

CALIFORNIA COASTAL COMMISSION

SAN DIEGO DISTRICT OFFICE
7575 METROPOLITAN DRIVE, SUITE 103
SAN DIEGO, CA 92108-4402
VOICE (619) 767-2370
FAX (619) 767-2384



W14a

Date: March 30, 2023

To: **COMMISSIONERS AND INTERESTED PERSONS**

From: **KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT
KANANI LESLIE, COASTAL PROGRAM MANAGER, SAN DIEGO COAST DISTRICT
TONI ROSS, COASTAL PLANNER, SAN DIEGO COAST DISTRICT**

Subject: **STAFF RECOMMENDATION ON CITY OF OCEANSIDE MAJOR
AMENDMENT NO. LCP-6-OCN-21-0077-2 (Coast Highway Incentive
District) for Commission Meeting of April 12, 2023**

SYNOPSIS

The subject LCP land use plan and implementation plan amendment was originally submitted and filed as complete on August 20, 2020 (ref. LCP-6-OCN-19-0147-3). However, in order to provide additional time to address the concerns identified by Coastal staff, the LCP Amendment request was withdrawn and resubmitted as the subject amendment request. A one-year time extension was granted on March 9, 2022. The last date for Commission action on this item is April 13, 2023.

SUMMARY OF AMENDMENT REQUEST

The subject amendment request includes revisions to both the certified Land Use Plan (LUP) and the certified Implementation Plan (IP) in order to implement the City of Oceanside's Coast Highway Corridor Incentive District (Incentive District).

Changes to the certified Land Use Plan include revising: the General Commercial land use designation to permit stand-alone and mixed-use residential developments, the Coastal Dependent/Recreation/Visitor Serving Commercial land use designation to permit mixed-use development and the High-Density Residential land use designation to allow commercial uses within the Incentive District.

Changes to the Implementation Plan include certification of an entirely new Article, Article 9 – Coast Highway Incentive District. The proposed new article is intended to be used as a standalone set of regulations that will apply only to properties located within the Incentive District. As proposed, the Incentive District spans from Seagaze Drive to the north and terminates at Cassidy Street to the south (ref. [Exhibit No. 3](#)). The Incentive District includes all properties within one block east of Coast Highway and two blocks west of Coast Highway.

The Incentive District is described by the City as an optional zoning program that individual developers may choose to apply to new development or redevelopment within the Incentive District boundaries in lieu of existing zoning requirements. The intent of the Incentive District is to encourage redevelopment and revitalization of the Coast Highway corridor through revised land use regulations, design and development criteria, and development incentives. The Incentive District will facilitate streamlined development review processes, expand land uses permitted by right, reduce parking standards and setback requirements, and allow increased height of buildings and increased density in certain planning areas. The Incentive District is broken down into three separate community types including Nodes, Avenues and Commercial Villages.

Nodes: Nodes are areas in proximity to transit service and/or freeway and coastal access that allow for relatively intense commercial activity and residential density, with taller and more street-adjacent buildings. Development in nodal areas is eligible for additional building height and residential density in exchange for public benefits.

Avenues: Segments of Coast Highway between nodal areas that feature lower-profile development with more expansive building setbacks and landscape areas. Standalone residential use is allowed in avenue segments, subject to more restrictive development standards. The building height and residential density incentives established for nodal areas are not applicable to avenue segments.

Commercial Villages: Areas where low-intensity commercial use and low-profile development have created a distinct character that stakeholders generally wish to preserve. Thus, land use and development standards in the commercial villages generally align with base zoning standards. However, applicants may be eligible to pursue a streamlined project review.

Potential Incentives: The incentives included in the Incentive District include a residential incentive program that allows: 1) new development in nodal areas to increase the maximum residential density from 43 dwelling units per acre (du/a) to 63 du/a, 2) new development in nodal areas to be eligible for increased maximum building height from 45 feet and four-stories to 65 feet and six-stories, and 3) standalone residential use to be permitted in Avenues.

Public Benefits: The Incentive District will facilitate the application of the above-described incentives within the nodal areas subject to one or more of the following public benefits:

- 1) A minimum of 200 sq. ft. of public open space areas per additional dwelling unit.
- 2) A minimum of one public parking space per additional dwelling unit.
- 3) A minimum of 250 sq. ft. of additional commercial floor area per additional dwelling unit.
- 4) Payment of a public improvement fee, the amount of which would be established by the City Council.

While the Incentive District provides elective alternate development regulations, the existing base zoning for properties within the Incentive District is not being revised at this

time. Currently, the majority of the Incentive District is zoned C-2 (General Commercial) with two additional sites zoned V-C (Visitor-Serving Commercial). Thus, if a developer or property owner does not choose to adhere to the Incentive District, then future development could still occur consistent with the existing zoning provisions.

While not formally a part of the City's amendment request, the City concurrently reviewed and approved revisions to the alignment of Coast Highway spanning from Harbor Way to the north to Cassidy Street to the south (ref. [Exhibit Nos. 1-3](#)). The changes approved by the City include reducing vehicle travel lanes from two lanes to a single lane in each direction separated by a raised median, and construction of dedicated bike lanes and buffers, mid-block crosswalks, and roundabouts.

SUMMARY OF STAFF RECOMMENDATION

The primary intention of the proposed LCP amendment is to facilitate redevelopment of the Coast Highway Corridor. While the Commission supports reinvigoration of coastal areas, it cannot be at the cost of the public. As proposed, there is the potential that the Coast Highway Corridor could be redeveloped with expensive and low-priority uses that would decrease public access and recreational opportunities within a critical section of the City's Coastal Zone. Therefore, staff is first recommending denial of the LUP amendment as submitted, and then approval with five suggested modifications. Second, staff is recommending denial of the IP amendment as submitted, and then approval with thirteen suggested modifications. As modified, future redevelopment of Coast Highway will occur in a balanced manner that will provide adequate access and recreational opportunities for all, consistent with both the Coastal Act and the City's LCP.

The specific concerns raised by the proposed revisions to the certified Land Use Plan include inadequate protection of lower-cost visitor-serving uses, and potential impacts to public access along Coast Highway resulting from reduction of the number of lanes of traffic along Coast Highway as well as an increase in density for development permitted throughout the proposed Incentive District. To address these concerns **Suggested Modification No. 1** requires that the City review potential impacts to coastal access including increased travel times associated with any revisions to major coastal access routes prior to constructing any such revisions. **Suggested Modification No. 2** requires specific traffic analysis, to be conducted by applicants proposing major development, if the project meets any threshold identified in the City Traffic Impact Analysis Guidelines. Suggested Modifications Nos. 1 and 2 will therefore ensure that the public has access to the coast even considering future changes to roadways and future increases in density. To address the concerns regarding protection and provision of lower-cost overnight accommodations, **Suggested Modification Nos. 3 and 4** add new provisions that require protection of existing lower-cost overnight accommodations and ensure that future proposals include a range of affordability or mitigate for high-cost development proposals through requirements for fees to be submitted in-lieu. Finally, **Suggested Modification No. 5** would delete the City's request to expand the type of uses permitted on the two sites designated for Visitor-Serving Commercial to include residential as a part of the mixed-use development.

The primary concerns raised by the changes proposed to the City's certified IP include inadequate protection and provision of high-priority visitor-serving uses, inadequate protection of existing lower-cost overnight accommodations, no requirements to provide a range of affordability for new overnight accommodation proposals, conflicting regulations between the Incentive District and the certified zoning, and lack of specificity for the proposed public benefits.

To address these concerns staff is recommending thirteen modifications to the City's IP. Regarding adequate protection of overnight accommodations providing a range of affordability, **Suggested Modification Nos. 6, 8, 9, 15, and 18** will insert policy language within several sections of the IP to ensure that existing lower-cost overnight accommodations are protected, and that new high-cost accommodations either include lower-cost options, when feasible, or otherwise provide appropriate mitigation. **Suggested Modification No. 12** revises the "Purpose and Intent" section of Article 9 to include that visitor-serving uses, including affordable options, should be both encouraged and provided. Additionally, **Suggested Modification No. 15** adds the high-priority visitor-serving uses permitted in the City's commercial zones into the Incentive District, including Campgrounds and RV Parks, Recreational Equipment Rental/Sales Coastal Related Uses, Commercial Fishing Diving and Sportfishing Supplies and Services, Community Buildings and Public Uses, Gifts, Sundries, and Souvenir Shops; and adds Lower-Cost Overnight Accommodations as a new use. **Suggested Modification Nos. 16 and 17** clarify that new development is also subject to the renewable energy and EV charging station requirements of the Climate Action Plan ordinances. **Suggested Modification No. 7** removes the outdated language regarding lower-cost overnight visitor accommodations from the Downtown "D" District and replaces it with the updated definition for lower-moderate- and high-cost accommodations recommended by Commission staff for the remainder of the City's Coastal Zone. Finally, **Suggested Modification Nos. 10, 11, 13 and 14** resolve conflicts within the proposed language as well as conflicts between the existing and proposed zoning requirements.

The appropriate motions and resolutions begin on Page 8. The Suggested Modifications begin on Page 10. The findings for denial of the LUP Amendment as submitted begin on Page 31. The findings for approval of the plan, if modified, begin on Page 37. The findings for denial of the IP Amendment as submitted begin on page 40. The findings for approval of the plan, if modified, begin on Page 50.

ADDITIONAL INFORMATION

Further information on the City of Oceanside LCP Amendment No. LCP-6-OCN-21-0077-2 may be obtained from Toni Ross, Coastal Planner, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

TABLE OF CONTENTS

I. OVERVIEW	6
A. LCP HISTORY	6
B. STANDARD OF REVIEW.....	6
C. PUBLIC PARTICIPATION.....	7
II. MOTIONS AND RESOLUTIONS.....	7
III. SUGGESTED MODIFICATIONS.....	9
IV. FINDINGS FOR DENIAL OF CERTIFICATION OF THE CITY OF OCEANSIDE LAND USE PLAN AMENDMENT, AS SUBMITTED, AND APPROVAL IF MODIFIED	30
A. AMENDMENT DESCRIPTION.....	30
B. CONFORMANCE WITH SECTION 30001.5 OF THE COASTAL ACT	31
C. CONFORMITY OF THE CITY OF OCEANSIDE LAND USE PLAN WITH CHAPTER 3.....	32
V. FINDINGS FOR REJECTION OF THE CITY OF OCEANSIDE IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED, AND CERTIFICATION AS MODIFIED	39
A. AMENDMENT DESCRIPTION.....	39
B. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN	42
VI. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA).....	54

EXHIBITS

- [Exhibit 1 – Project Location](#)
- [Exhibit 2 – Project Area and Vicinity](#)
- [Exhibit 3 – Incentive District Boundaries](#)
- [Exhibit 4 – Resolution No. 19-R0523-1](#)
- [Exhibit 5 – Ordinance No. 19-OR0S64-1](#)
- [Exhibit 6 – Proposed Changes to Land Use Plan](#)
- [Exhibit 7 – Proposed Changes to Implementation Plan](#)
- [Exhibit 8 – Existing Land Use Designations](#)
- [Exhibit 9 – Existing Zoning Designations](#)
- [Exhibit 10 – Avenues, Commercial Villages, Nodes](#)

I. OVERVIEW

A. LCP HISTORY

The City of Oceanside first submitted its Land Use Plan (LUP) to the Commission in July 1980, and it was certified with suggested modifications on February 19, 1981. This action, however, deferred certification on a portion of the San Luis Rey River valley where an extension of State Route 76 was proposed. On January 25, 1985, the Commission approved with suggested modifications the resubmitted LUP and Implementing Ordinances. The suggested modifications for this approval were related to the guaranteed provision of recreation and visitor-serving facilities, assurance of the safety of shorefront structures, and the provision of an environmentally sensitive routing of the proposed Route 76 east of Interstate 5. The suggested modifications to the Zoning/Implementation phase resulted in ordinances and other implementation measures that were consistent with the conditionally certified LUP policies.

