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Date: July 18, 2024

To: COMMISSIONERS AND INTERESTED PERSONS

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Subject: STAFF RECOMMENDATION ON CITY OF NATIONAL CITY MAJOR
AMENDMENT NO. LCP-6-NLC-23-0012-1 (National City Balanced Plan) for
Commission Meeting of August 8, 2024

SYNOPSIS

The subject City of National City Local Coastal Program (LCP) land use plan amendment was submitted on May 3, 2023, and filed as complete on June 5, 2023. A one-year time extension was granted on August 10, 2023. As such, the last date for Commission action on this item is October 11, 2024. The subject amendment request was included in the City's first major LCP amendment package for the 2023 calendar year, which consisted only of the subject amendment.

SUMMARY OF AMENDMENT REQUEST

The City of National City (City) is requesting an amendment to its certified Land Use Plan (LUP) to remove 12.4 acres of land from the LUP that is owned by the Port, redesignate five City-owned parcels from Industrial to Tourist Commercial, and update text and policies to incorporate those changes and take sea level rise into account.

SUMMARY OF STAFF RECOMMENDATION

Staff is recommending denial of the LUP amendment as submitted, then approval with suggested modifications.

The proposed amendment would implement the National City Balanced Plan (NCBP), a joint planning effort by the City of National City and the San Diego Unified Port District (Port) for the development of an approximately 77-acre planning area, spanning both City and Port jurisdiction, that includes 58 acres of land area and 19 acres of water area. Implementation of the NCBP also requires a separate amendment to the Port Master Plan which will be reviewed by the Commission at a later date¹.

The entire planning area is located within the Coastal Zone; however, only a small portion of the land area, located within the inland portion of the bayfront, is under the coastal permit authority of the City. The waterfront area is also within the Coastal Zone; however, it is under the jurisdiction of the Port and United States military ([Exhibit 2](#)).

According to CalEnviroScreen, a screening methodology developed by the California Office of Environmental Health Hazard Assessment that can be used to help identify California communities that are disproportionately burdened by multiple sources of pollution, most of National City ranks in the top 25% of the most pollution-burdened and population-sensitive communities in California. There are no existing residential uses in National City's Coastal Zone, however, pollution from maritime and industrial operations and lack of public access to the waterfront have been ongoing burdens to the nearby, predominantly Latin-American community.

The majority of the development proposed in the NCBP would occur in the Port's jurisdiction, with only a land use designation change and rerouting of the Bayshore Bikeway proposed in the City's jurisdiction. However, several Coastal Act issues are not sufficiently addressed in the amendment as submitted, and staff is recommending suggested modification to ensure consistency with the Chapter 3 policies of the Coastal Act. The outstanding issues are cited below, along with a brief summation of recommended modifications:

1. Visitor Serving Uses. The proposed amendment would redesignate the land use of five parcels from Industrial to Tourist Commercial, which would allow future hotel uses. Only one hotel is currently located within the Coastal Zone of National City. The hotel is considered moderate-cost.

The subject amendment does not contain policies that would prevent a new hotel development from being entirely high-cost or, if lower-cost rooms cannot be accommodated in the new development, require the developer to financially assist in the future development of lower-cost overnight accommodations elsewhere in the Coastal Zone. Therefore, **Suggested Modification No. 2** adds language to require new visitor serving accommodation developments to provide a range of affordability such that at least 25% of the number of proposed high cost units are lower cost; or, if this cannot feasibly be provided on-site, require such new higher cost developments to

¹ A Port Master Plan Amendment for the National City Balanced Plan (PMPA No. 6-PMP-23-0002-1) was submitted and under review by Commission staff with the intention of bringing the PMPA to the Commission concurrently with the subject LCPA. However, the PMPA was withdrawn by Port staff in April 2024 to allow additional time to address Commission staff's concerns before the deadline for Commission action expired.

provide mitigation off-site by contributing to the construction or funding of a new lower cost accommodation development equal to 25% of the proposed high cost units.

However, because the subject parcels are located inland, there are a large number of lower-cost rooms currently located near the Coastal Zone, and taking into account the City's status as a disadvantaged community, **Suggested Modification No. 2** would allow the City to construct an inventory of 150 new higher-cost hotel rooms within the coastal zone without the accompanying lower-cost requirements identified above, provided that the City preserves at least 184 rooms (50% of inventory) of the existing (as of 2024) 368 lower-cost visitor accommodation units within a half-mile of the Coastal Zone. In addition, the developer would be required to include a Community Benefits Program that provides lower-cost access opportunities to community members.

In addition, the LUP does not contain policies that would require replacement of these lower-cost rooms if redevelopment occurs. The suggested modification also requires no net loss of lower-cost overnight accommodations.

2. Marine-related and -dependent Uses. The certified LUP requires that when different land uses compete for available industrial land, priority shall be given to marine-related industrial uses; however, the proposed amendment would modify the requirement to apply to marine-dependent industrial uses only. **Suggested Modification No. 4** requires that, when different industrial uses are competing for a specific location, priority is first given to coastal-dependent uses and then to coastal-related use, consistent with the Coastal Act.
3. Visual Resources. The City also proposes to remove references to the visual protection policies in the Harbor District Specific Plan, which is the certified IP for this area, and instead reference the "Balanced Plan." However, design elements and protection of vistas should continue to be identified in the certified LCP until an amendment to the IP is proposed and certified that includes equivalent provisions for the protection of visual resources. Thus, **Suggested Modification No. 3** requires that Policy 4 remains as previously certified by the Commission.
4. Coastal Hazards. The proposed policies include deviations from the Guiding Principles in the Commission's 2018 Sea Level Rise Guidance that could result in confusion and limit implementation of the policies; as such, **Suggested Modification No. 5** makes several revisions to clarify the hazards policies.
5. LCP Amendment No. 1-98A. The proposed amendment submittal did not include revisions to the LUP that were certified by the Commission in LCP Amendment No. 1-98A ([Exhibit 7](#)). Thus, **Suggested Modification No. 6** requires the applicant to incorporate the modification in that amendment into this final document.

Finally, the City has proposed a number of revisions to the amendment following coordination with Commission staff that mostly involve removing proposed language and keeping language that was proposed to be deleted until such time that the comprehensive update occurs. These modifications are shown in [Exhibit 5](#). **Suggested Modification No. 7** requires the applicant to incorporate these City-proposed modifications into the final document.

The appropriate motions and resolutions begin on page 6. The suggested modifications begin on page 7.

