

# **INFORMATIONAL BRIEFING ON LOWER-COST OVERNIGHT ACCOMMODATIONS**

July 11, 2024

# BRIEFING AGENDA

- Staff Presentation
- Public Comment
- Commission Discussion



# TYPES OF ACCOMMODATIONS

Overnight Accommodations can include:



Hotels



Cabins



Campgrounds



Hostels



RV Parks



Short-Term Rentals



Motels



Yurts

# INTRODUCTION

**Lower Cost Overnight Accommodations (LCOAs)** are generally taken to mean those that are priced to allow use for lower- and middle-income coastal visitors.

# COASTAL ACT AUTHORITY

## Section 30210

[...] maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people [...]

## Section 30213

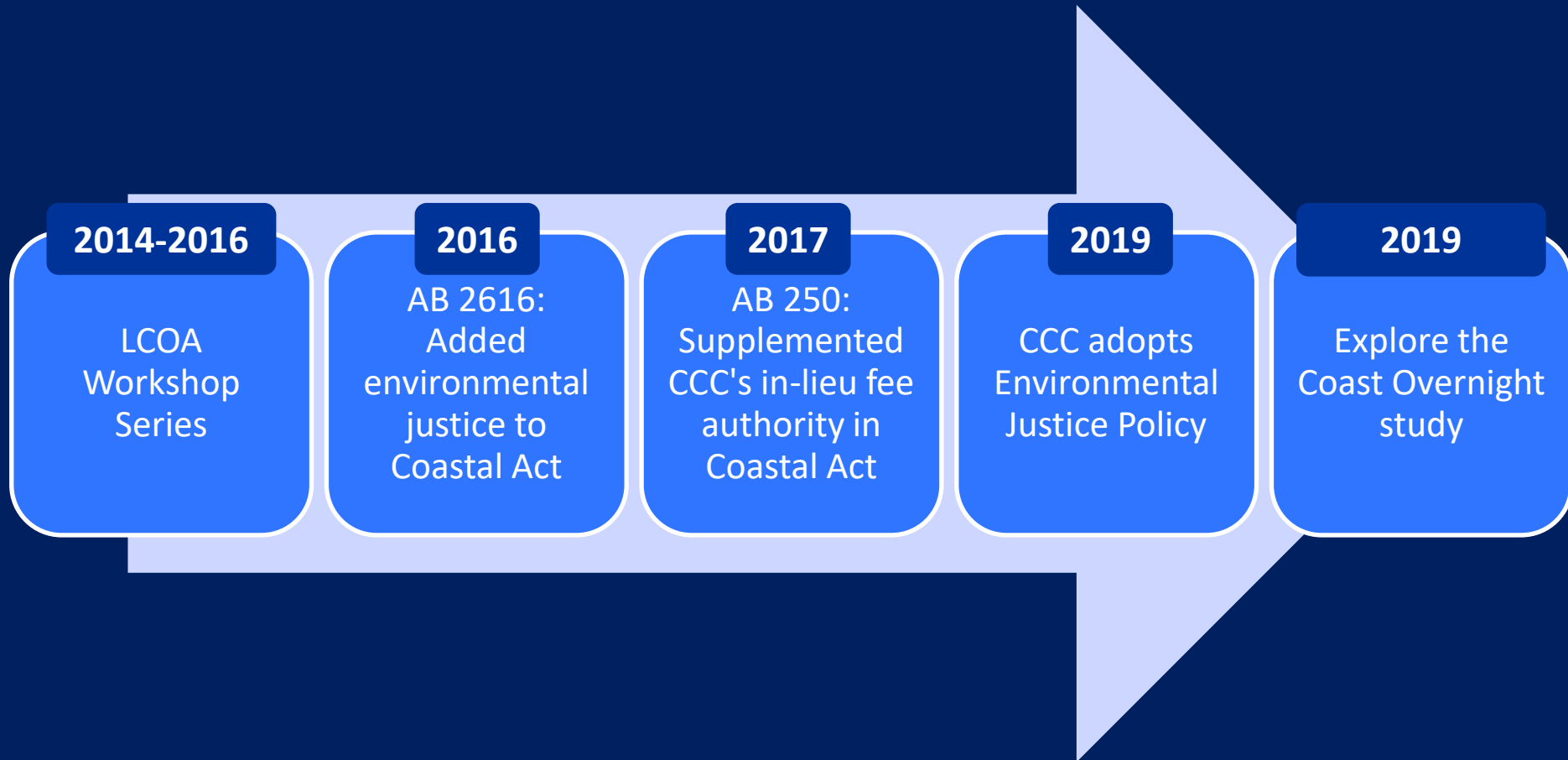
Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