With one exception, the conditionally certified LUP and Implementing Ordinances were reviewed and approved by the City on May 8, 1985. The City requested that certification be deferred on one parcel adjacent to Buena Vista Lagoon designated by the City for “Commercial” use; the Commission's suggested modification designated it as “Open Space.” On July 10, 1985, the Commission certified the City's LCP as resubmitted by the City, including deferred certification on the above parcel.

BACKGROUND

In April 2009, Oceanside City Council adopted the Coast Highway and Strategic Plan. The Plan developed a set of Livable Community and Smart Growth principles that were intended to produce diverse and economically successful communities in proximity to Pacific Coast Highway (PCH). In 2016, a Preferred Project was identified through the EIR process, which includes implementation of a road diet for a 3.5-mile stretch of Coastal Highway between Harbor Drive and Easton Street, including reducing travel lanes from two to one lane in each direction, separated by a raised median, and construction of dedicated bike lanes and buffers, mid-block crosswalks and roundabouts. The Preferred Project also included alternative development regulations to those authorized by the base zoning, including standards that provide additional building height, additional residential density, and streamlined project review in exchange for public benefits, including public open space and construction of new public parking spaces. As a result, the City developed the Coast Highway Incentive District, which is intended to implement the alternative development regulations that are the subject of the proposed LCP amendment.

B. STANDARD OF REVIEW

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

Section 30512

(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 30513 of the Coastal Act, the Commission may only reject zoning ordinances or other implementing actions, as well as their amendments, on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan. The Commission shall take action by a majority vote of the Commissioners present.

C. PUBLIC PARTICIPATION

Section 30503 of the Coastal Act requires local governments to provide the public with maximum opportunities to participate in the development of the LCP amendment prior to its submittal to the Commission for review. The City has held Planning Commission and City Council meetings with regard to the subject amendment request. All of those local hearings were duly noticed to the public. Notice of the subject amendment has been distributed to all known interested parties.

II. MOTIONS AND RESOLUTIONS

Following a public hearing, staff recommends the Commission adopt the following resolutions and findings. The appropriate motion to introduce the resolution and a staff recommendation are provided just prior to each resolution.

1. MOTION:

I move that the Commission certify the Land Use Plan Amendment for the City of Oceanside as submitted.

STAFF RECOMMENDATION OF DENIAL OF CERTIFICATION:

Staff recommends a **NO** vote on the motion. Failure of this motion will result in denial of the land use plan amendment as submitted and adoption of the following resolution and findings. The motion to certify as submitted passes only upon an affirmative vote of a majority of the appointed Commissioners.

RESOLUTION TO DENY CERTIFICATION OF LAND USE PLAN AMENDMENT AS SUBMITTED:

The Commission hereby denies certification of the Land Use Plan Amendment for the City of Oceanside as submitted and finds for the reasons discussed below that the submitted Land Use Plan Amendment fails to meet the requirements of and

does not conform to the policies of Chapter 3 of the California Coastal Act. Certification of the plan would not comply with the California Environmental Quality Act because there are feasible alternatives or mitigation measures that would substantially lessen any significant adverse impact which the Land Use Plan Amendment may have on the environment.

2. MOTION:

I move that the Commission certify the Land Use Plan Amendment for the City of Oceanside as submitted if modified pursuant to the staff recommendation.

STAFF RECOMMENDATION: CERTIFICATION IF MODIFIED AS SUGGESTED:

Staff recommends a YES vote on the motion. Passage of the motion will result in certification with suggested modifications of the submitted 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 appointed Commissioners.

3. MOTION:

I move that the Commission reject the Implementation Program Amendment for the City of Oceanside as submitted.

STAFF RECOMMENDATION OF REJECTION:

Staff recommends a YES vote. Passage of this motion will result in rejection of the Implementation Program 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 CERTIFICATION OF THE IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby denies certification of the Implementation Program Amendment submitted for the City of Oceanside and adopts the findings set forth below on grounds that the Implementation Program as submitted does not conform with, and is inadequate to carry out, the provisions of the certified Land Use Plan as amended. Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

4. MOTION:

I move that the Commission certify the Implementation Program Amendment for the City of Oceanside if it is modified pursuant to the staff recommendation.

STAFF RECOMMENDATION:

Staff recommends a **YES** vote. Passage of this motion will result in certification of the Implementation Program Amendment 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 THE IMPLEMENTATION PROGRAM AMENDMENT WITH SUGGESTED MODIFICATIONS:

The Commission hereby certifies the Implementation Program Amendment for the City of Oceanside if modified as suggested and adopts the findings set forth below on grounds that the Implementation Program Amendment, with the suggested modifications, conforms with and is adequate to carry out the certified Land Use Plan as amended. Certification of the Implementation Program 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 Implementation Program Amendment on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment.

III. SUGGESTED MODIFICATIONS

Staff recommends the following suggested revisions to the proposed Land Use Plan and Implementation Plan be adopted. The underlined sections represent language that the Commission suggests be added, and the ~~struck-out~~ sections represent language which the Commission suggests be deleted from the language as originally submitted.

1. Revise Chapter 2 (Policy Group Summaries), Section 1. (Coastal Access), of the certified Land Use Plan, as follows:

C. Policies

[...]

8. To foster access to shoreline recreation areas while maintaining adequate circulation on major coastal access roadways, development shall ensure adequate access to and along the coast is maintained and where feasible, improved. All modes of travel shall be considered, including vehicle, biking, walking, and particularly public transportation. Major coastal access roadways are Coast Highway 101 and the portions of the following roadways that are located west of Interstate 5: Harbor Drive, Surfrider Way, Mission Avenue, Wisconsin Avenue, Oceanside Boulevard, Cassidy Street and Vista Way.

Prior to modifying a major coastal access roadway that has a current or projected future Level of Service E or worse at one or more intersections or segments (with or without proposed development), a quantitative analysis projecting the change in

travel time resulting from the lane reduction along the roadway shall be conducted to determine if coastal access is impacted. Available relevant circulation information from Caltrans, SANDAG, and other Cities along the affected roadway shall be included in the analysis. The quantitative analysis shall be derived from an adequate number of travel time surveys and shall address the prime beach use and peak travel volume periods on at least two weekends between Memorial Day and Labor Day.

Roadway modification projects that do not maintain adequate access to and along the coast shall be avoided. Modification to major coastal access roadways shall be accompanied by public access benefit enhancements promoting multi-modal access. Public access benefit enhancements may include, but are not limited to, increased public transportation services, improved pedestrian and cyclist access, and increased public parking. Existing public views of the coast and ocean provided through intersections and roadways shall be protected. Any new vegetation proposed shall consist of native/non-invasive vegetation only. Additional water treatment improvements shall be incorporated into project design where feasible.

2. Revise Chapter 2 (Policy Group Summaries), Section 1. (Coastal Access), of the certified Land Use Plan, as follows:

C. Policies

[...]

9. Public Access and Traffic Analysis and Mitigation

In order to ensure that development located within the Coastal Zone does not adversely impact public access to the coast, the City shall require applicants of projects involving LCP amendments or Coastal Development Permits that meet any of the thresholds that would require traffic analysis identified in the Traffic Impact Analysis Guidelines, to develop and implement a Traffic Analysis and Mitigation Plan that includes the following:

- a. Conduct traffic analysis to identify specific intersections and roadway segments within the Coastal Zone that could potentially be affected by the proposed development, including east-west oriented roadways that provide access across the railway corridor to the ocean, and conduct traffic analysis to determine whether increased traffic associated with the development would have significant impacts to public access. The analysis shall include peak summer season (Memorial Day weekend to Labor Day) weekend traffic data.
- b. If the traffic analysis indicates that significant impacts to public access will occur, mitigation measures shall be required.
- c. When required, the Plan shall provide a list of specific traffic mitigation measures to be provided. Mitigation measures shall include measures to address

automobile traffic, as well as enhancement of pedestrian, bicycle, and public transit operations.

d. When required, the Plan shall identify a funding mechanism to implement the identified mitigation measures (e.g., fair-share contribution for any development proposed within the Coastal Zone). Any collected fair-share contributions shall be deposited in a specific account that can only be used for traffic mitigation measures and other measures to mitigate public access impacts (e.g., to fund a community shuttle) in the Coastal Zone.

3. Revise Chapter 2 (Policy Group Summaries), Section 2. (Recreation and Visitor Serving Facilities), of the certified Land Use Plan, as follows:

C. Policies

[...]

36. Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's latest inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the latest inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower-cost accommodations. An in-lieu mitigation fee of \$137,000 per room adjusted for inflation using the Turner Building Cost Index plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall only be used for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City, in the County of San Diego coastal zone.

4. Revise Chapter 2 (Policy Group Summaries), Section 2. (Recreation and Visitor Serving Facilities), of the certified Land Use Plan, as follows:

C. Policies

[...]

37. New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities. New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If it is determined that the project cannot provide lower-cost units on or offsite, in-lieu fees shall be required.

5. Revise Chapter 3 (Coastal Zone Land Use Classifications) of the certified Land Use Plan, as follows:

2. Coastal Dependent, Recreation, and Visitor Serving Commercial – This land use category encompasses specialized commercial uses which are directly dependent, supportive or related to the coast. Such uses provide services or goods for coastal industries or recreationists, and include boat sales, supplies, and service; diving, commercial fishing, and sportfishing establishments; restaurants, snack bars and convenience markets; gift, sundries, and novelty shops; transient accommodations such as hotels, motels, tourist cottages, campgrounds and recreational vehicle parks; and recreational equipment rentals (such as bicycles, roller skates, surfboards). Within the Coast Highway Incentive District (ID), properties bearing this land use designation may accommodate residential uses in conjunction with minimum commercial floor area as specified in the ID or as determined through the discretionary review process.

6. Revise Article 4 (Use Classifications), Section 414 - Commercial Use Classifications, of the Implementation Plan, as follows:

KK. Visitor Accommodations.

[...]

5. Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including Recreational Vehicle (RV) parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower, moderate, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.
2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.
3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's latest inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the latest inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room indexed using the Turner Building Cost Index plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition,

construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues

(including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant's expense.