BACKGROUND

The Commission certified the National City Land Use Plan (LUP) on April 14, 1988 and Implementation Plan (IP) on December 11, 1990. The LCP has been amended five times in July 1991, June 1993, April 1997, October 1998, and November 1998. The subject submittal represents the City's sixth amendment to its certified LCP.

ADDITIONAL INFORMATION

Further information on the City of National City LCP amendment LCP-6-NLC-23-0012-1 may be obtained from Melody Lasiter, Coastal Planner, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

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EXHIBITS

[Exhibit 1 – Location Map](#)

[Exhibit 2 – Jurisdiction and Coastal Zone Boundary](#)

[Exhibit 3 – Proposed Land Use Plan](#)

[Exhibit 4 – City of National City Resolution No. 2023-34](#)

[Exhibit 5 – City Requested Revisions \(Suggested Modification No. 10\)](#)

[Exhibit 6 – Revised Figure 2](#)

[Exhibit 7 – LCPA No. 1-98A \(Suggested Modification No. 11\)](#)

I. OVERVIEW

A. LCP HISTORY

The Commission certified the National City Land Use Plan on April 14, 1988. On December 11, 1990, the City's Implementation Plan was also certified but, in its action, the Commission required a specific plan to be prepared for the Harbor District Specific Area to function as a component of the City's Implementation Plan and stipulated that the coastal development permit issuing authority would not be transferred to the City for these areas until specific plans were adopted by the City and certified by the Commission. The Harbor District Specific Plan was approved in November 1998, as the fifth amendment to the LCP, and the City assumed permit authority for this area at that time. This submittal represents the City's sixth amendment to its certified LCP.

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

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 City of National City 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 National City certified LCP 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 National City 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.

III. SUGGESTED MODIFICATIONS

Staff recommends the following suggested revisions to the proposed Implementation Plan be adopted. The underlined sections represent language to be added, and the ~~struck-out~~ sections represent language to be deleted.

1. Renumber the Executive Summary with consecutive numbers.
2. On page 22 in Chapter IV: Recreation, add new policies 7 and 8 to address lower-cost overnight accommodations:

7. Coastal Act Section 30213, states: Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided.

Developments providing public recreational opportunities are preferred. The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, 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.

National City does not have any parks or waterside amenities, such as public fishing piers or launch areas for motorized and non-motorized watercraft, within its coastal jurisdiction. Those aforementioned waterside features are all present and available to the public within the adjacent Port District's jurisdiction and the City intends to provide equitable opportunity to access these waterside features.

National City is a disadvantaged and low-income community as identified by the California Environmental Protection Agency. Approximately 20% of the City's residents are below the federal poverty level and approximately 45% of its residents are in economic hardship. National City is one of the lowest income cities in the Coastal Zone in Southern California, if not the lowest. The area of National City west of Interstate 5, which includes the Coastal Zone, has also been impacted by the pollution and environmental impacts associated with the adjacent industrial marine terminal, adjacent military operations, and Interstate 5 freeway impacts.

Considering this situation, and as previously described, the premise of the Balanced Plan was to formulate a collaborative City/Port plan that would serve as the basis for creating enhanced public access as well as visitor-serving and recreational opportunities while protecting coastal resources and maritime-related industries. The implementation of this Plan would help set in motion the Port and City's efforts to improve the waterfront area with park expansion, infrastructure improvements, enhanced boating opportunities, and economic drivers that would help generate momentum to invest in the Coastal Zone and adjacent City areas west of Interstate 5. It is this type of investment that is needed to help generate much needed revenues that would support the City's efforts to improve and change the community.

As part of the Balanced Plan, the City intends to provide new visitor-serving accommodation opportunities within the Coastal Zone, which includes the Successor Agency's parcels located north of Bay Marina Drive, west of Interstate 5 and south of West 23rd Street as described in the Balanced Plan section of this LCP. Consistent with the Coastal Act, it is the City's policy to encourage the development of opportunities for a variety of visitors to access, recreate, and stay overnight in the National City waterfront. Development permittees are encouraged to provide a variety of lower cost visitor and recreational facilities to improve coastal access where feasible.

Lower-cost visitor accommodations will be facilitated by protecting, encouraging, and where feasible, providing such lower-cost overnight accommodations. Specifically:

- a) New hotel and motel development within the City's Coastal Zone shall provide a range of room types and sizes in order to serve a variety of income ranges.
- b) An inventory of 150 new higher-cost overnight accommodation units may be constructed in the City's Coastal Zone without accompanying lower-cost requirements identified in this Policy, subdivision(c) provided that the City preserves at least 184 rooms (50% of inventory) of the existing (as of 2024) 368 lower-cost visitor accommodation units within 0.5 miles to the Coastal Zone. In order to verify compliance with this policy, the City shall report the inventory of such lower-cost accommodation units to the Executive Director of the Coastal Commission prior to the approval of the 150 new higher-cost accommodation units.
- c) If and when that inventory of 150 higher-cost units in this Policy, subdivision(b), is met, thereafter all new or remodeled higher-cost visitor-serving accommodations in the Coastal Zone shall be required to provide 25% of the new or remodeled higher-cost rooms as lower-cost visitor-serving accommodations. These accommodations may be provided through:
 - 1) Construction of new lower-cost units onsite or offsite within the City's Coastal Zone;
 - 2) Conversion of existing higher-cost or moderate-cost overnight accommodation units to lower-cost overnight accommodation units;
or
 - 3) Contribution to an in-lieu fee program, only where the construction of new lower-cost units or conversion of existing units to lower-cost is determined to be infeasible pursuant to a feasibility analysis.
- d) An in-lieu mitigation fee shall be based on approximate construction costs per room, adjusted for inflation using a building cost index such as the California Construction Cost Index, as applicable, plus land cost by square footage, shall be required. Construction costs shall be based on approximate hard and soft costs of building at least 25% of the proposed units as lower-cost accommodations on-site or shall be based on a comparable per-room construction cost estimate. Land cost calculations shall be based on the average square footage of commercial land sales in the City over the past five years based on a certified appraisal.
 - 1) The fee shall be used for construction of new lower-cost hotel rooms or other inherently lower-cost accommodations (e.g., motels, hostels, campgrounds, cabins) within the Coastal Zone in the City.

- 2) 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 permitting authority.
- 3) 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.
- 4) If any portion of the in-lieu fee remains five years after the date of deposit into the interest-bearing account, the funds may be used to provide lower-cost overnight accommodations outside of the City, within the San Diego County Coastal Zone.
- e) Lower-cost overnight accommodations in the Coastal Zone shall not be removed or converted unless replaced at a 1:1 ratio with units comparable in function, amenities, location, and cost to the public.