# COASTAL ACT SECTION 30213

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

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

# SECTION 30213: BACKGROUND



# MARKET CONDITIONS

**70%**

Of all coastal hotel rooms eliminated between 1989 and 2016 were economy rooms

**21%**

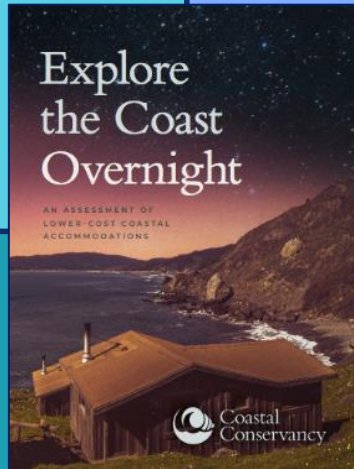
Of all coastal overnight accommodations qualified as lower cost in 2016

**62%**

Of that 21% were in private ownership and thus at risk of conversion

**45%**

Of Californians cited financial reasons for not staying overnight on the coast





# IMPLEMENTING SECTION 30213

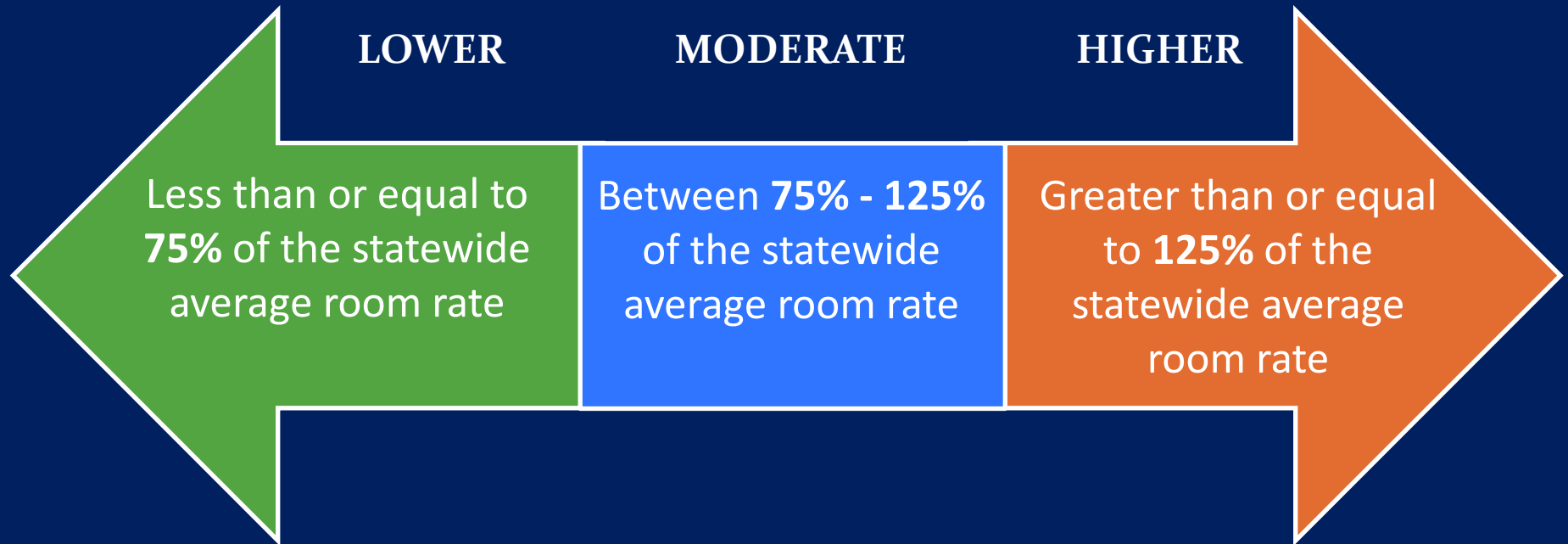
## Protecting

- New hotels that cause the loss of existing lower-cost units must generally provide 100% replacement of those units.
- The Commission has also sometimes required the loss of existing moderate cost units to be mitigated.