7. Revise Article 4a (Redevelopment Project Area (D-Downtown District) Use Classifications) Section 423 Commercial Use Classifications, as follows:

~~7. Protection of Existing Overnight Visitor Accommodations—Any overnight visitor accommodations for which a Certificate of Occupancy has been issued prior to or on the effective date of adoption of this section shall not be converted to a Limited Use Overnight Visitor Accommodation. Demolition of existing lower cost overnight visitor accommodations shall be discouraged. If demolition of existing lower cost units is authorized, mitigation shall be provided as specified below:~~

~~a) Monitoring of Lower Cost Units in the Coastal Zone The City shall monitor a LUP requirement to ensure that a minimum of 400 lower cost units shall be maintained in the Coastal Zone by reporting the status of the current number of lower cost units within the Coastal Zone within all staff reports containing visitor serving accommodations. This information shall be forwarded to the Coastal Commission prior to the issuance of the Coastal Permit.~~

~~b) Assistance to Existing Lower Cost units in the Coastal Zone At such time as the inventory of lower cost units would be at 405, the City would pursue outreach to the existing property owners in an attempt to assure their short and long term survival. Resources that can be brought to bear to assist them could include the City's Façade Enhancement Program, in which matching funds can be made available for painting, awnings, signage and landscaping.~~

~~c) Restrictions to Protect Lower Cost Units in the Coastal Zone Any project that is required to provide lower cost units shall be required to record a deed restriction against the property that requires the protection of the lower cost units, such that the demolition and re-build of lower cost units would not result in the total number of lower cost units to be less than a total of 400 units in the Coastal Zone.~~

~~d) When referring to overnight accommodations, lower cost shall be defined by a certain percentage of the statewide average room rate as calculated by the Smith Travel Research website (www.visitcalifornia.com). A suitable methodology would base the percentage on market conditions in San Diego County for the months of July and August and include the average cost of motels/hotels within 5 miles of the coast that charge less than the Statewide average or 82%. High cost would be room rates that are 20% higher than the Statewide average, and moderate cost room rates would be between high and low cost. The range of affordability of new and/or replacement hotel/motel development shall be determined as part of the coastal development permit process and monitored as part of the City's inventory of visitor overnight accommodations.~~

Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including RV parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower, moderate, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.

2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.

3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted, unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years, The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account,

to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-

cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues (including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant’s expense.

8. Revise Article 10C (Coastal Residential Districts), Section 1030C -R-1/CZ, R-3/CZ and R-T/CZ Districts: to add “Lower-Cost Overnight Accommodations” to the list of Land Use Regulations in the Implementation Plan, as follows:

LAND USE REGULATIONS

	R-1/CZ	R-3/CZ	R-T/CZ	Additional Regulations
Hotels, Motels, Timeshares	-	-	U	
<u>Lower-Cost Overnight Accommodations</u>	<u>-</u>	<u>-</u>	<u>U</u>	<u>(AA)</u>
Mobile Home Parks	U	U	U	

AA. Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including RV parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower-, moderate-, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.
2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.
3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted, unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and

managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues (including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant's expense.

9. Revise Article 11C (Coastal Commercial Districts), Section 1130C - VC/CZ, C-1/CZ, C-2/CZ and OP/CZ Districts: Land Use Regulations: to add "Lower-Cost Overnight Accommodations" to the list of Land Use Regulations in the Implementation Plan, as follows:

LAND USE REGULATIONS

	VC/CZ	C-1/CZ	C-2/CZ	OP/CZ	Additional Regulations
Hotels, Motels, Tourist Cottages	U	U	U	-	
<u>Lower-Cost Overnight Accommodations</u>	<u>U</u>	<u>U</u>	<u>U</u>	-	<u>(Y)</u>
Institutions					

Y. Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation

development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including RV parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower-, moderate-, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.

2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.

3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted, unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-

lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues (including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the

feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant's expense.

10. Revise Article 11C (Coastal Commercial Districts), Section 1130C - VC/CZ, C-1/CZ, C-2/CZ and OP/CZ Districts: Land Use Regulations Table in the Implementation Plan, as follows:

LAND USE REGULATIONS

VC/CZ C-1/CZ C-2/CZ OP/CZ Add. Reg.

(A,C,D,E,I,J,O,R,S,T,U,V,Y)

[...]

Y. Land uses permitted in the C-1, C-2 and VC zones that are also located within the Coast Highway Incentive District may be subject to additional regulations as provided in Article 9 – Coast Highway Corridor Incentive District.

11. Revise Article 11C (Coastal Commercial Districts), Section 1140 – Property Development Regulations Table in the Implementation Plan, as follows:

VC/CZ, C-1/CZ, C-2/CZ and OP/CZ DISTRICTS DEVELOPMENT REGS

VC/CZ C-1/CZ C-2/CZ OP/CZ Add. Reg.

(W)

[...]

W. Development Regulations permitted in the C-1, C-2 and VC zones that are also located within the Coast Highway Incentive District may be subject to additional regulations as provided in Article 9 – Coast Highway Corridor Incentive District.

12. Revise Article 9 (Coast Highway Incentive District), Section 901 – Purpose and Intent, in the Implementation Plan as follows:

- A. Incent redevelopment and revitalization of the Incentive District by streamlining the development review process and providing development incentives.
- B. Encourage sustainable, high-quality development consistent with the intent and objectives articulated in the Coast Highway Vision and Strategic Plan...]
- G. Provide recreational opportunities and overnight accommodations in a range of affordability. Encourage the addition of visitor-serving uses and overnight accommodations, particularly those uses and accommodations that are lower-cost.

13. Revise Article 9 (Coast Highway Incentive District), Section 903 – Administration, in the Implementation Plan as follows:

- I. ~~Minor~~ Adjustments to the Incentive District boundary and identified subareas may be approved by a Local Coastal Program Amendment ~~the City Planner~~ subject to the following findings...

14. Revise Article 9 (Coast Highway Incentive District), Section 906 – Residential Incentive Program, Subsection C. Residential Density Incentive for Nodal Development, in the Implementation Plan as follows:

B. Residential Density for Nodal Development:

1. In nodal areas, project can earn additional density above the underlying residential density allowance in exchange for one or more of the following community benefits provided per unit above 43 dwelling units per acre.

- a. Public Improvement Fee [...]

- b. Public Open Space

[...]

- xi. Off-site open space shall comply with the following standards:

- The open space shall be within 1,320 feet of the project site
- The open space shall be dedicated and improved concurrent with the project benefiting from the bonus residential density.
- The open space may be either publicly or privately maintained subject to agreement with the City.
- Off-site open space shall be subject to the requirements identified in, Section 906C.b Public Open Space subsections i-x with the exception of subsection iii.

[...]

- c. Public Parking. Projects can gain additional density up to a maximum of 63 dwelling units per acre through the provision of a minimum number of public parking spaces per unit in compliance with the following standards:

- i. One public parking space per each unit permitted over the density of 43 dwelling units per acre [...]

- iv. The public parking spaces shall be located directly accessible from the public right-of-way.

- v. The public parking spaces shall include signage indicating spaces are free and open to the public.

15. Revise Article 9 (Coast Highway Incentive District), Section 907 – Land Use Standards, Table 2, to retain previously allowable uses certified in the C-1, C-2, and V-C zones, in the Implementation Plan as follows:

Use	Avenue	Commercial Village	Node
<u>Campgrounds & RV parks</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Recreational Equipment Rental/Sales</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Coastal Related Uses (other)</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Commercial Fishing, Diving and Sportfishing; Supplies and Service</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Community Buildings and Public Uses</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Gifts, Sundries, Souvenir Shops</u>	<u>P</u>	<u>P</u>	<u>P</u>
<u>Lower-Cost Overnight Accommodations</u>	<u>P (11)</u>	<u>P (11)</u>	<u>P (11)</u>

D. Additional Land Use Regulations.

[...]

11. Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including RV parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower-, moderate-, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.

2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.

3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted, unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall only be used for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost

accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues (including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant's expense.

16. Revise Article 9 (Coast Highway Incentive District), Section 908 – Urban Standards, Table 3 in the Implementation Plan as follows:

Notes:

- 1) Projects may exceed the height limit up to a maximum of 65 feet, with a maximum average height of 55 feet, subject to approval of a Development Plan Permit pursuant to Section 903 (F).

[...]

- 4) New development shall install and maintain renewable energy facilities (e.g. solar photovoltaic systems). Additions shall be developed to be “solar ready” as defined by the California Energy Code and California Green Building Standards Code and consistent with Section 3047 – Renewable Energy Facilities.

17. Revise Article 9 (Coast Highway Incentive District), Section 911, Parking Standards, in the Implementation Plan as follows:

Table 4. Required Parking Spaces, as follows:

Notes:

- 1) The nonresidential use category shall apply to all residential uses within the Incentive District except those explicitly listed in Table 4 or in this footnote.

[...]

- 5) New development shall reserve parking spaces for zero-emission vehicles and equip spaces with Level 2 electric vehicle charging stations consistent with Section 3049 – Preferential Electrical Vehicle Parking and Electric Vehicle Charging Facilities.

18. Revise Article 9 (Coast Highway Incentive District), Section 912 – Definitions, in the Implementation Plan as follows:

BB. Lower-Cost Overnight Accommodations.

(a) Lower-Cost Overnight Accommodations.

Lower-Cost Overnight Accommodations. Lower-cost overnight accommodations shall be given priority above all other accommodation development proposals. Examples of lower-cost overnight accommodations include 1) Campgrounds and Cabins, including RV parks; 2) Hostels; and 3) Budget/Economy Hotels and Motels. Overnight accommodations are reserved for transient uses only (30 days or less).

(b) Definition of Lower-, Moderate- and High-Cost Overnight Accommodations.

Overnight accommodations shall be defined as lower-, moderate-, or high-cost as follows:

1. Lower-Cost. The annual average daily room rate is equal to or less than 75 % of the annual statewide average room rate.

2. Moderate-Cost. The annual average daily room rate is between lower-cost and high-cost.

3. High-Cost. The annual average daily room rate is equal to or greater than 125% of the annual statewide average room rate.

(c) Protection of Existing Lower-Cost Overnight Accommodations.

Existing lower-cost overnight accommodations shall be protected and maintained. The City shall proactively work with operators of existing lower-cost overnight accommodations to maintain and renovate existing properties. If the City's inventory of lower-cost accommodations is below the minimum of 375 units required by the LCP, existing lower-cost overnight accommodations shall not be removed or converted, unless replaced at a 1:1 ratio with units comparable in function, location, and cost to the public. If replacement of lower- or moderate-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If the latest inventory of existing lower-cost accommodations is above the 375 minimum units required by the LCP, existing lower-cost accommodations may be converted or removed if in-lieu fees are included in the proposal. The fee shall apply to 100% of the number of demolished lower cost accommodations. An in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

(d) New High-Cost Overnight Accommodations.