Lower-cost overnight accommodations are defined as overnight accommodations with an annual average daily room rate (ADR) equal to or less than 75% of the annual statewide ADR; high-cost overnight accommodations are defined as overnight accommodations with an annual ADR equal to or greater than 125% of the annual statewide ADR; and moderate-cost overnight accommodations are defined as overnight accommodations with an annual ADR between 75% and 125% of the annual statewide ADR.

8. In lieu of providing lower-cost overnight accommodations, the construction of the 150 new high-cost hotel rooms detailed in Policy 7(b) shall include a Community Benefits Program that provides lower-cost coastal access opportunities as conditions of approval for the requisite coastal development permit. The Community Benefits Program shall be reviewed and approved by the City and shall include, at minimum:

- A description of all community benefits and a process to add to the list of community benefits.
- Identification of all reviews, permits, and approvals that may be needed to implement these community benefits.
- A proposed schedule to complete implementation, which shall ensure community benefits are provided prior to or concurrent with the operation of the hotel(s).
- Targeted marketing and outreach strategies to ensure the benefits are reaching and prioritizing National City residents in an equitable manner.

- A monitoring plan.
- Annual report to the City identifying community benefits and evidence of the services provided.

To develop the Community Benefit Program, the developer will provide a Community Engagement Plan, for review and approval by the City, that describes how the developer will provide opportunities for National City community members to identify public access priorities and projects for the benefit of National City residents. The Community Engagement Plan shall:

- a) Describe a community engagement strategy using community-centered and culturally relevant engagement and outreach methods (e.g., communication with multiple forms of media and in relevant languages, partnerships with local organizations, various methods to participate, such as in person meetings, online options, mail-in surveys, etc.) Materials developed to implement the Plan shall be provided in plain language to prevent cultural or educational barriers from preventing or reducing public participation.
- b) Include a schedule and agendas for at least three community workshops within the City to allow community input on preferred community benefits, if these community workshops have not been previously conducted by the City. Workshops shall be noticed at least one month in advance and shall include services to ensure maximum participation, such as free parking, childcare options, refreshments, translation services, and others. Upon City approval of the Plan, it shall be implemented in order to prepare a Community Benefits Program based on preferences expressed in the Community Engagement Plan.

3. On page 37, in Chapter VI: Visual Resources, revise Policy 4 to remain as previously certified by the Commission as follows:

A Specific Plan shall be prepared to identify design improvements to enhance the visual identity of the Paradise Marsh area, provide a visual linkage between recreational uses near the Sweetwater River Channel and tourist commercial uses west of the Marsh and at 24th Street, and appropriate visual separation or buffering of industrial uses to the west and freeway to the east. The design improvements identified in the Specific ~~Balanced~~ Plan shall include landscape elements, signage, and architectural elements or criteria, such as height, scale, bulk, color, and building materials. Protection or creation of vistas should also be identified in the Specific Plan.

4. On page 40, in Chapter VII: Industrial Development, modify Policy 1 as follows:

In the event that different industrial land uses are competing for available industrial land, priority shall be given to ~~first to~~ marine-dependent industrial uses and then to marine-related industrial uses.

5. Beginning on page 41, in Chapter VIII: Environmental Hazards, revise the text and policies as follows:

- a. On page 41, the first sentence shall be modified as follows:

Section 30253(4a) of the Coastal Act requires that new development minimize risks in areas of high geologic, flood and fire hazard.

- b. On page 42, the first paragraph following “Sea Level Rise” shall be modified as follows:

As mentioned previously, the City currently has no residential development within its Coastal Zone and very few properties are impacted by sea level rise due to the distances between the bay and development. Additionally, there are very few properties that are available for either redevelopment or new development within the City’s Coastal Zone. ~~However, the City will review each project to determine if any proposed development may be impacted by sea level rise, consistent with the Coastal Commission’s most recently adopted Sea Level Rise guidance. Coastal Act and the Commission’s policies on sea level rise. The Coastal policies noted below will be taken into consideration as new development occurs within the City’s Coastal Zone. These policies were produced by the Commission in the 2018 “Coastal Commission Sea Level Rise Policy Guidance” and adapted to meet the City’s limited development within its Coastal Zone.~~

- c. On page 42, Policies 2 and 3 shall be modified as follows:

2. Use the best available science to determine City relevant and context-specific sea level rise projections for all stages of planning, project design, and CEQA permitting reviews.

~~3. Use~~

- d. On page 42, Policies 13 and 14 shall be modified as follows:

13. Recognize that sea level rise will cause the public trust boundary to move inland. Protect public trust lands and resources, including as sea level rises. New shoreline protective devices should not result in the loss of public trust lands such as the Paradise ~~March~~ Marsh.

14. Address other potential coastal resource impacts (wetlands, habitat, agriculture, scenic, etc.) from hazard management decisions, consistent with the Coastal Act and the LCP.

- e. On page 42, Policies 19 and 20 shall be modified as follows:

~~19. Consider conducting~~ Identify funding options for conducting and updating vulnerability assessments when funding is available and adaptation planning.

20. Provide for maximum public participation in the ~~CEQA and~~ Coastal planning and other regulatory processes.

6. Revise the final amendment to include a number of modifications proposed by the City and supported by Commission staff, as specified in [Exhibit 5](#).
7. Revise the final amendment to include the modifications previously approved by the Commission in LCP 1-98A, as specified in [Exhibit 7](#).

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

A. BACKGROUND & AMENDMENT DESCRIPTION

The City of National City (City) proposes to amend the certified Land Use Plan (LUP) to implement the National City Balanced Plan (NCBP), which is a joint planning effort with the San Diego Unified Port District (Port), for development of the National City bayfront. Full implementation of the NCBP also requires a separate amendment to the Port Master Plan which will be reviewed by the Commission at a later date as discussed below.

National City is located in the south bay region of San Diego County, south of the City of San Diego, north of Chula Vista, and east of San Diego Bay ([Exhibit 1](#)). The City's Coastal Zone encompasses the area west of Interstate 5 (I-5) and a small area located east of I-5, south of 30th Street, and north of C Street. Although the remaining waterfront area to the west is also within the Coastal Zone, it is under the jurisdiction of the Port and the United States Military ([Exhibit 2](#)).