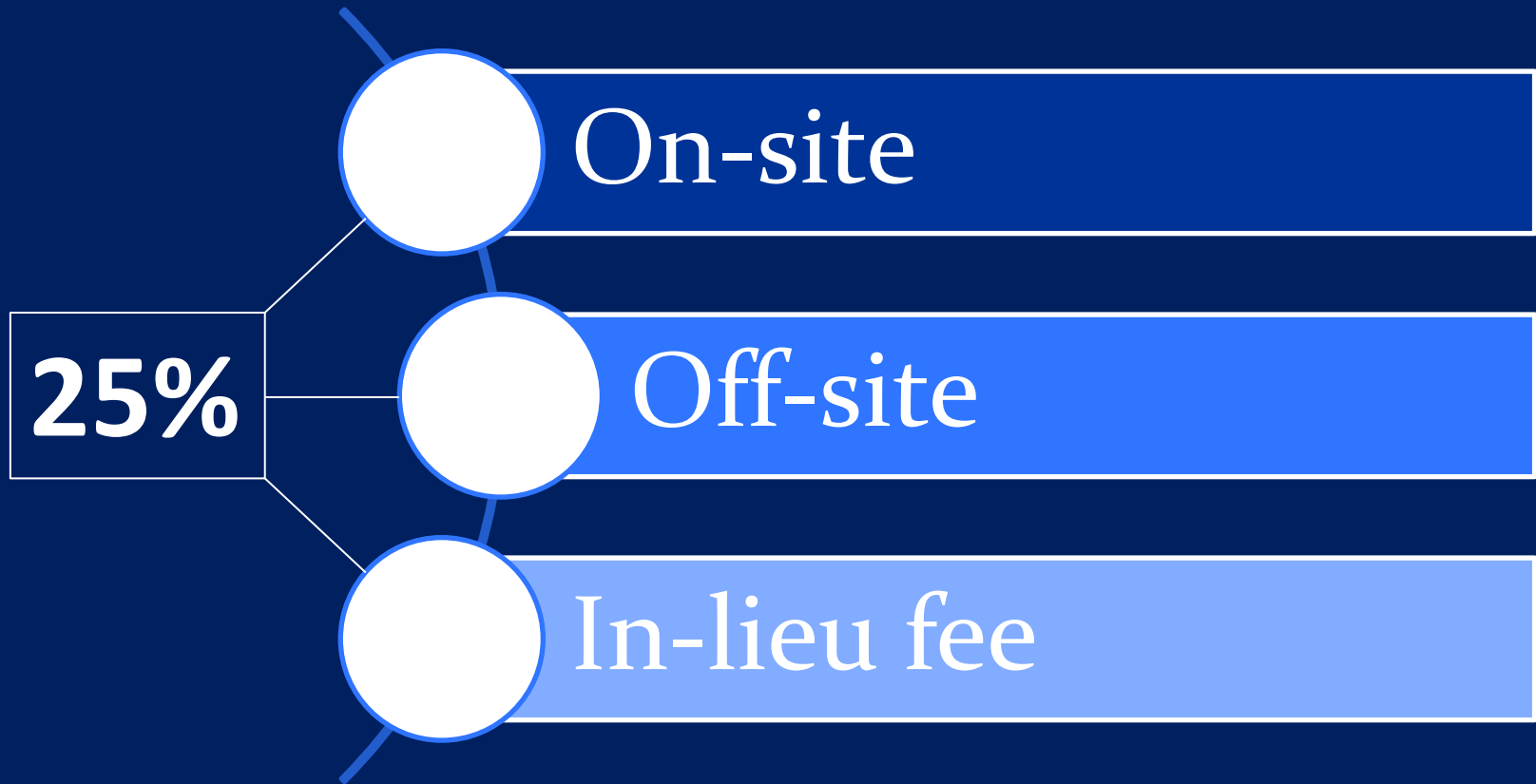
## Providing

- New hotels should provide a range of opportunities for visitors of all income levels.
- The Commission has typically required about 25% of new higher-cost hotel units to be provided at lower cost.