New high-cost overnight accommodations shall provide at least 25% of the proposed units as lower-cost accommodations on-site. If provision of lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, then the new development shall provide lower-cost units elsewhere within the San Diego County Coastal Zone. If construction of new lower-cost rooms is infeasible on or offsite, an in-lieu mitigation fee of \$137,000 per room, adjusted for inflation using the Turner Building Cost Index, plus land cost square footage shall be required. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the City. All in-lieu fee payments shall be deposited into an interest-bearing account, to be established and

managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director, which shall be used only for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations. If any portion of the in-lieu fee remains five years after it is deposited into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City in the County of San Diego coastal zone.

New hotel and motel development within the City shall provide a range of rooms and room prices in order to serve all income ranges. Priority shall be given to developments that include public recreational opportunities.

(e) Feasibility Analysis.

An analysis of the feasibility of providing lower-cost overnight accommodations shall be required for any application involving the expansion, reduction, redevelopment, demolition, conversion, or new development of any project involving visitor overnight accommodations, with the exception of short-term rental lodging that is within residential units. If the proposed rates are not lower-cost, the feasibility study shall explain why providing lower-cost accommodations as part of the project is not feasible. This explanation shall address the land value; development costs; a breakdown of the estimated annual revenues (including average daily rate and occupancy rates); a breakdown of the estimated operating costs; and any other information necessary to address the feasibility of providing lower-cost accommodations on site. The feasibility analysis shall be prepared at the applicant's expense.

IV. FINDINGS FOR DENIAL OF CERTIFICATION OF THE CITY OF OCEANSIDE LAND USE PLAN AMENDMENT, AS SUBMITTED, AND APPROVAL IF MODIFIED

A. AMENDMENT DESCRIPTION

The proposed amendment includes three revisions to Chapter 3 of the certified LUP – Coastal Zone Land Use Classifications - to modify the following land use designations: General Commercial; Coastal Dependent, Recreation, and Visitor Serving Commercial; and High-Density Residential. Within the Incentive District, residential uses would be permitted in both the General Commercial and Coastal Dependent, Recreation, and Visitor Serving Commercial land uses, and commercial uses would be permitted in the High-Density Residential land use areas, provided it is a part of a mixed-use development.

According to the City, the Coast Highway corridor has been historically underutilized and is currently developed with several outdated commercial uses. Similar to recent development occurring statewide, the subject LCP Amendment is intended to reinvigorate the corridor

by permitting a greater variety of uses, with priority given to those developments that provide a mix of uses onsite. The City has further indicated that these changes to the LUP are necessary in order to address the ongoing demand for new housing while providing that new development in the Coast Highway corridor is a mix of land uses with active street frontages and inviting streetscapes that support both residential and commercial uses.

Additionally, while not included in the subject amendment request but relevant to this consideration, the City is also in the process of planning for the associated Complete Streets project, which would modify the Coast Highway corridor and roadway, including lane conversions, street improvements, intersection roundabouts, and increased parking and bicycle facilities. The 3.5-mile stretch currently operates as a four-lane corridor, including two vehicle lanes in each direction with limited parking, and no designated bicycle facilities. After implementation of the complete streets project, Coast Highway would be converted to two lanes (one vehicle lane in each direction), between Seagaze Drive and Cassidy Street, including a continuous Class II striped bicycle lane, ten (10) mid-block crosswalks, twelve (12) roundabouts in place of traffic signals, and streetscape enhancements ([ref. Exhibit No. 3](#)). The City memorialized these roadway changes through revisions to the City's Circulation Element, which is not a part of its certified LCP.

B. CONFORMANCE WITH SECTION 30001.5 OF THE COASTAL ACT

The Commission finds, pursuant to Section 30512.2b of the Coastal Act, that portions of the Land Use Plan as set forth in the preceding resolutions, are not in conformance with the policies and requirements of Chapter 3 of the Coastal Act to the extent necessary to achieve the basic state goals specified in Section 30001.5 of the Coastal Act which states:

The legislature further finds and declares that the basic goals of the state for the Coastal Zone are to:

a) Protect, maintain and, where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and manmade resources.

b) Assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.

c) Maximize public access to and along the coast and maximize public recreational opportunities in the coastal zone consistent with sound resource conservation principles and constitutionally protected rights of private property owners.

(d) Assure priority for coastal-dependent and coastal-related development over other development on the coast.

(e) Encourage state and local initiatives and cooperation in preparing procedures to implement coordinated planning and development for mutually beneficial uses, including educational uses, in the coastal zone.

The Commission therefore finds, for the specific reasons detailed below, that the proposed amendment to the land use plan does not protect access to the coast as required by the Coastal Act with regards to LCP Amendment Request No. LCP-6-OCN-21-0077-2.

C. CONFORMITY OF THE CITY OF OCEANSIDE LAND USE PLAN WITH CHAPTER 3

The following Chapter 3 policies of the Coastal Act are pertinent to the proposed amendment:

Section 30210 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 30212.5 states:

Wherever appropriate and feasible, public facilities, including parking areas or facilities, shall be distributed throughout an area so as to mitigate against the impacts, social and otherwise, of overcrowding or overuse by the public of any single area.

Section 30213 states:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

Section 30222 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.

Section 30223 states:

Upland areas necessary to support coastal recreational uses shall be reserved for such uses, where feasible.

Section 30250 states:

(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. In addition, land divisions, other than leases for agricultural uses, outside existing developed areas shall be permitted only where 50 percent of the usable parcels in the area have been developed and the created parcels would be no smaller than the average size of surrounding parcels.

(b) Where feasible, new hazardous industrial development shall be located away from existing developed areas.

(c) Visitor-serving facilities that cannot feasibly be located in existing developed areas shall be located in existing isolated developments or at selected points of attraction for visitors.

Section 30251 states:

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 landforms, 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.

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 non-automobile 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.

Section 30253 states:

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.

(c) Be consistent with requirements imposed by an air pollution control district or the State Air Resources Board as to each particular development.

(d) Minimize energy consumption and vehicle miles traveled.

(e) Where appropriate, protect special communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses.

1. FINDINGS FOR DENIAL

Coastal Act Section 30252 requires that new development should maintain and protect access to the coast by providing commercial facilities within or adjoining residential development or in other areas that will minimize the use of coastal access roads, however, Sections 30213 and 30222 require that priority be given to visitor-serving commercial recreational facilities and lower-cost visitor and recreational facilities. In this case, there is already very little land designated to provide these high-priority uses. Currently there are only two sites within the Incentive District designated to provide visitor-serving uses. As proposed, those sites would be permitted to redevelop as mixed-use developments, effectively eliminating the requirement for visitor-serving uses within the Corridor, inconsistent with the requirements of multiple Coastal Act policies. And, while there is an argument that there is a visitor-serving component to any commercial development, lands specifically designated for visitor-serving uses are critical to ensure consistency with the Coastal Act is maintained over time.

Additionally, regarding Section 30213, the Commission also has the responsibility to ensure that a range of affordable facilities be provided in new development along the coastline. The expectation of the Commission is that developers of sites suitable for overnight accommodations will provide facilities which serve people with a range of incomes. If development cannot provide for a range of affordability on-site, the Commission requires mitigation either in the form of in-lieu fees or an alternative project to ensure adequate affordable accommodations are provided as a part of the project.¹ Currently, both of the sites designated for visitor-serving uses are also providing lower-cost overnight accommodations. Specifically, the first site is developed with the Paradise by the Sea Resort, which includes 102 RV spaces within walking distance to Buccaneer Park and Buccaneer Beach. The second site is developed with the Oceanside RV Resort, which includes more than 100 RV spaces and one “glamping” tent.

A critical aspect of the Coastal Act’s public access policies is the protection and provision of lower-cost overnight visitor accommodations. Although spending a day at the beach,

¹ ref. LCP Amendment Nos. RDB-MAJ-2-08 (Redondo Beach); HNB-MAJ-2-06 (Huntington Beach-Timeshares); SBV-MAJ-2-08 (Ventura); LOB-MAJ-1-10 (Long Beach-Golden Shore and CDP Nos. A-6-PSD-8-04/101 (San Diego-Lane Field); A-5-RPV-2-324 (Rancho Palos Verdes-Long Point); 5-98-156-A177 (Long Beach-Pike Hotel).

viewing wildlife, or walking the coastal trail is inherently a low- or no-cost venture, the inability to stay overnight at a reasonable cost is a huge barrier for the vast majority of the public, particularly families, who do not live near the coast. This is particularly critical for lower-income families that do not have equal access to recreational opportunities along California's coast in this respect. Generally, there is a significant lack of lower-cost overnight accommodations along the coast, particularly hotel rooms, and new overnight accommodations projects are often higher cost. While Oceanside is unique in that the City maintains several lower-cost accommodations options, including the Harbor Beach Campground, as well as a number of affordable hotel and motel developments, protection of these existing lower-cost options is critical in order for the City's LUP to be found consistent with the aforementioned policies of the Coastal Act.

Additionally, public access and the supply of lower-cost overnight accommodations in the coastal zone are statewide environmental justice issues of concern. The Commission's Environmental Justice Policy, adopted in March 2019, states "The Commission will 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" and recognizes that even nominal costs can be barriers to access. In light of the trend in the market to provide luxury hotels, as well as the demolition of existing lower-cost hotels and motels 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. 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,² with greater barriers to access experienced by low-income communities, communities of color, and underserved communities. 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.³ Additionally, the 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 cited "financial reasons" as the most common barrier to coastal access.⁴ The limited supply of lower-cost accommodations further exacerbates coastal access inequalities by socioeconomic status and disproportionately restricts the ability of individuals from low-income communities to stay overnight on the coast. 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, thereby increasing public access for everyone.

Because the subject amendment would not adequately protect other existing lower-cost overnight accommodations, and also fails to require that new overnight accommodations

² Robert Garcia & Erica Flores Baltodano, Free the Beach! Public Access, Equal Justice, and the California Coast, 2 Stanford Journal of Civil Rights and Civil Liberties. 143 (2005)

³ Reineman, et al., Coastal Access Equity and the Implementation of the California Coastal Act (2016) Stanford Environmental Law Review Journal, v. 36. Pages 96-98

⁴ State of California Coastal Conservancy, Explore the Coast Overnight: An Assessment of Lower-Cost Coastal Accommodations

include a range of affordability, the subject amendment request cannot be found consistent with the Coastal Act as proposed.

The City's proposal to modify Coast Highway as well as allow for roadway modifications citywide through changes to the Circulation Element, which is not part of the certified LCP, also raises concerns. Roadway modification projects, especially on a major coastal access roadway like the iconic Coast Highway 101, have the potential to result in adverse impacts to the public's ability to reach the coast and to enjoy a scenic coastal drive on Highway 101.