The 77-acre planning area that is subject to the NCBP spans both Port and City jurisdiction and includes 58 acres of land area and 19 acres of water area in the National City bayfront ([Exhibit 1](#)). The majority of the waterfront here is dedicated to Pasha Automotive Services (Pasha), a car import company that operates out of the National City Marine Terminal, with the exception of Pepper Park and the National City Marina, which are located on the north side of the Sweetwater Channel and that provide public access to the bayfront. The area subject to this amendment is located north of Bay Marina Drive, south of West 23rd Street, west of Cleveland Avenue and east of Haffley Avenue, within the City's jurisdiction, and is surrounded by industrial land uses, with the exception of the Best Western Hotel to the southeast.

According to CalEnviroScreen, a screening methodology developed by the California Office of Environmental Health Hazard Assessment that can be used to help identify California communities that are disproportionately burdened by multiple sources of pollution, most of National City is considered a "Disadvantaged Community," as it ranks in the top 25% of the most pollution-burdened and population-sensitive communities in California.² There are no existing residential uses in National City west of I-5; however, pollution from maritime and industrial operations and lack of public access to the waterfront have been ongoing burdens to the nearby, predominantly Latin-American community.

Land Use Plan (LUP) Amendment Description

The City's proposed LUP amendment would redesignate five parcels ([Exhibit 1](#)) from Industrial to Tourist Commercial; identify the relocated Bayshore Bikeway route that was approved by the Commission in May of 2023 (CDP No. 6-22-0748) and spans City, Commission and Port jurisdictions; and update the LUP to reflect existing conditions,

² Census tracts within National City boundaries range from a score of 72 percentile to 87 percentile on the CalEnviroScreen, where an area with a high score is one that experiences a much higher pollution burden than areas with a low score.

reference environmental justice, and add basic policies to address sea level rise. In addition, approximately 12 acres of land owned by the Port is proposed to be removed from the LUP and then incorporated into the Port Master Plan (PMP) through an associated PMP amendment at a later date. Although these properties have been owned by the Port since 1994, the sites were previously incorporated into National City's LCP in 1998, subject to an agreement between the City and Port.

Finally, the proposed amendment submittal did not include revisions to the LUP that were certified by the Commission in LCP Amendment No. 1-98A ([Exhibit 7](#)). Thus, **Suggested Modification No. 6** requires the applicant to incorporate the modification in that amendment into this certification.

National City Balanced Plan Project Description – Port Jurisdiction

The purpose of the NCBP is to consolidate and expand Pasha import operations and provide contiguous and expanded public access and commercial recreation uses in the bayfront. The NCBP projects in the Port's jurisdiction include the following: 1) overnight accommodations including a 135 site recreational vehicle (RV) park with 60 cabins, which would be replaced with up to four hotels in Phase 2, 2) a dry boat storage facility for 210 boats and launch platform 3) an expanded Pier 32 Marina including a new dock in the marina basin and a new dock and moorings in the Sweetwater Channel, 4) realignment of Marina Drive and closure of 32nd Street east of Tidelands Avenue, 5) expansion of Pepper Park, 6) new connector and storage rail tracks, 7) closure of Tidelands Avenue between Bay Marina Drive and 32nd Street, and West 28th Street between Tidelands Avenue and Quay Avenue, to be incorporated into Pasha's leasehold, and 8) relocation of the Bayshore Bikeway to the west side of Paradise Marsh.

A Port Master Plan Amendment for the National City Balanced Plan (PMPA No. 6-PMP-23-0002-1) was submitted and under review by Commission staff with the intention of bringing the PMPA to the Commission concurrently with the subject LCPA. However, the PMPA was withdrawn by Port staff in April 2024 to allow additional time to address Commission staff's concerns before the deadline for Commission action expired.

Relationship to Future LCP Amendments

Since the subject amendment was drafted in 2022, the Executive Director approved a rolling grant to the City under the Commission's LCP Grant Program, which provides funds to support local governments in updating LCPs consistent with the Coastal Act, with special emphasis on planning for sea level rise and climate change. The grant money funds targeted amendments to the City's LCP to update the General Plan and Zoning Code, strengthen coastal resilience policies, and lay the groundwork for a comprehensive LCP update to be submitted to the Commission in late 2024. This future planning effort has been taken into account during the review of the subject amendment.

Because the Implementation Plan (IP) component of the LCP must be revised to rezone the five parcels subject to this amendment from the Medium Manufacturing zone to Tourist Commercial zone consistent with the land use changes proposed in the subject

amendment, development of these parcels will not be able to proceed until the IP is updated.

Finally, the City has proposed a number of revisions to the amendment following coordination with Commission staff that mostly involve removing proposed language and keeping language that was originally proposed to be deleted until such time that the comprehensive update occurs. These modifications are shown in [Exhibit 5](#). **Suggested Modification No. 7** requires the applicant to incorporate these City-proposed modifications into this final document.

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 land use plan does not conform with Chapter 3 of the Coastal Act or the goals of the state for the Coastal Zone with regard to public access and the protection of biological resources.

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

Relevant Coastal Act policies include the following:

Section 30210 of the Coastal Act states:

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

Section 30212 of the Coastal Act states, in part:

(a) Public access from the nearest public roadway to the shoreline and along the coast shall be provided in new development projects except where: (1) it is inconsistent with public safety, military security needs, or the protection of fragile coastal resources, (2) adequate access exists nearby, or, (3) agriculture would be adversely affected. Dedicated accessway shall not be required to be opened to public use until a public agency or private association agrees to accept responsibility for maintenance and liability of the accessway. [...]

Section 30213 of the Coastal Act states:

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

The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, 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 30214 of the Coastal Act states:

(a) The public access policies of this article shall be implemented in a manner that takes into account the need to regulate the time, place, and manner of public access depending on the facts and circumstances in each case including, but not limited to, the following:

(1) Topographic and geologic site characteristics.

(2) The capacity of the site to sustain use and at what level of intensity.

(3) The appropriateness of limiting public access to the right to pass and repass depending on such factors as the fragility of the natural resources in the area and the proximity of the access area to adjacent residential uses.

(4) The need to provide for the management of access areas so as to protect the privacy of adjacent property owners and to protect the aesthetic values of the area by providing for the collection of litter. [...]

Section 30222 of the Coastal Act states:

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

Section 30230 of the Coastal Act states:

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

Section 30231 of the Coastal Act states:

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

Section 30240 of the Coastal Act states:

(a) Environmentally sensitive habitat areas shall be protected against any significant disruption of habitat values, and only uses dependent on those resources shall be allowed within those areas.

