certified LCP and the Chapter 3 policies of the Coastal Act. The Commission finds that approval of the LCP Amendment, as modified, will not result in significant adverse environmental impacts under the meaning of CEQA and will be consistent with Section 21080.5(d)(2)(A) of the Public Resources Code. Furthermore, as modified, there are no other feasible alternatives or mitigation measures available which would substantially lessen any significant adverse impact which the LCP amendment may have on the environment.