Finally, the proposed amendment would facilitate increased density within the Coast Highway Corridor while simultaneously reducing parking requirements, which could adversely impact access to the coast, inconsistent with several public access policies of the Coastal Act. While Coast Highway is located blocks from the ocean, it still provides a critical link from Interstate-5 to the coast. Access to the beach from major traffic corridors such as Interstate-5 is structurally impaired as many of the east/west roadways end at the crossing of the railway. Because of this, traffic is often funneled along Coast Highway and to those roads providing complete beach access creating a bottleneck effect on Coast Highway. Thus, access to the beach could be significantly impacted if high-density development is permitted without inclusion of a specific traffic analysis to confirm there will be no significant traffic increases along Coast Highway and within the access roads connecting Coast Highway to the beach. The City conducted a traffic analysis as a part of the CEQA review for the project, including both the potential changes to allowable density within the Incentive District, as well as the changes in travel associated with the proposed lane reductions. The traffic analysis concluded that one intersection (Oceanside Blvd and Coast Highway) within this stretch would operate at a substandard level of service. This substandard level of service would occur only during the PM peak hour and would amount to an additional 12.4 seconds of delay at the intersection. However, the traffic analysis further determined that the lane reconfiguration (i.e., replacement of traffic signals with roundabouts) would reduce the time it takes to travel along Coast Highway by 20 seconds. Thus, the analysis indicates that the overall project will improve existing traffic times by approximately seven seconds.

However, there remains the potential that access will be affected through cumulative and unforeseen impacts associated with the changes proposed within the Incentive District, including impacts of separating crosswalks from intersections, increased visitation, etc. Additionally, recent traffic analyses have been revised from the traditional Level of Service analysis, which determines the operating conditions of a roadway based on factors such as speed, travel time, maneuverability, delay and safety, to Vehicle Miles Traveled (VMT) which measures the amount of travel for all vehicles in a geographic region over a given period of time, typically a one-year period. VMT is calculated as the sum of the number of miles traveled by each vehicle. While VMT is considered the more modern way to measure traffic impacts, it does not provide the information necessary to determine if traffic impacts would adversely impact public access to the coast. For example, if travel times are significantly increased resulting in congestion, the delays have the potential to discourage the public from traveling to the coast. Given these factors, a process that provides such

measures and analysis should be provided with any future major roadway changes or as a part of any major development proposal.

2. FINDINGS FOR APPROVAL IF MODIFIED

As proposed, the LUP Amendment raises a number of Coastal Act consistency concerns including potential impacts to coastal access, inadequate protection of high-priority coastal recreational uses and inadequate protection and provision of overnight accommodations that include a range of affordability. To address these concerns, staff is recommending five modifications to the LUP that 1) and 2) require any potential impacts to coastal access, either through the reduction of lanes or increased development opportunities resulting from the proposed Incentive District, are fully analyzed and any significant impacts to access are appropriately mitigated, 3) add policy language that provides the necessary protection of the existing lower-cost overnight accommodations, 4) require future development of overnight accommodations to include a range of affordability, and 5) removes the allowance for development of mixed-use/residential development on lands designated to provide visitor-serving commercial uses. Only as modified can the LUP amendment be found adequate to carry out the applicable policies of the Coastal Act.

Regarding the changes to the configuration of Coast Highway that have been approved by the City in their Circulation Element, which is not a part of the certified LCP, because there is the potential that the project may result in significant impacts to public access, water quality, public views, **Suggested Modification No. 1** clarifies that any such revisions to Coast Highway or any other major coastal access route, including Harbor Drive, Mission Avenue, Wisconsin Avenue, Oceanside Boulevard, Cassidy Street and Vista Way, shall be approved only if accompanied by a quantitative analysis that shows that regional travel time along the corridor will not be significantly impacted and if public access benefit enhancements promoting multi-modal access are included. Examples of potential public access benefit enhancements include, but are not limited to, increased public transportation services, improved pedestrian and cyclist access, and increased public parking.

Development of new roundabouts within the Coast Highway Corridor are likely to include vegetation in the center of roundabouts. Given that the major access routes are oriented east/west and terminate at the ocean, such vegetation has the possibility to block existing public views to the coast and ocean. As a part of the amendment request, the City submitted a view corridor analysis indicating that views of the ocean are currently provided on Cassidy Street, Oceanside Boulevard, West Street, Leonard Street, Missouri Street, Michigan Street, Civic Center Drive, Surfrider Way, and Neptune Street, all of which are proposed to be redeveloped with roundabouts as part of the associated Complete Streets project. Thus, in order to protect existing public views, Suggested Modification No. 1 further requires that views of the coast and ocean provided through intersections and roadways shall be protected. In order to adequately protect any adjacent native habitat areas, or sensitive coastal resources, Suggested Modification No. 1 further requires that any new vegetation proposed shall consist of native/non-invasive vegetation only. Finally, in order to protect water quality, Suggested Modification No. 1 requires that additional water treatment improvements shall be incorporated into project design where feasible.

The proposed amendment would facilitate additional density but failed to ensure the additional density would not significantly impact public access through increased traffic. **Suggested Modification No. 2** requires any development meeting one of the thresholds identified in the City's Traffic Impact Analysis Guidelines to conduct a traffic analysis to determine if significant coastal access impacts occur as a result of the proposed development. These guidelines require specific traffic analysis for projects that 1) generate greater than 1,000 additional Daily Trips but is consistent with the General Plan 2) generate more than 500 additional daily trips and is inconsistent with the General Plan, 3) includes roadway widening; 4) will construct a commercial or office building greater than 50,000 sq. ft. in size; 5) provides regional serving commercial or industrial uses; or 6) is located in a high Vehicle Miles Traveled (VMT) area. If any of these thresholds are met, applicants will be required to identify key intersections within the Coastal Zone to survey, including the east-west oriented streets that provide direct connection from Interstate-5 to the coast. Suggested Modification No. 2 further requires the applicant to identify mitigation if the survey finds the development will significantly impact public access (Level of Service E or worse⁵). Thus, significant impacts to public access will be prevented. Specific mitigation measures that could be implemented range from the construction of a traffic light or a dedicated turn lane to implementation of a community shuttle. To help fund the mitigation measures, Suggested Modification No. 2 requires that, if the project results in significant impacts, the applicant identify funding mechanisms, such as a fair-share fee, and that the collected fees be used only for measures to mitigate for public access impacts within the Coastal Zone.

In order to ensure that existing lower-cost overnight accommodations are protected, **Suggested Modification No. 3** requires that all existing lower-cost units (hotel, motel, or campground) be protected. If continuance of a lower-cost facility is determined to be infeasible, Suggested Modification No.3 further requires that replacement units be provided at a 1:1 mitigation ratio and to be located within the Coastal Zone. Thus, if it becomes necessary to redevelop the two campgrounds, or any other lower-cost overnight accommodation, adequate replacement will be ensured, including that the replacement units will be in proximity to coastal resources. However, the City's certified LCP includes a provision that requires the City to maintain 375 lower-cost overnight accommodations to be provided within the City's Coastal Zone. If the City can provide analysis that the current inventory of lower-cost accommodations is above this threshold, Suggested Modification No. 3 would allow for the redevelopment of existing lower-cost accommodations without mitigation being provided at a 1:1 ratio, if the applicant pays adequate in-lieu fees for the loss of lower-cost accommodations.

In order to ensure that future development continues to provide a range of affordability, **Suggested Modification No. 4** requires that new development of overnight accommodations include at least 25% of the proposed units as lower-cost. If, the provision of the lower-cost units on-site is determined to be infeasible pursuant to a feasibility analysis, then Suggested Modification No. 4 further requires that the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. Finally, if the

⁵ See Table 3-4, Circulation Element, City of Oceanside General Plan.

provision of lower-cost units off-site in the City's Coastal Zone is determined to be infeasible pursuant to a feasibility analysis, Suggested Modification No. 4 would allow for replacement units to be located elsewhere within the San Diego County Coastal Zone. If it is determined that the project cannot provide lower-cost units on or offsite, in-lieu fees shall be required. Additional detail regarding the feasibility analysis, mitigation requirements and in-lieu fees have also been included as suggested modifications to the City's certified Implementation Plan and are discussed in greater detail in Section V below.

Finally, in order to ensure that the lands set aside for visitor-serving uses by the LCP are maintained for those purposes, **Suggested Modification No. 5** would delete the proposed expansion of uses within the Visitor-Serving Commercial Land Use designation and remove the allowance for mixed-use development that includes residential use.

In conclusion, the five modifications will ensure that existing lower-cost overnight accommodations are protected, future overnight accommodations will provide a range of affordability, and that major modifications to critical coastal access roadways and future development do not adversely impact coastal mobility and public access opportunities, and lands designated to provide high-priority uses are maintained for those uses, as required by the Coastal Act and the certified LCP.

V. FINDINGS FOR REJECTION OF THE CITY OF OCEANSIDE IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED, AND CERTIFICATION AS MODIFIED

A. AMENDMENT DESCRIPTION

The proposed revisions to the City's certified Implementation Plan (IP) include the certification of a new article – Article 9 (Coast Highway Corridor Incentive District). The proposed new article is intended to be used as a standalone set of regulations that will apply only to properties located within the Coast Highway Corridor Incentive District (Incentive District). As proposed, the Incentive District spans from Seagaze Drive to the north and terminates at Cassidy Street to the south. The Incentive District includes all properties within one block east of Coast Highway and two blocks west of Coast Highway. In the southern portion of the Incentive District on the blocks surrounding Loma Alta Creek, the Incentive District expands to include up to four blocks west of Coast Highway, with the western boundary coinciding with the railway corridor (ref. [Exhibit No. 3](#)).

The Incentive District is described by the City as an optional zoning program that individual developers may choose to apply for new development or redevelopment within the Incentive District boundaries in lieu of existing zoning. The intent of the Incentive District is to encourage redevelopment and revitalization of the Coast Highway corridor through revised land use regulations, design and development criteria, and development incentives. The Incentive District will facilitate streamlined development review processes, expand land uses permitted by right, reduce parking standards and setback requirements, and allow increased height of buildings and increased density in certain planning areas.

As proposed, Article 9 includes twelve sections: Purpose and Intent, Applicability, Administration, Regulating Plan, Mixed-Use Standards, Residential Incentive Program, Land Use Standards, Urban Standards, Architectural Standards, Large Lot Standards, and Definitions. Some of the ways Article 9 differs from the underlying zoning include expansion of the types of uses permitted within the District, reduction in setback requirements, reduction in parking standards, expedited permitting process, and extensive design standards for various development types including mixed-use, live-work quarters, multi-family complexes, and public parking structures.

Examples of the provisions provided include:

- New development or redevelopment proposals with 43 dwelling units per acre of less or developments with no residential component may be processed administratively.
- The findings required for approval of new development include that the proposed project is consistent with the LCP and that the circulation proposed includes multi-modal transportation options.
- Table 2 lists the types of land uses permitted in the District.
- Table 3 lists the building types, frontages, height and frontage occupancy regulations for each subdistrict.
- Within Nodal areas, minimum commercial street frontage is 90%
- Within Commercial Village areas, minimum commercial street frontage is 70%
- Within Avenue areas, minimum commercial street frontage is 60%

The specific changes to setbacks include a reduction in front and corner yard setbacks from 10-foot minimum to between 0-10-feet, depending on the property's location within a specific subdistrict (Node, Avenue, Neighborhood Commercial).