(b) Development in areas adjacent to environmentally sensitive habitat areas and parks and recreation areas shall be sited and designed to prevent impacts which would significantly degrade those areas, and shall be compatible with the continuance of those habitat and recreation areas.

Section 30251 of the Coastal Act states, in part:

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

Section 30252 of the Coastal Act states:

The location and amount of new development should maintain and enhance public access to the coast by [...] (3) providing nonautomobile circulation within the development [...]

Section 30253 of the Coastal Act 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.

Section 30255 of the Coastal Act states:

Coastal-dependent developments shall have priority over other developments on or near the shoreline. Except as provided elsewhere in this division, coastal-dependent developments shall not be sited in a wetland. When appropriate, coastal-related developments should be accommodated within reasonable proximity to the coastal-dependent uses they support.

Section 30270 of the Coastal Act states:

The commission shall take into account the effects of sea level rise in coastal resources planning and management policies and activities in order to identify, assess, and, to the extent feasible, avoid and mitigate the adverse effects of sea level rise.

1. **FINDINGS FOR DENIAL**

A. LOWER-COST OVERNIGHT ACCOMMODATIONS

Coastal Act Section 30213 has its origins in the 1975 California Coastal Plan (the precursor to the 1976 Coastal Act). Based on extensive public input in the early 1970s, the Coastal Plan found that few tourist facilities for persons of low and moderate income were being built in many parts of the Coastal Zone, and that many such low- and moderate-cost

facilities were being replaced by facilities that had higher costs, particularly in terms of overnight accommodations. The Coastal Act addressed these findings in part by including the specific Section 30213 mandate to protect, encourage and, where feasible, provide lower-cost visitor and recreational facilities.

Over the years, ensuring the provision of lower-cost overnight accommodations in the Coastal Zone has been especially important because permit applicants have typically requested that the Commission approve higher-cost overnight accommodations on land zoned for visitor-serving uses (in some instances where lower-cost accommodations were already situated on the land) rather than pursuing lower-cost accommodations, such as economy hotels, resulting in the loss of either potential or actual lower-cost accommodations in appropriately zoned areas. Overall, the Commission's history of permitting overnight accommodations in the Coastal Zone confirms the need to guard against the loss or preclusion of lower-cost overnight accommodations along the coast, as recognized in the Coastal Act.

As more higher-cost hotels are developed, the remaining lower-cost to moderate-cost hotel accommodations in the Coastal Zone tend to be older structures that become less economically viable as time passes. Further, as more redevelopment occurs, the stock of lower-cost overnight accommodations tends to be reduced, since it is more lucrative for developers to replace these structures with higher-cost accommodations or to build new high-end hotels on parcels that historically have not included visitor accommodations. Commission staff prepared a study for a 2016 Commission workshop on lower-cost accommodations, which reviewed statewide data about such lower-cost units in the Coastal Zone since 1989. In its report to the Commission in 2016, staff found that out of six "cost" categories ranging from "economy" to "luxury," a total of 24,720 economy rooms had been lost since the late 1980s, compared to a loss of a combined 11,247 rooms in the remaining five classes. In other words, economy rooms were lost at over twice the rate, over the same time period, of all other cost categories combined. Thus, all told, nearly 70% of all overnight rooms that were lost in the Coastal Zone between 1989 and 2016 were attributable to lost economy rooms, whereas less than 10% of the rooms lost have been in the upscale and luxury categories, and less than 0.2% have been lost in the luxury category. Such trends have made it much more difficult for those of more limited financial means to access and recreate on the coast. In a subsequent Commission briefing on lower-cost overnight accommodations in July 2024, the Commission recognized that these difficulties are only growing with the widening wealth gap and the significant increases in construction costs that create a barrier for building new lower cost facilities.

Such reduction in lower- and moderate-cost overnight accommodations in the Coastal Zone is also a serious environmental justice issue. Section 30604(h) of the Coastal Act provides that when acting on a coastal development permit, the issuing agency "may consider environmental justice, or the equitable distribution of environmental benefits." As defined in Section 30107.3(a) of the Coastal Act, "environmental justice" means "the fair treatment and meaningful involvement of people of all races, cultures, incomes and national origins, with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies," and, pursuant to Coastal Act Section 30013, the Commission and all public agencies are charged with advancing environmental justice principles when implementing the Coastal Act. Thus, environmental

justice considerations are also relevant to the Commission’s review of new hotel proposals, like those that would be authorized by this amendment.

The Commission’s Environmental Justice Policy, adopted in March 2019, indicates that the Commission shall “strive for a no-net-loss of lower-cost facilities in the Coastal Zone, while implementing a longer term strategy to increase the number and variety of new lower-cost opportunities.”³ In California, equitable coastal access and recreation opportunities for all populations has not been realized to date due to historic and social factors, such as discriminatory land use and economic policies and practices, with greater barriers to access experienced by low-income communities, communities of color, and underserved communities.⁴ 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, more affluent, and older than those who live farther inland.⁵

Given hotel developers predominantly pursue higher-cost and luxury hotels, including in many cases where such higher-cost offerings take the place of existing lower-cost options along the coast, it is becoming increasingly important to focus on protecting and providing lower-cost overnight accommodations in the Coastal Zone as required by the Coastal Act.

Absent an adequate number and type of lower-cost lodging facilities, a large segment of the population will be effectively excluded from overnight stays at the coast. To this point, “financial reasons” was listed as the number one barrier to staying overnight at the coast, as identified by respondents to a State Coastal Conservancy-commissioned survey in 2017.⁶ The high cost of lodging effectively forces individuals and families with less financial means to find lodging out of the Coastal Zone (or forcing them to stay at home). This trend creates an adverse impact on lower-income families and the general public’s ability to access the beach and coastal recreational areas. Many of these visitors travel from relatively far inland locations where they cannot easily make the trip to the coast and back home again in a single day. Therefore, by protecting and providing lower-cost lodging for the price sensitive visitor as is mandated by the Coastal Act, the Commission can help to remove barriers and to increase access to a segment of the population facing inequities when visiting the coast. This in turn enhances access to our collective public coastal commons, helping to maximize access for all.

To determine what price point is considered “lower cost”, the Commission has utilized varying approaches, including considering the unique circumstances for each project and

³ [California Coastal Commission Environmental Justice Policy](#), published by the Commission on March 8, 2019.

