

**CALIFORNIA COASTAL COMMISSION**

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# Th8d

**Prepared September 11, 2024 for September 12, 2024 Hearing**

**To:** Commissioners and Interested Persons  
**From:** Kevin Kahn, Central Coast District Manager  
Rainey Graeven, Central Coast District Supervisor  
Kiana Ford, Coastal Planner  
**Subject: STAFF REPORT ADDENDUM for Th8d  
CDP Appeal Number A-3-STC-24-0016 (Cruz Hotel)**

This addendum responds to public comments received after the staff report was distributed on August 23, 2024, and makes relatively minor changes to some of staff's recommended conditions and findings. The changes primarily serve to correct a few inadvertent errors in the conditions and findings, or to provide clarity on certain points made, but do not alter the substantive staff recommendation that the Commission first find the City's CDP approval raises a substantial Coastal Act/LCP conformance issue, and then to approve a CDP for the proposed project, as conditioned. Staff notes that the correspondence received overwhelmingly supports the project and the staff recommendation and urges Commission approval, with the exception of one letter in opposition, and it is to that opposition letter that this addendum mostly responds.

Specifically, the opposition letter raises various concerns and asserts that: 1) the \$5 million in-lieu lower cost accommodation mitigation fee should be directed to the Santa Cruz Hostel Society instead of Santa Cruz County's Greyhound Rock cabins project, and it is not clear where funds will be redirected if unused after 7 years; 2) the hotel employee discount program should apply to all employees (not just those who are full-time) because it is not uncommon for hotel employees to be seasonal or part-time; 3) the project's affordable housing contribution is not on par with the hotel's size and anticipated revenue generation, the Applicant should provide more affordable workforce housing units, and such units should be provided for the life of the project (as opposed to the proposed 20-year duration); 4) the project's community benefits package is inadequate because it is made up of one-time donations as opposed to continuing obligations; 5) the project neglected to consider cumulative environmental impacts and excluded environmental justice groups in the planning process; and 6) the proposed 20 on-site lower cost rooms is insufficient, and the project should instead provide 25% of its on-site rooms at the lowest cost rate (i.e., 47.5 rooms).

Staff notes that most of the issues described in the opposition letter are similar to arguments that were raised as the project made its way through the local City process, and then into and through the Commission's process to date. As such, staff believes that these assertions are generally not new and are all thoroughly addressed in the staff

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report, which covers the various Coastal Act and LCP issues associated with the proposed project. Thus, this addendum response does not focus in detail on issues already covered in the staff report, but rather responds to particular claims and assertions that staff believed would benefit from some additional information. Where changes to the staff report are noted, text in underline format indicates text to be added, and text in ~~strike through~~ format indicates text to be deleted.

### 1. Use of the \$5 million in-lieu fee

As described in detail beginning on page 62 of the staff report, the proposed lower cost accommodations package is multi-faceted and includes a mix of on-site lower cost rooms, on-site lower cost overnight programming, as well as in-lieu fee payments, one specifically required to go to the Santa Cruz Hostel Society (\$50,000), and one without an explicit recipient but a stated preference that it go towards funding Santa Cruz County's Greyhound Rock cabins project (\$5 million). The opposition letter suggests that the \$5 million would be better spent at the Santa Cruz Hostel Society's Carmelita Cottages hostel facility in Santa Cruz because it is closer to the proposed hotel than Greyhound Rock, and thus would better benefit "the urban beach visitors and service/hotel workers this fee is meant to serve."

While staff agrees that the hostel provides important lower cost accommodations in a prime urban Santa Cruz beach location, a few things should be noted. Notably, an actual project is not proposed or envisioned at this time at the Carmelita Cottages. The Carmelita Cottages hostel is made up of historic structures, which are subject to City and State historic preservation regulations generally limiting the development and redevelopment potential at the site. Further, and based on coordination between the City, the Applicant, and the Santa Cruz Hostel Society, there does not appear to be any capacity to increase the number of lower cost units at that site,<sup>1</sup> and there are no pending property acquisitions or project proposals to increase the number of units at the site or nearby. In contrast, the Greyhound Rock cabins project is a tangible proposed public project to build 12 to 16 new cabins that would be used both for some amount of overnight educational programming for lower income and underserved youth, as well as being made available at lower costs for the general public at other times. The project has been pending for some time, but has recently reached certain important thresholds towards making the project a reality, including being provided nearly \$1 million in funding just last week by the State Coastal Conservancy to be used to accommodate next steps in the entitlement process, primarily for environmental analysis, tribal and other outreach, and permitting. In addition, the County estimates that the \$5 million should be enough to fund construction of the project and open it to public use.