The specific changes to parking requirements include revising single family home parking standards from two car garage to one space per every 1,500 sq. ft. of gross floor area. For multi-family residential, parking requirements are revised from 1.5 spaces per bedroom for single bedroom units and two spaces for units with two or more bedrooms, to one space for every 1,500 sq. ft. of gross floor area. Commercial/Retail parking would be revised from one space per every 300 sq. ft. of gross floor area to one space per every 500 sq. ft. of gross floor area. Article 9 also includes additional parking standards not defined in the LCP including Artisan Manufacturing (one space for each 800 sq. ft. of gross floor area), Eating and Drinking Establishments (one space for each 125 sq. ft. of eating area), and Visitor Accommodations (one space per unit). In addition to changes to the number of spaces required, Article 9 also would allow shared use parking for up to 100% of the parking requirements if demonstrated that the uses will have different periods of peak demand, would permit off-site parking within 1,250 feet of a proposed development, and would allow for parking requirements not met to be mitigated by in-lieu parking fees.

The specific changes to permitted uses include reducing the number of permitted uses to a total of 26 permitted uses. Currently there are nearly 100 different land uses identified in the certified Coastal Commercial Districts. Important uses omitted from Article 9 that are certified in the existing commercial zoning include Campgrounds & RV parks, Recreational

equipment rental/sales, Recreational equipment rental/sales, and Coastal Related Uses to name a few.

The boundaries of the Incentive District are broken down into three separate community types including Nodes, Avenues and Commercial Villages.

Nodes: Nodes are areas in proximity to transit service and/or freeway and coastal access that allow for relatively intense commercial activity and residential density, with taller and more street-adjacent buildings. Development in nodal areas is eligible for additional building height and residential density in exchange for public benefits.

Avenues: Segments of Coast Highway between nodal areas that feature lower-profile development with more expansive building setbacks and landscape areas. Standalone residential use is allowed in avenue segments, subject to more restrictive development standards. The building height and residential density incentives established for nodal areas are not applicable to avenue segments.

Commercial Villages: Areas where low-intensity commercial use and low-profile development have created a distinct character that stakeholders generally wish to preserve. Thus, land use and development standards in the commercial villages generally align with base zoning standards. However, applicants may be eligible to pursue a streamlined project review as the Incentive District establishes an administrative review process for proposals that do not exceed building height or residential density maximums. The City's administrative review process vests the City Planner with the authority to approve or deny projects, while requiring public notification when applications are submitted, and City Planner determinations are pending.

Potential Incentives: The incentives included in the Incentive District include a residential incentive program that allows: 1) new development in nodal areas to increase the maximum residential density from 43 dwelling units per acre (du/a) to 63 du/a, 2) new development in nodal areas to be eligible for increased maximum building height from 45 feet and four-stories to 65 feet and six-stories, and 3) standalone residential use in Avenues.

Public Benefits: The Incentive District will facilitate the application of the above-described incentives within the nodal areas subject to one or more of the following public benefits:

- 1) A minimum of 200 sq. ft. of public open space areas per additional dwelling unit.
- 2) A minimum of one public parking space per additional dwelling unit.
- 3) A minimum of 250 sq. ft. of additional commercial floor area per additional dwelling unit.
- 4) Payment of a public improvement fee, the amount of which would be established by the City Council.

While the Incentive District provides elective alternate development regulations, the existing base zoning for properties within the Incentive District is not being revised at this time. Currently the majority of the Incentive District is zoned C-2 (General Commercial) with three additional sites zoned V-C (Visitor-Serving Commercial). Thus, if a developer or

property owner does not choose to adhere to the Incentive District, then future development could still occur consistent with the existing zoning provisions.

B. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN

The standard of review for LCP implementation plan amendments is their consistency with and ability to carry out the provisions of the certified LUP. The certified LUP has a number of goals and policies relevant to the proposed amendment; the most applicable LUP standards are as follows:

I. Coastal Access

Objective: Adequate access to and along the coast shall be provided and maintained.

II. Recreation and Visitor Serving Facilities

A. Coastal Act Policies

The Coastal Act requires adequate distribution of public facilities such as parking areas, provision of lower cost visitor facilities, protection of oceanfront areas for Coastal recreation, granting priority to commercial recreational uses, reservation of upland areas to support coastal recreation, and distribution of visitor facilities throughout the Coastal Zone.

B. Summary of Major Findings

20. Camping and recreational Vehicle Parks are one market in which demand is high. The Coastal Zone currently has three such parks, with a total of 278 spaces plus overnight RV usage is allowed at the Harbor Beach. A fourth facility of about 300 spaces with 40 tent camping spaces has been approved in the San Luis Rey River Area.

C. Objective and Policies

Objective: The City shall provide and maintain a wide range of public recreation areas, beach support facilities, and visitor-serving facilities, commensurate with need.

Policies:

6. Lower cost visitor and recreational facilities shall be protected, encouraged and, where possible, provided.
7. In granting approvals for new development within the Coastal Zone, the City shall give priority to visitor serving commercial recreation facilities over private residential, general industrial or general commercial uses.

8. The City has reserved adequate upland areas to meet future market demand for visitor facilities to support coastal recreation, along the Hill Street Corridor (Coast Highway) ...
9. New recreational vehicle and camping facilities shall be encouraged within the Coastal Zone, providing the following criteria be met:
 - a. New Facilities should be sited in areas where they can be compatible with surrounding land uses.
 - b. Tent camping spaces as well as recreational vehicle spaces shall be provided.
10. The City shall continue to promote coastal tourism through the revitalization of the coastal area in upgrading of visitor amenities.
27. The City shall protect a minimum of 375 lower cost hotel and motel units and 220 recreational vehicle/camping sites within the Coastal Zone. Twenty percent of those hotel motel units shall be maintained in shorefront locations. The City shall not allow any demolitions of affordable hotel/motel units which would allow the coastal zone inventory of such units to drop below the number required by this policy. In order to verify its compliance with this policy the City shall report the inventory of affordable hotel/motel units to the Coastal Commission on an annual basis.

LCP Document No. 0408 “protection of Low and Moderate Cost Hotel and Motel Facilities Under the LCP”

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

VII. New Development and Public Works

1. The City shall deny any project which diminishes public access to the shoreline, degrades coastal aesthetics, or precludes adequate urban services for coastal-dependent, recreation, or visitor serving uses.

1. FINDINGS FOR REJECTION

The proposed amendment raises a number of LUP consistency concerns, including inadequate protection and provision of high-priority visitor-serving uses, inadequate protection of existing lower-cost overnight accommodations, no requirements to provide a range of affordability for new overnight accommodation proposals, conflicting regulations between the Incentive District and the certified zoning, and lack of specificity for the proposed public benefits.

a) Purpose and Intent of the Ordinance.

The purpose and intent of Article 9 (Coast Highway Incentive District) includes the following:

- Incent development and revitalization of the Incentive District by streamlining the development review process and providing development incentives.
- Encourage sustainable, high-quality development consistent with the intent and objectives articulated in the Coast Highway Vision and Strategic Plan.
- Create distinct pedestrian-oriented subareas.

b) Major Provisions of the Ordinance.

The major provisions of proposed Article 9 have been included provided in Section V.A (Amendment Description) above.

As described above, the proposed article raises a number of LUP consistency concerns including inadequate protection and provision for high-priority visitor-serving uses, adequate protection of existing lower-cost overnight accommodations, no requirements to provide a range of affordability for new overnight accommodation proposals, potential traffic and access impacts resulting from additional density and height allowances and reduced parking requirements, conflicting regulations between the Incentive District and the certified zoning, and lack of specificity for the proposed public benefits.

Protection of High-Priority Visitor-Serving Uses

The City's LUP contains a number of provisions that require priority be given to visitor-serving uses, including Policy 8 that specifically requires the City to reserve adequate area along Coast Highway to meet future market demand for visitor facilities to support coastal recreation. Currently there are only two properties within the Incentive District that are zoned as Visitor-Serving Commercial (V-C). Coast Highway is utilized as a prime visitor destination in numerous cities statewide including the cities of Encinitas, Cambria, Big Sur and Santa Barbara. While Coast Highway is located a few blocks inland from the beach in Oceanside, it remains the primary north to south access road within the Coastal Zone and high-priority uses should be located along the entire roadway, but most importantly within the portions of the roadway that intersect with exits along Interstate-5. As proposed, no additional land was designated for these high-priority uses and the area designated for visitor-serving commercial would remain limited to the two existing parcels. Finally, the list of permitted uses proposed for the Incentive District does not include some of the most important visitor-serving uses, such as campgrounds, coastal related uses, recreational equipment/sales, sundries and souvenir shops. Given the limited application of high-priority visitor-serving uses within the Incentive District, the proposed amendment cannot be found as consistent with the LUP.

Lower-Cost Overnight Accommodations

The City's LUP contains policy language mirroring Coastal Act Section 30213 as well as specific policy language that requires the City protect a minimum of 375 lower cost hotel and motel units, including the twenty percent of these hotel/motel units (75 units) that are located in shorefront locations. The LUP further requires protection of no fewer than 220 recreational vehicle/camping sites, all to be provided within the coastal zone.

In November 2016, Commission staff presented a comprehensive study of lower-cost visitor accommodations eliminated from the coastal zone since 1989.⁶ The study considered six cost categories ranging from "economy" to "luxury" and found that 24,720 total economy rooms had been lost, while only 11,247 rooms of the higher cost categories had been lost since 1989.⁷ 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. Of the hotels that are being developed, a greater number of hotels offer high-cost accommodations. The remaining moderate and lower-cost hotels in the coastal zone typically constitute older structures that become less economically viable as time passes. It is often more lucrative for developers to replace these older structures with higher-cost accommodations. Such trends have thus made it difficult for visitors with limited financial means to access the coast; many of these visitors travel from inland locations and 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 lower-cost hotels, camping, and hostel opportunities are in high demand in coastal areas and that there is an ongoing need to provide more lower-cost opportunities along California's coast. In a Coastal Conservancy-commissioned survey conducted in 2017, an assessment of lower-cost 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

In a constantly changing market, it can be difficult to define what price point constitutes lower-, moderate-, and high-cost accommodations for a given area. As such, the Commission has utilized different approaches over time to define such terms, including by considering the unique factual circumstances for each particular project. In previous actions, the Commission has addressed appropriate terms for lower-cost and high-cost hotels, including applying a quantitative methodology for determining what is considered "lower cost." The formula is based on surveyed prices for California hotel and motel accommodations (single room up to double occupancy), and does not account for hostels, RV parks, campgrounds or other alternative accommodations, as these facilities do not typically provide the same level of accommodation as hotels and motels. Rather, hostels

⁶ Ref. Public Workshop: Lower Cost Visitor Serving Accommodations, published by Commission staff on October 26, 2016.

⁷ Public Workshop: Lower Cost Visitor Serving Accommodations, published by Coastal Commission on October 26, 2016.

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

and campgrounds are generally lower-cost, and are the type of facilities that would serve as required mitigation for the loss of lower-cost overnight accommodations.