# DEFINING COST THRESHOLDS



# PRIORITIZATION OF APPROACHES UNDER SECTION 30213



# ON-SITE



**Dillon Beach Resort**  
(CDP No. 2-20-0018)



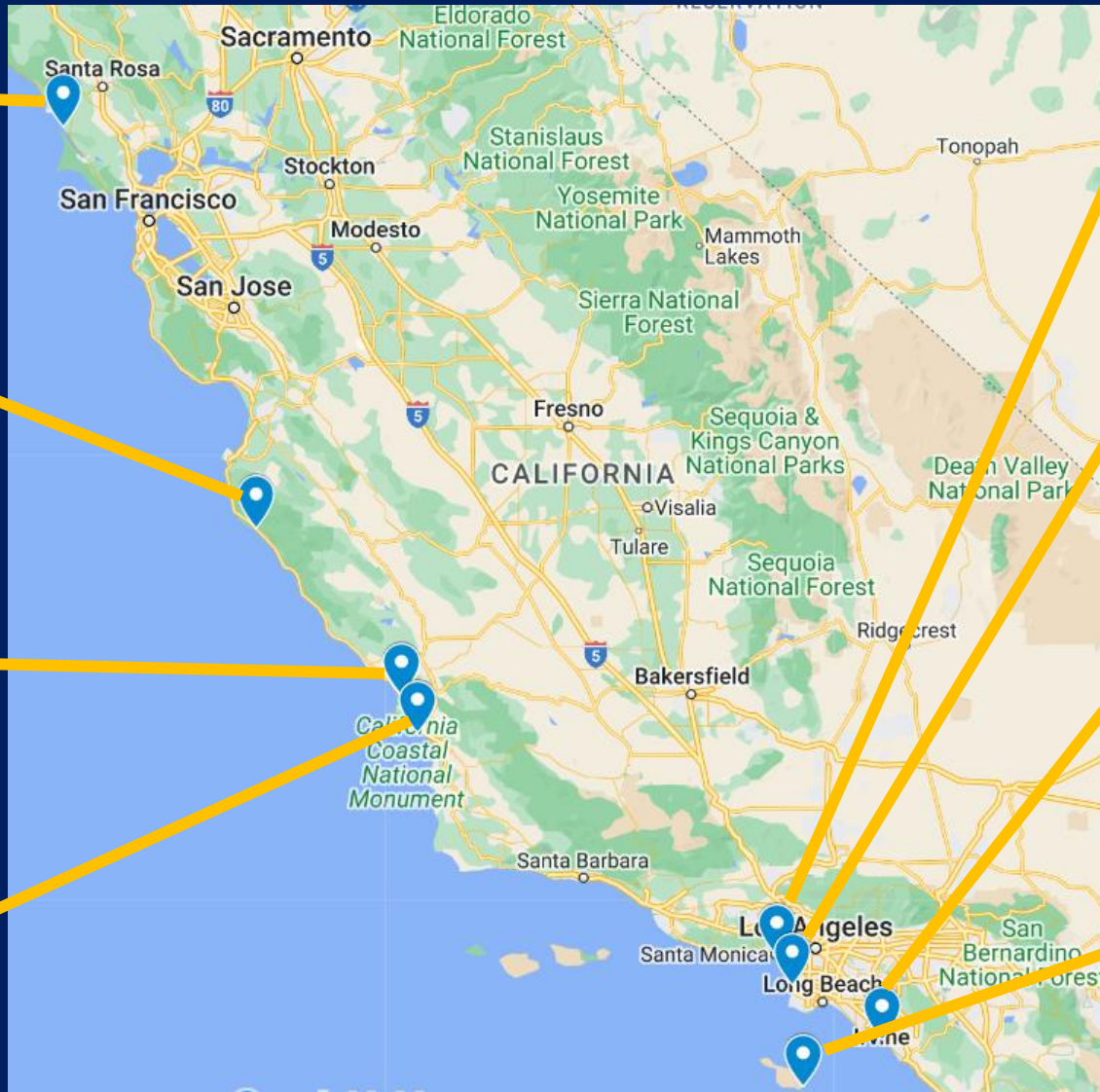
**Alila Ventana Big Sur**  
(CDP No. 3-82-171)