⁴ “[Free the Beach! Public Access, Equal Justice, and the California Coast](#)”, Robert Garcia & Erica Flores Baltodano, 2 Stanford Journal of Civil Rights and Civil Liberties. 143 (2005); [Report on Coastal Act Affordable Housing Policies and Implementation](#), published by Commission staff on February 10, 2015; [Report on the Historical Roots of Housing Inequity and Impacts on Coastal Zone Demographic Patterns](#), published by Commission staff on June 9, 2022.

⁵ [Coastal Access Equity and the Implementation of the California Coastal Act](#), Reineman, et al., (2016) Stanford Environmental Law Review Journal, v. 36. Pages 96-98.

⁶ [Explore the Coast Overnight- An Assessment of Lower Cost Accommodations](#), published by State Coastal Conservancy on January 8, 2019.

applying a quantitative methodology for determining what is considered “lower-cost.” The latter methodology relies on a formula based on California hotel and motel accommodations (single up to double occupancy),⁷ which calculates the average daily rate of lower-cost hotels and motels based on the average daily room rates (ADR) of hotels and motels across the entire State of California. Under this formula, “lower-cost” is defined as hotel or motel rooms with a rate that is 75% of the statewide ADR and high-cost rates are generally rates that are 125% of the statewide ADR. By definition, the hotel rooms that are more expensive than lower-cost rooms, but less expensive than high-cost rooms, qualify as moderate-cost rooms. Presently, using this calculation and rate data from Smith Travel Research, the recommended lower-cost rate was \$142.00 or below based on 75% of the 2023 statewide ADR, which was \$189.34, and the high-cost rate was \$236.67.

To determine how many, if any, lower-cost rooms/units should be provided for a given project to mitigate impacts to existing (or potential) lower-cost visitor accommodations caused by the proposed development, the Commission has typically found that one method of protecting lower-cost accommodations, as required by Section 30213, is to ensure at least 25% of the total proposed hotel rooms are provided at lower-cost rates.⁸ The Commission has estimated that a range of room rates in the Coastal Zone improving equitable coastal access would include approximately 25% lower-cost rooms, 25% high-cost rooms, and 50% moderate-cost rooms.

While the provision of lower-cost accommodations onsite is the preferred method as stated in Section 30213, in previous actions, where onsite provision is determined infeasible, the Commission has alternatively required offsite provision or “in-lieu” mitigation payments for the construction of an equivalent number of lower-cost rooms/units offsite.⁹ The funds are based on the price to construct a new unit and paid into an account managed by an appropriate entity, including the State Coastal Conservancy, local government, California State Parks, Hostelling International, or a similar agency familiar with lower-cost accommodations management, to ensure that such funds are spent on new lower-cost rooms or inherently lower-cost accommodations, such as new campground and hostel facilities.

Proposed Amendment

The proposed PMPA would redesignate five upland parcels from Industrial to Tourist Commercial which would allow for new overnight accommodations to be developed on the sites. The original amendment submittal did not include policies to address lower-cost overnight accommodations; however, following discussions with staff, City staff requested that language be added to the amendment that would require developers of high-cost

⁷ This formula does not account for hostels, RV parks, campgrounds or other alternative accommodations into the equation, as these facilities do not typically provide the same level of accommodation as hotels and motels. Rather, hostels and campgrounds are generally inherently lower-cost and are the type of facilities that might be required as a mitigation measure for the loss of lower-cost overnight accommodations.

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

⁹ Ref. [5-20-0181](#) (B&J Capital Group Investments); [5-20-0597](#) (Franco).

accommodations to either provide 25% of rooms as lower-cost or pay an in-lieu mitigation fee only if the City of National City is no longer designated as a “disadvantaged community” as defined by the State and when the inventory of existing lower-cost units adjacent to the Coastal Zone is reduced by 50%. The City’s originally proposed language, in part, is below:

Low-cost visitor accommodations will be facilitated by the City seeking to preserve 184 rooms (50% of inventory) of the existing 368 low-cost visitor service accommodations in close proximity to the Coastal Zone. If that inventory is reduced below half (50%) and the City of National City is no longer designated as a “disadvantaged community” as identified by the California Environmental Protection Agency pursuant to Section 39711 of the Health and Safety Code or an area that is a low-income area that is disproportionately affected by environmental pollution and other hazards that can lead to negative health effects, exposure, or environmental degradation, then all new or remodeled high costs visitor-serving accommodations in the Coastal zone shall be required to provide 25% of the new or remodeled rooms as low-cost visitor-serving accommodations. These rooms as low-cost visitor-serving accommodations. These accommodations may be provided through:

- a) Construction of new facilities;
- b) Conversion of existing overnight accommodations to lower cost overnight accommodations; or
- c) Contribution to a Coastal Commission-established in-lieu fee program.

The Port and City have argued that National City already provides its share of lower-cost overnight accommodations so future hotels proposed in the NCBP should not have to provide additional lower-cost units. While five lower-cost hotels, consisting of 384 rooms, do exist within a half mile of the Coastal Zone in National City, these hotels are not located within the Coastal Zone and are not protected under the Coastal Act; as such, these hotels may be redeveloped as higher-cost hotels in the future without Commission review. To guarantee a range of overnight accommodations options for the public within the Coastal Zone, the supporting policies identified above must be included in the LCP.

Tying the development of lower-cost overnight accommodations to the City’s status as a disadvantaged community is inappropriate and sets a harmful precedent. This proposal wrongly assumes that providing lower-cost accommodations is a burden on the community. In reality, lower-cost accommodations can be of high quality and can enhance the vibrancy of the City’s Coastal Zone by attracting a diverse range of visitors, thereby expanding access to the coast. Additionally, it is not feasible to predict when the City would no longer be designated as a disadvantaged community, rendering the proposed policy speculative.

Moreover, a high-cost hotel does not address or remediate any aspects that qualify a community as “disadvantaged” pursuant to Senate Bill 535 (De León, Chapter 830, Statutes of 2012).¹⁰ The designation considers factors such as pollution burden and

¹⁰ [Final Designation of Disadvantaged Communities Pursuant to SB535, 2022 \(ca.gov\)](#)

population characteristics that make a community more vulnerable to pollution. Simply adding luxury hotels does not mitigate these vulnerabilities or environmental burdens.

Conversely, focusing exclusively on high-cost developments creates an imbalance by pricing out a significant portion of the population. Luxury hotels often convey an air of exclusivity, making the general public feel unwelcome, even if access to amenities like walkways, restaurants, and bars is technically available. This exclusivity undermines public access and enjoyment of the Coastal Zone.