The formula calculates the average daily rate 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 that have a room rate 25% less than the statewide average daily room rate. This percentage reflects the Coastal Conservancy’s 2019 “Explore the Coast” study,⁹ in which lower cost coastal accommodations were defined as those having a daily rate of 75% or less of the statewide average daily room rate. To obtain data inputs for the formula, statewide average daily room rates are collected monthly by Smith Travel Research and are available on the “Visit California” webpage.¹⁰ To be most useful, 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 lower-cost rate is identified, the Commission has determined that the high-cost rate are generally prices 125% of the statewide average daily room rate. By definition, the hotel rooms that are more expensive than the lower-cost room rate as calculated, but less expensive than the high-cost room rate as calculated, qualify as moderate-cost rooms. First, using the Commission’s methodology to define the lower-cost room price threshold, Commission staff obtained statewide average daily room rates collected monthly for 2022 by Smith Travel Research and available on the “Visit California” webpage, the statewide annual average daily rate (ADR) for coastal overnight accommodations was \$147.83, and based on the above 75% criteria, a daily rate at or below \$110.87 could be considered lower cost, high-cost rate is \$184.78, and the moderate-cost is between \$110.87 and \$184.78.

In 2021, the City of Oceanside approved the redevelopment of a hotel site that would result in the loss of 82 lower-cost hotel units (ref. NOFA No. 6-OCN-21-0973). Commission staff expressed concerns that the conversion of the hotel would reduce the number of lower-cost hotel/motel units in the Coastal Zone below the minimum of 375 units required by the LCP. In response, the property owner completed a survey of the lower-cost motel/hotel units within the City’s Coastal Zone (ref. Table 1).

Table 1 – Survey of Lower-Cost Overnight Accommodations

No.	Description of Property Address of Property	Rooms	% of Total	Coastal	Jul-19 Peak Season	Aug-19 Peak Season
1	Beachwood Motel 210 Surfdrider Way, Oceanside, CA 92054	28	5.9%	Coastal	\$89	\$99
2	Motel 9 822 N. Coast Hwy, Oceanside, CA 92054	47	9.9%	Coastal	\$105	\$85
3	Coast Inn 921 N. Coast Highway, Oceanside, CA 92054	27	5.7%	Coastal	\$89	\$89

⁹ https://scc.ca.gov/webmaster/ftp/pdf/sccb/2019/1903/20190314Board04E_ETCO-Report.pdf

¹⁰ [California Tourism Industry Research | Visit California](#)

LCP-6-OCN-21-0077-2
 Coast Highway Incentive District

4	Hilltop Motel 1607 S. Coast Highway, Oceanside, CA 92054	13	2.7%	Coastal	\$99	\$79
5	Motel 6 Oceanside Marina 901 N. Coast Highway, Oceanside, CA 92054	62	13.0%	Coastal	\$129	\$110
6	Oceanside Inn & Suites 1820 S. Coast Highway, Oceanside, CA 92054	21	4.4%	Coastal	\$119	\$109
7	Days Inn by Wyndham Oceanside 1501 Carmelo Drive, Oceanside, CA 92054	80	16.8%	Coastal	\$145	\$135
8	Rodeway Inn 1103 N. Coast Highway, Oceanside, CA 92054	80	16.8%	Coastal	\$112	\$109
9	Harbor Inn Suites 1401 N. Coast Highway, Oceanside, CA 92054	28	5.9%	Coastal	\$145	\$128
10	Oceanside Inn & Suites 2008 N. Harbor Drive, Oceanside, CA 92054	52	10.9%	Coastal	\$99	\$79
11	La Quinta Inn by Wyndham San Diego 937 N. Coast Highway, Oceanside, CA 92054	38	8.0%	Coastal	\$140	\$135
Total Market Competitive Set:		476	100.0%	Average	\$110	

Based on the survey, which used data from July and August 2019, there were 476 units in the Coastal Zone that met the City’s definition of lower-cost. Since that time, the Rodeway Inn site has been approved to be redeveloped with high-cost accommodations and should not be included in this inventory, reducing the total number of lower-cost accommodations to 396, as calculated by the City’s methodology.

However, the methodology used to define lower-cost in that survey is out-of-date. Firstly, the City’s survey used the average daily rate (ADR) for the City of Oceanside, instead of the statewide ADR methodology used by the Commission, which in this case, significantly increased the threshold of lower-cost from \$110.87 to \$149 per night. For purposes of attracting visitors of all incomes, it is preferable to base the threshold of lower-cost on statewide rates rather than on local rates, which tend to be significantly higher in coastal cities. The City’s survey also utilized a definition for lower-cost which, while is included within the City’s current LCP, is outdated and only applies to development within the Downtown District. Finally, the survey includes only peak rates from the months of July and August and not the average rate for the entire year, which also skews the threshold for lower-cost to be higher. Therefore, for the purposes of that survey, lower-cost was defined as equal to or less than \$149.33/night. As discussed above, using the most recent definition for lower-cost units that is consistent with recent Commission actions, the rate would be equal to or less than \$110.87/night to be considered lower-cost. Using this definition, three of the hotels would likely no longer qualify as lower-cost, including La Quinta Inn by Wyndham (38 units), Days Inn by Wyndham (80 units) and Harbor Inn Suites (28 units), further reducing the total number of lower-cost overnight accommodations to 250 units. The City survey identified that they have 396 lower-cost units, which is above the 375 minimum threshold in the LUP, however this is based on methodology that is out-of-date (originally certified in 2008), and only applicable to the Downtown District; therefore, the subject amendment should update the methodology and apply it the entire coastal zone to be consistent with the LUP requirement to provide a minimum of 375 lower-cost units. The City has not conducted a survey using the most

recent Commission methodology, so it is unclear at this time how many lower-cost units are within the City using the updated methodology.

It should also be noted that while the Coast Highway Corridor contains no shorefront land, the LUP requires that twenty percent (75 units) of lower-cost units are provided on the shorefront. Based on the survey submitted, there are no units available on Oceanside's shorefront that can be considered lower cost, further exacerbating this inconsistency.

Based on the survey provided, six of the seven hotel developments that are currently providing lower-cost units are located along Coast Highway. Additionally, two additional sites within the Incentive District are developed with inherently lower-cost RV and camping facilities. Thus, protecting these sites from redeveloping to other uses or to higher-cost accommodations is critical.

The proposed amendment does not contain any provisions that require new development of overnight accommodations to include a range of affordability and does not require the protection of existing overnight accommodations. It also does not require new development to include lower-cost units as a part of the proposal or payment of a mitigation fee in-lieu of providing lower-cost units on- or off-site. Additionally, given that the current stock of lower-cost overnight accommodations is less than the minimum number of lower-cost units required by the LUP and that the majority of existing lower-cost units are located within the Incentive District, the proposed amendment cannot be found consistent with the requirements of the LUP.

Conflicts with Existing Zoning

As previously described, the intent of Article 9 is to provide an elective overlay for development located within the Incentive District. As proposed, all the sites affected by this overlay would maintain the certified base zoning. Currently, the majority of the Incentive District is zoned as General Commercial (C-2) with three remaining properties zoned as Visitor-Serving Commercial (V-C). Thus, the development regulations that currently apply to the properties are located in Article 11C (Coastal Commercial Districts). Article 11C contains a number of regulations that will be in direct conflict with the regulations proposed by Article 9. Included in these are conflicting regulations for permitted land uses and development standards including setback, height, and parking. As proposed, it is unclear which article should be considered as the standard when the policies conflict. Additionally, Article 11C does not identify that certain properties zoned as Coastal Commercial may also be subject to the regulations contained within Article 9.

Additionally, in 2008, the Commission certified, with several suggested modifications, an LCP Amendment that added Condominium Hotels as a permitted use within the City's Downtown District (ref. LCP No. 2-08 - D Downtown District Resubmittal). One of the modifications certified at that time included definitions for low-, moderate-, and high-cost overnight accommodations within the Downtown District. However, as previously discussed, since that time, the method the Commission uses to define lower-, moderate- and high-cost accommodations has evolved and has been revised. Currently, the LCP uses the Average Daily Rate (ADR) for the City only, while the Commission and other local

jurisdictions use the statewide average. Additionally, the current language utilizes only summer months, which tends to provide a higher ADR, and the Commission currently uses a year-long average. Finally, the existing language defines lower-cost as 82% of the ADR, while the Commission now defines lower-cost as 75% of the ADR. This percentage reflects the Coastal Conservancy's 2019 "Explore the Coast" study,¹¹ in which lower cost coastal accommodations were defined as those having a daily rate of 75% or less of the statewide average daily room rate and is used Statewide in determining what accommodations can be considered lower-cost. Thus, the existing language conflicts with the statewide method to define lower-cost and the two conflicting definitions need to be resolved.

Therefore, the conflicting regulations are not adequate to carry out the applicable policies within the LUP and the amendment cannot be supported as proposed.

Public Benefit Regulations

As proposed, Article 9 includes a number of incentives that will allow new development to exceed maximum residential densities of the underlying zoning district in exchange for community benefits, including a public improvement fee or development of public open space or public parking. However, as proposed, the public open space and public parking requirements do not contain adequate regulations to ensure that the open space areas and parking will be utilized by the public and in perpetuity. Specifically, while the article provides suitable regulations to ensure onsite open space is accessible to the public, the article permits off-site open space with very few restrictions. As proposed, the regulations for on-site open space include that the area must be a minimum of 1,000 sq. ft., shall be directly accessible from the public right-of-way, shall be on the ground floor, will be open without charge between the hours of 6:00 am and 10:00 pm and must include landscaping, seating, refuse and recycling receptacles and signage indicating it as a public space. Off-site open space requirements, however, include only that the site must be within 1,320 feet of the project site, shall be improved concurrent with the project, and can be publicly or privately maintained. Any required open space located either on- or off-site should be developed in a manner that will ensure adequate public benefit. Given that the requirements for off-site open space do not ensure adequate public use, inconsistent with the public access provisions of the LUP, the revisions cannot be supported as proposed.

The provisions regarding public parking requirements also do not provide the level of detail necessary in order to ensure that the spaces will be utilized by the public. As currently proposed, there are no requirements for how the parking spaces will be located and no signage is required. Given that the increase in density will result in additional pressure on the existing public parking stock, it is critical that any public parking developed through the incentive program is easily accessible to the public. Without adequate access or signage, the proposed parking spaces may be hard to find, or unclear if available to the public, and may result in adverse impacts to public access, inconsistent with the LUP.

2. FINDINGS FOR CERTIFICATION AS MODIFIED

¹¹ https://scc.ca.gov/webmaster/ftp/pdf/sccbb/2019/1903/20190314Board04E_ETCO-Report.pdf

For the reasons detailed above, the City's request to certify Article 9 into its LCP Implementation Plan (IP) cannot be supported as proposed. To address the concerns identified thirteen suggested modifications have been included. The suggested modifications can be broken into four categories including: 1) protection of high-priority visitor-serving uses, 2) protection of lower-cost overnight accommodations, 3) prevention of conflicts with existing zoning, and 4) ensuring public benefits. Only as revised through the thirteen suggested revisions can the City's request to certify Article 9 as a part of the City's IP be found consistent with the certified LUP.