**Salty Sister Boutique Hotel**  
(CDP No. 3-16-0287)



**Flying Flags Avila Beach**  
(LCPA No. SLO-1-05)



**Shore Hotel**  
(CDP No. 5-18-0872)



**SW Beach Hotel**  
(CDP No. 5-20-0597)



**Crystal Cove Cottages**  
(CDP No. 5-16-0552)



**Hermit Gulch Campground**  
(CDP No. 5-82-316)



# ON-SITE PROGRAMMING



The American Tin Cannery Hotel Resort (CDP No. A-3-PGR-22-0004) would provide at least 300 “bed-nights” per year at no or lower cost to programs that serve school groups, lower-income communities, and other underserved populations



# OFF-SITE



**The Wayfarer Hostel, a lower-cost hostel required as offsite component of Santa Barbara Hilton Resort (CDP No. 4-81-205)**



# IN-LIEU FEES



HI Santa Monica Hostel



Crystal Cove Cottages



Fostering Interest in Nature Program (Newport Beach)



Tijuana River Valley Campground



San Mateo State Park Campground



Sonoma Coast State Park Campground

# IN-LIEU FEES REQUIRED BY CCC

<b>Total Required</b>	<b>\$57.9 million</b>
Total Collected (excludes un-issued permits)	\$40.0 million
Total Spent	\$22.9 million
Total Available (includes interest, excludes spent)	\$19.2 million
Total Funds Remaining Without a Target Project	\$8.2 million



# CURRENT IN-LIEU FEE CALCULATION

Planning &  
Development Costs



Adjust for Turner Building  
Cost Index

Based on Hostelling International's  
estimate for hostel development in 2014

A national index for calculating inflation  
in materials and labor costs

**Current value =  
\$149,311 per room**

# POTENTIAL IN-LIEU FEE ELEMENTS

UPDATED Planning &  
Development Costs  
(About 2x current approach)

Based on updated Hostelling International  
estimate for hostel development



10% admin costs



Land costs



Operation costs



Programming



Adjust for California  
Construction Cost Index

A California-specific index for  
calculating inflation in  
materials and labor costs

# CASE STUDIES



American Tin Cannery (Pacific Grove)



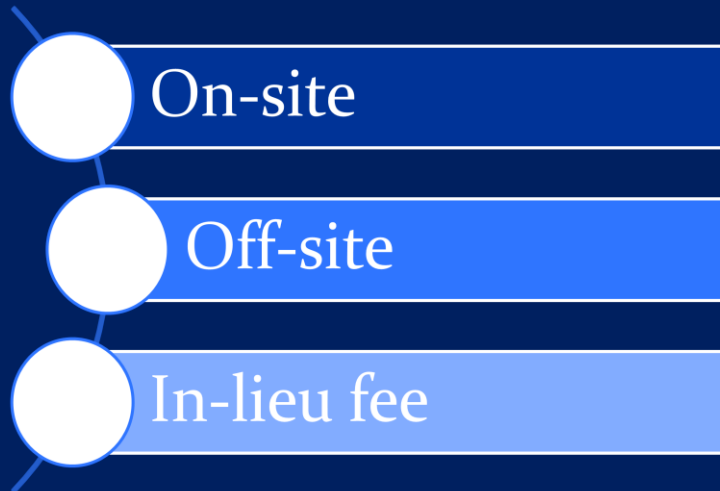
Harbor Hotels (Dana Point)



Ocean Avenue Hotel (Santa Monica)

# OPEN DISCUSSION

## PRIORITIZATION



## IN-LIEU FEE ELEMENTS