Developing lower-cost accommodations should not be linked to the City's disadvantaged status but rather seen as a positive step toward creating an inclusive, accessible, and vibrant coastal community. This approach recognizes that lower-cost accommodations provide broader access and do not inherently burden the community, while high-cost hotels fail to address the underlying issues that contribute to a community's disadvantaged status.

The Port and City also contend that the Commission approved more flexible language in its 2012 certification of the PMPA for the Chula Vista Bayfront (PMPA No. 6-PSD-MAJ-41-11), which is located south of the subject site in the Port's jurisdiction and similarly contains a high number of lower-cost hotels in close proximity to the Coastal Zone but not within the Coastal Zone. Specifically, the approved policies require lower-cost overnight accommodations to be protected, encouraged and provided but do not include specific standards that require new lower-cost overnight accommodations to be built; instead, the policies identify that an in-lieu fee or comparable mitigation may be required for high-cost overnight accommodations, following a supply/demand analysis within South San Diego Bay. However, the Commission's certification in that case was prior to its workshops on lower-cost overnight accommodations, adoption of its Environmental Justice Policy, and the passing of AB 2026. In addition, the Chula Vista Bayfront policies have not resulted in the construction of lower-cost overnight accommodations in the Chula Vista Bayfront or the collection of in-lieu fees.

The City has noted that the subject hotels are not likely to be higher-cost given the surrounding industry and distance from the waterfront. In that case, the provision of lower-cost overnight accommodations would not be required as that policy would only apply to high-cost hotel developments. However, the City and Port have argued that just including the Commission's recommended policy language in the LCP or PMP would have a "chilling" effect and scare away developers. This argument is additionally speculative and discounts the governing policies of the Coastal Act.

Finally, the draft language proposed by the City also does not define "lower-cost" or "high-cost," does not provide specific requirements for mitigation, and does not require replacement of existing lower-cost rooms that may be developed in the City's Coastal Zone in the future.

Therefore, because the proposed amendment would not adequately result in the protection, encouragement or provision of lower-cost overnight accommodations, the amendment is not consistent with the Coastal Act.

B. MARINE RELATED AND DEPENDENT USES

Section 30255 of the Coastal Act states gives priority to coastal-dependent uses over other developments near the shoreline and requires that coastal-related developments be accommodated within reasonable proximity to the coastal dependent uses they support when appropriate. The certified LUP requires that when different land uses compete for available industrial land, priority shall be given to marine-related industrial use; however, the proposed amendment would modify the requirement to apply to marine-dependent industrial use only. While the requirement to give priority to marine-dependent industrial uses complies with Section 30255, the removal of the requirement to give priority to coastal-related is inconsistent.

In addition, the amendment would redesignate the land use of five City-owned parcels, amounting to 2.21 acres, from Industrial to Tourist Commercial, which is necessary to allow a hotel use on the sites. The subject sites are surrounded by industrial land uses as are the majority of sites in the City's Coastal Zone, and only limited visitor-serving uses currently exist. In addition, the City has indicated that the subject sites have been vacant since the 1990's and the City has not received any proposals or inquiries to develop these parcels with new maritime or other industrial uses. As such, the Commission finds that priority has been given to industrial marine-related and -dependent uses on these sites but no demand currently exists to require the parcels to remain available for those uses and therefore the redesignation of the land use from Industrial to Tourist commercial conforms to the Coastal Act.

C. VISUAL RESOURCES

The proposed amendment would allow the redevelopment of five parcels to a hotel or other visitor serving use with no required height limit. However, the water is not visible in this location or from the Coastal Zone over this location so no visual impacts would occur if the sites were to redevelop with taller buildings than exist now.

The City also proposes to revise Policy 4 under Visual Resources to remove references to the Harbor District Specific Plan which is the certified IP for this area, and instead reference the "Balanced Plan". However, it isn't clear what design elements have been included in the "Balanced Plan." The City has indicated that the design elements will be included in the future IP amendment; however, in the meantime, design elements and protection of vistas should continue to be identified in the certified LCP. In addition, the Harbor District Specific Plan identifies views outside of the scope of the NCBP, including a viewpoint behind the Marina Gateway Hotel of Paradise Marsh, and therefore the reference to that plan should remain to protect those views until such time an amendment to the IP is proposed and certified. As such, the proposed amendment does not adequately protect views as required by the Coastal Act.

D. COASTAL HAZARDS

The proposed amendment contains general sea level rise policies that are based on the Guiding Principles in the Commission's 2018 Sea Level Rise Guidance. While, as previously identified above, the City is currently undergoing a comprehensive update to the

LCP that includes refining the sea level rise policies, the proposed policies include deviations from the Commission's Guiding Principles that could result in confusion and limit implementation of the policies, such as specifying that only in commercial development must it be ensured that property owners understand the risks of and mitigate developing in a flood hazard area. As such, the proposed amendment does not adequately address coastal hazards as required by the Coastal Act.

E. CONCLUSION

In summary, the LUP must contain clear, specific, and detailed policy direction for each of the policy groups contained in Chapter 3 of the Coastal Act to ensure the LUP's consistency with the Coastal Act. As proposed, the amendment lacks the detail and specificity required of an LUP in the policy groups as detailed above.

2. FINDINGS FOR APPROVAL IF MODIFIED

A. LOWER-COST OVERNIGHT ACCOMMODATIONS

In order to ensure that existing lower-cost overnight accommodations are protected, **Suggested Modification No. 2** includes two new policies that will protect both existing lower-cost accommodations as well as ensure future development will include a range of affordability. The first policy within Suggested Modification No. 2 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. It also requires that replacement of lower-cost units be provided at a 1:1 mitigation ratio within the Coastal Zone. Thus, if it becomes necessary to redevelop future lower-cost overnight accommodations, adequate replacement will be ensured, including that the replacement units will be in proximity to the coast. Suggested Modification No. 2 also requires that new development of high-cost 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. 2 further requires that the new development shall provide lower-cost units elsewhere within the City's Coastal Zone. If it is determined that the project cannot provide lower-cost units on or offsite, in-lieu mitigation fees shall be required.