Protection of High-Priority Visitor-Serving Uses

As previously discussed, one of the primary concerns raised by the proposed amendment is the expansion of permitted uses within parcels zoned to provide visitor-serving commercial uses. **Suggested Modification No. 12** revises the "Purpose and Intent" section of Article 9 to include that visitor-serving uses, including affordable options, should be both encouraged and provided. Additionally, **Suggested Modification No. 15** adds the high-priority visitor-serving uses permitted in the City's commercial zones into the Incentive District, including Campgrounds and RV Parks, Recreational Equipment Rental/Sales Coastal Related Uses, Commercial Fishing Diving and Sportfishing Supplies and Services, Community Buildings and Public Uses, Gifts, Sundries, and Souvenir Shops, and the modification adds Lower-Cost Overnight Accommodations as a new use.

Lower-Cost Overnight Accommodations

Modifications are also necessary to ensure that existing lower-cost overnight accommodations are protected, and that new high-cost accommodations either include lower-cost options, when feasible, or otherwise provide appropriate mitigation. **Suggested Modification Nos. 6, 8, 9, 15, 18** will insert similar provisions regarding lower-cost accommodations within the appropriate sections of the City's IP.

First, the suggested modifications add a new use type - Lower-Cost Overnight Accommodations – within the residential and commercial zones as well as the Incentive District. Subsection (a) of the suggested modifications 6, 8, 9, 15, and 18 adds that lower-cost overnight accommodations, such as campgrounds/cabins, hostels and budget/economy hotels and motels, shall be given priority above all other accommodation development.

Section (b) of these suggested modifications defines lower- moderate- and high-cost accommodations. Lower-cost accommodations are defined as those that have an annual average rate equal to or less than 75% of the statewide average. Moderate-cost is defined as between 75% and 125% of the statewide average. High-cost is defined as 125% or greater than the statewide average.

In order to protect the current stock of affordable accommodations, Section (c) of these suggested modifications prohibits the removal/conversion of all existing lower-cost accommodations, including the six hotels and two RV camping sites within the Incentive District, unless replaced at a 1:1 mitigation ratio with a facility comparable in function,

location and cost. If, in the future, the City can provide a survey that confirms the inventory of existing lower-cost accommodations are above the minimum number of units required by the LCP (375), removal/conversion of existing lower-cost hotel/motels units may be permitted if adequate in-lieu fees are provided. That said, the City's LCP also requires the protection of at least 220 camping sites in the City's Coastal Zone. Thus, conversion of the two existing RV parks would be consistent only if the conversion would not reduce the inventory of camping spots within the Coastal Zone to below 220 spaces.

With regard to development of new accommodations, Section (d) of these suggested modifications provides 25% as the minimum percentage of lower-cost accommodations to be provided for any new development. In the past, the Commission has required new higher cost hotels to include at least 25% of the rooms as lower-cost accommodations or provide mitigation in-lieu of providing lower-cost rooms, including through prior LCP policies as well as in individual projects. The Commission thus, as a matter of policy, has sought to ensure that new overnight accommodations in the coastal zone provide at least 25% lower-cost accommodations to help maximize public access and recreational opportunities, and particularly lower-cost opportunities, as required by the City's LUP. Requiring provision of at least 25% lower-cost accommodations ensures that, even as the trend toward higher-cost hotel rooms in the coastal zone continues, some lower-cost overnight accommodations will still be provided.

While the modifications make clear that the preference for proposed moderate- and high-cost hotels include a lower cost component onsite, an in-lieu mitigation fee option is possible depending on a feasibility study. Section (e) of these suggested modifications requires an analysis of the feasibility of providing lower-cost accommodations for any application involving the demolition, conversion or construction of any overnight accommodations. The intent of the study is to explore what is feasible, and if the conclusion for a particular application is that providing lower-cost accommodations is infeasible, to explain why. The analysis requires a breakdown in the estimated annual revenues, development costs, and operational costs. If the feasibility analysis confirms that providing lower-cost rooms as a part of the development is infeasible either on- or off-site, in-lieu fees may be required.

In 2014, following Commissioner questions regarding the adequacy of the in-lieu fee for lower-cost accommodations at Commission hearings, Hostelling International provided an updated report representing the true construction costs of a new hostel, which stated that new construction costs approximately \$42,120 per hostel bed without the cost of land acquisition. In order to verify this information, the Commission consulted Maurice Robinson & Associates. Robinson concurred with the figures and stated:

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

The Turner Building Cost Index is used widely by federal and state governments to

measure costs in the non-residential building construction market in the United States.¹² Robinson further expanded on the cost of providing motel or hotel rooms rather than hostel beds and estimated:

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

A standard hotel or motel room (250 sq. ft. average) represents a much larger space than a single hostel bed. The cost of constructing new low-cost hotel room is significantly higher than replacing them with hostel beds. Following this information and suggestion, the Commission required new high-cost hotel projects and projects that eliminated existing lower-cost overnight accommodations to pay an in-lieu mitigation fee of \$100,000 per required lower-cost room not provided onsite.¹³ This requirement was based on information provided in 2015. However, when considering the approximate 27% increase in the Turner Building Cost Index in the last seven years (likely related to inflation and other factors), the estimated cost of constructing a lower-cost hotel or motel room has increased from \$100,000 per room to \$137,00 per room, as of December, 2022.¹⁴

In addition, while some visitors may be willing to stay in the type of shared accommodations provided by hostels, many prefer to stay in more comfortable rooms. The replacement of lower cost hotel or motel rooms with hostel beds polarizes the overnight visitor serving accommodation types remaining into two options: high-cost hotel rooms or hostels beds in shared rooms, which may inhibit some members of the public from receiving overnight access to the coast. The mid-range affordable overnight options are effectively eliminated by this replacement method. The same principle is true for mitigating the loss of lower-cost hotel rooms with RV parks or campgrounds.

The suggested modifications require that if construction of new lower-cost rooms is infeasible on- or offsite, an-lieu mitigation fee shall be required, and that it shall be increased over time using the Turner Building Cost Index. The current in-lieu fee amount adjusted using the Turner Index is \$137,000 per room. The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations within the coastal zone in the surrounding area. All in-lieu fee payments shall be deposited into a fund to be established and managed by the State Coastal Conservancy, or a similar entity approved by the Executive Director of the California Coastal Commission, which shall be in an interest-bearing account and shall only be used for the provision of new lower-cost overnight accommodations. Funds may be used for activities including land

¹² The Turner Building Cost Index is used widely by federal and state governments to measure costs in the non-residential building construction market in the United States. (Ref. <http://www.turnerconstruction.com/cost-index>)

¹³ Ref. CDP 5-18-0872 (Sunshine Enterprises, LP), CDP 5-20-0181 (B&J Capital Group Investments)

¹⁴ The Turner Building Cost Index was 943 for 2015 and 1295 for 2022. The figures are $1295 - 943 = 352 / 943 = 0.37 * 100\%$, which result in a 37% increase since 2015.

acquisition, construction, and/or renovation that will result in the provision of additional lower-cost visitor accommodations, as well as permitting costs.

In summary, Suggested Modification Nos. 6, 8, 9, 15, 18 will ensure that all existing lower-cost accommodations are protected from conversion to other uses or to high-cost accommodations and will ensure that new development prioritize and provide lower-cost accommodations. If lower-cost accommodations are found to be infeasible both on- and off-site, in-lieu fees will be required. Only through the inclusion of these five suggested modifications can the proposed amendment be found consistent with the applicable policies of the LUP.

Conflicts with Existing Zoning

As proposed, the provisions of Article 9 will conflict with a number of certified policies located in others section of the City's IP. Specifically, Article 9 includes modified design standards and permitted uses within the Incentive District, without modifying the zoning for the sites. **Suggested Modification Nos. 10 and 11** make it clear that for properties that are commercially zoned and also located in the Coast Highway Incentive District, the permitted uses and design standards are located in both Article 9 (Coast Highway Incentive District) and Article 10 (Coastal Commercial Zone).

As proposed, the boundaries of the Incentive District may be revised administratively. However, because the Incentive District is also part of the LCP, **Suggested Modification No. 13** clarifies that any changes to the Incentive District boundaries also require an LCP amendment.

In April of this year, the Commission certified the City's Climate Action Plan ordinances as a part of its IP, including requirements for new development to include renewable energy sources (solar panels) and electrical vehicle (EV) charging stations (ref. LCP-6-OCN-20-0088-3). Because the Incentive District was approved by the City before finalization of the Climate Action Plan ordinances, references to these standards were not included in the City's amendment request. Therefore, **Suggested Modification Nos. 16 and 17** clarify that new development is also subject to the renewable energy and EV charging station requirements of the Climate Action Plan ordinances.

Finally, as previously discussed, Article 4a of the City's Implementation Plan defines low-moderate- and high-cost accommodations within the City's Downtown District. However, the definitions were certified in 2008 and are no longer the definitions used by the Commission or other local jurisdictions. Therefore, **Suggested Modification No. 7** removes the outdated language for the Downtown District and replaces with the definition for lower- moderate- and high-cost accommodations being proposed for the remainder of the City's Coastal Zone.

Public Benefit Regulations

As previously discussed, Article 9 contains a number of public benefit requirements for projects requesting density above that permitted by the base zone. These benefits include

open spaces and public parking. However, the requirements associated with these benefits, if located offsite, do not provide sufficient detail to ensure the areas will be effectively utilized by the public. Therefore, **Suggested Modification No. 14** requires that off-site open space be subject to the same requirements as on-site open space including that the area must be a minimum of 1,000 sq. ft., be directly accessible from the public right-of-way, be on the ground floor, be open to the public without charge between the hours of 6:00 am and 10:00 pm and must include landscaping, seating, refuse and recycling receptacles and signage indicating it as a public space.

With regard to public parking, **Suggested Modification No. 14** requires that any public parking developed as a public benefit shall be located directly accessible from the public right-of way and include signage indicating spaces are free and available to the public. Only as revised can adequate use of the public benefits be ensured consistent with the requirements of the LUP.

VI. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 21080.9 of the California Environmental Quality Act (CEQA) exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its local coastal program. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP submission.

Nevertheless, the Commission is required in an LCP submittal or, as in this case, an LCP amendment submittal, to find that the LCP, or LCP, as amended, does conform with CEQA. The Commission finds that approval of the proposed land use and ordinance amendments, as submitted, would result in significant impacts under the meaning of the California Environmental Quality Act, including impacts relating to public access, public recreation opportunities, protection of lower-cost overnight accommodations, including protection of existing facilities located within the Coast Highway Corridor, inconsistencies with the certified LCP and lack of specificity for the proposed public benefits. However, as amended, the impacts would not result in significant impacts to the environment within the meaning of the California Environmental Quality Act. Therefore, the Commission finds that approval of the LCP amendment, as modified, will not result in any significant adverse environmental impacts.