However, because the subject parcels are located inland, there are a large number of lower cost rooms currently located near the Coastal Zone, and taking into account the City's status as a disadvantaged community in need of additional community benefits, including access to the coast, Suggested Modification No. 2 would allow the City to construct an inventory of 150 new higher-cost hotel rooms within the Coastal Zone without the accompanying lower-cost requirements identified above, provided that the City preserves at least 184 rooms (50% of inventory) of the existing (as of 2024) 368 lower-cost visitor accommodation units that lie within 0.5 miles to the Coastal Zone. In addition, the developer would be required to include a Community Benefits Program that provides lower-cost access opportunities to community members. The program will include a

description of all community benefits and a process to add to the list of community benefits, identification of all reviews, permits, and approvals that may be needed to implement these community benefits, a proposed schedule to complete implementation to ensure community benefits are provided concurrent with the operation of the hotel(s), targeted marketing and outreach strategies to ensure the benefits are reaching and prioritizing National City residents in an equitable manner, and a monitoring and reporting plan to ensure the benefits are operating as approved. The City would be responsible for conducting early outreach to the community to develop the preferred suite of benefits.

In 2014, following Commissioner questions regarding the adequacy of the in-lieu fee for lower-cost accommodations at Commission hearings, Hosteling 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.¹¹ 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 lower-cost hotel rooms 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.¹² This requirement was based on information provided in 2015. However, when considering the significant increase in the Turner Building Cost Index in the last several 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 2022.¹³

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 traditional rooms. The

¹¹ <http://www.turnerconstruction.com/cost-index>

¹² Ref. CDP 5-18-0872 (Sunshine Enterprises, LP), CDP 5-20-0181 (B&J Capital Group Investments)

¹³ The Turner Building Cost Index was 943 for 2015 and 1295 for 2022. The figures are $1295 - 943 = 352 / 943 = 0.37 * 100\%$, which results in a 37% increase since 2015.

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 hostel beds in shared rooms. The mid-range affordable overnight options are effectively eliminated by this replacement method, which may inhibit some members of the public from receiving overnight access to the coast. The same principle is true for mitigating the loss of lower-cost hotel rooms solely with RV parks or campgrounds.

In June 2023, the Commission certified the Barrio Logan Community Plan Update for that community in the City of San Diego, which included similar suggested modifications that require the construction of new lower-cost rooms as part of any high-cost accommodations development, or payment of an in-lieu mitigation fee, that is to be adjusted over time using the Turner Building Cost Index ([Th18b-6-2023-report.pdf \(ca.gov\)](#)/City of San Diego Barrio Logan Community Plan Update). Using the above formula, the mitigation fee was calculated to be \$137,000 per room (using December 2022 costs). However, in this case, similar to what the Commission conditionally certified more recently in July 2024 for the Otay Mesa Nestor Community Plan Update ([W13b-7-2024-report.pdf\(ca.gov\)](#)/City of San Diego Otay Mesa Nestor Community Plan Update), Suggested Modification No. 2 does not include a specific dollar amount and instead requires an in-lieu mitigation fee based on approximate construction costs per room, adjusted for inflation using a building cost index, such as the California Construction Cost Index¹⁴ as needed, plus land cost by square footage. Specifically, Construction costs shall be based on approximate hard and soft costs of building at least 25% of the proposed units as lower-cost accommodations on-site or shall be based on a comparable per-room construction cost estimate. This is reflective of the Commission's recent briefing on lower cost overnight accommodations in July 2024, at which the Commission acknowledged that the method for calculating in-lieu fees based on the 2014 Hostelling International estimate has become insufficient to cover actual construction costs in recent years, even when adjusting for inflation, and needs to be updated to reflect current construction costs to better ensure that new lower cost facilities can be built with these funds.¹⁵ This language would thus allow the City to require in-lieu fees based on site-specific construction cost estimates or based on a comparable estimate, such as an updated Hostelling International estimate.

Suggested Modification No. 2 specifies that 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 (e.g., motels, hostels, campgrounds, cabins) within the Coastal Zone in the City. The updated mitigation fee requirement allows a more accurate way to determine the actual cost of constructing new lower-cost units, which is likely more than the previous \$137,000 in-lieu fee identified in the Barrio Logan Community Plan update, and would continue to allow calculated fees to change overtime to reflect current and localized market conditions.

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

¹⁴ The [California Construction Cost Index](#) is specific to California and is based on the average building costs indices for San Francisco and Los Angeles, whereas the Turner Building Cost Index is based on nationwide averages.

¹⁵ Also see 5-22-0799 (Ocean Avenue Partners, LLC and Belle Vue Plaza); A-3-PGR-22-0004 (American Tin Cannery Hotel Resort).

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 acquisition, construction, permitting, or renovation that will result in the provision of additional lower-cost overnight visitor accommodations.

In summary, these suggested modifications will ensure that future lower-cost accommodations are protected from conversion to other uses or to high-cost accommodations and will ensure that new high-cost accommodations development includes lower-cost accommodations. If lower-cost accommodations are found to be infeasible both on- and off-site, in-lieu fees will be required.

B. MARINE-RELATED AND DEPENDENT USE

To ensure coastal-related industrial uses continue to be protected, **Suggested Modification No. 4** would specify that, when different industrial uses are competing for a specific location, priority is first given to coastal-dependent uses and then to coastal-related uses.

C. VISUAL RESOURCES

In order to maintain and protect existing views, **Suggested Modification No. 3** requires that Policy 4 remains as previously certified by the Commission until such time as the LCP is updated to include equivalent provisions for the protection of visual resources.

D. COASTAL HAZARDS

To ensure developments that may be subject to coastal hazards are sited and designed to avoid or mitigate impacts, **Suggested Modification No. 5** makes several revisions to clarify the policy and remove erroneous references. The City has indicated that they are in agreement with these modifications.

E. CONCLUSION

The proposed amendment, with the suggested modifications addressing lower-cost overnight accommodations, coastal dependent uses, visual resources, and coastal hazards, is in conformity with Chapter 3 of the Coastal Act.

V. 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. On March 6, 2023, the City Council of the City of National City adopted Resolution No. 2023-04 accepting the findings of the 2022 Final Environmental Impact Report for the National City Balanced Land Use Plan (SCH No. 2018121054) that was adopted by the Board of Port Commissioners on November 16, 2022.

The Commission finds that approval of the proposed LCP amendment, as submitted, would result in significant impacts under the meaning of CEQA, including impacts to visual resources and coastal hazards. However, as suggested to be modified, the changes to the City's Land Use Plan would not result in any significant adverse environmental impacts under the meaning of CEQA. Therefore, the Commission finds that approval of the LCP amendment, as modified, conforms to the applicable requirements of CEQA.

Substantive File Documents

- Email from City staff dated April 20, 2023
- Email from City dated July 12, 2024
- Email from City staff dated March 21, 2024
- Email from City staff dated January 9, 2024
- National City Bayfront Projects and Plan Amendment Final Environmental Impact Report (SCH No. 2018121054)