Put another way, the County's Greyhound Rock cabins project is a near shovel-ready lower cost accommodation project that will primarily be geared to underserved youth that meets important lower cost and other Commission objectives, including facilitating access for all to experience the coast. While it is true that it is located outside of City limits, it is also true that it is just upcoast, and that this stretch of coast lacks overnight accommodations, and presently doesn't include any lower cost overnight

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<sup>1</sup> The Carmelita Cottages hostel can currently accommodate up to 48 visitors at one time spread across six buildings.

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accommodations. Accordingly, directing funds to the Greyhound Rock cabins project would help provide lower cost access to a portion of the Santa Cruz County coastline – including its many beaches and coastal recreation opportunities – where no such opportunities currently exist. Staff firmly believes that directing such funds to an actual public lower cost project at Greyhound Rock makes significantly more sense than directing them to the Santa Cruz Hostel Society for their general use, and the City and the Applicant have both made clear that they agree on this point.

In addition, and to be clear, Special Condition 4 states that the preference is for the \$5 million to go to the Greyhound Rock project. However, it should be noted that that is a preference, not a requirement, and should that project not come to fruition, or should an even more promising project that similarly meets the intent of the in-lieu fee come along, then the City and the Executive Director have the discretion to apply the funds to that project. In other words, the condition already provides appropriate flexibility to make sure that the funds are used to best facilitate new lower cost overnight accommodation projects in the County. In addition, it should also be noted that the Santa Cruz Hostel Society is not only explicitly allotted \$50,000 per the staff recommendation,<sup>2</sup> but it has recently been allotted another nearly \$700,000 by the State Coastal Conservancy for renovations at Carmelita Cottages.<sup>3</sup>

Lastly, with respect to the assertion that it is unclear how and where the \$5 million will be used if it is not spent within 7 years or if there are funds remaining, staff respectfully disagrees, and believes that the issue is well addressed in Special Condition 4(b)(b). If any funds remain in the account 7 years after the initial deposit, the funds may be directed elsewhere by the City if the Executive Director and City Manager make a written determination that the original intent of the in-lieu fee would be better utilized by reassigning the funds to public and/or non-profit entities providing lower cost overnight accommodations in the Santa Cruz County coastal zone. Special Condition 4(b)(b), among other things, requires Executive Director and City Manager review and approval of the funds; requires the funds to be directed to lower cost overnight accommodations; requires the entity accepting the funds to enter into a memorandum of understanding (MOU) with the Commission, including with a description of how the funds will be used, a requirement that any lower cost overnight accommodations created or supported by the funds will be maintained at lower cost rates for as long as the project approved herein by this CDP remains operational. Put another way, the condition is clear in that it provides appropriate sideboards for ensuring that any funds disbursed are appropriately used, and provides an appropriate contingency if some or all of the funds remain unused after seven years.

## 2. Hotel employee discount program

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<sup>2</sup> According to the Applicant, their coordination with the Santa Cruz Hostel Society suggests that the \$50,000 would go towards deferred maintenance needs at the Carmelita Cottages hostel facility (e.g., replacing fire sprinklers, etc.), although staff's recommendation does identify a preference for using the funds to increase the number of units/beds if feasible (see Special Condition 4(b)(a)).

<sup>3</sup> At its June 6, 2024 meeting, the State Coastal Conservancy voted to disburse \$160,000 to the Santa Cruz Hostel Society for such renovations, which was intended to supplement the \$508,000 that the Conservancy provided to the Hostel Society for this purpose in September of 2022.

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The opposition letter makes a valid point that many of the proposed hotel's employees may not be full-time employees, and that staff's recommended condition, which requires a hotel discount program for all full-time employees, would mean that many of the hotel's employees would not qualify for the program. Staff notes that that was not the Applicant's nor staff's intent. Fortunately, such an issue is readily rectified by ensuring that the hotel employee discount program applies to all of the proposed hotel's employees, including part-time and seasonal workers, and the Applicant is in agreement with this change. Thus, Special Condition 4c of the staff report (on page 16) is modified as follows:

***Hotel Worker Discount Program/Reduced Rate Rooms. PRIOR TO HOTEL OCCUPANCY, the Permittee shall submit to the Executive Director for review and written approval a plan to establish a hotel worker discount program. The intent of the program is to provide free or lower cost overnight access to the coast for all ~~full-time~~ hotel employees and/or their families. The program shall specify the number of room nights that will be provided to all ~~full-time~~ such employees either free of charge or at cost (\$80 per night as of 2024), which may be modified by no more than the increase in the California Consumer Price Index for Urban Consumers one time per calendar year, and shall not exceed the lower cost room rate for the 20 rooms as described above.***

### **3. Affordable housing fee/workforce housing units**

The opposition letter questions whether the affordable housing contribution for the project is sufficient given its size and anticipated profitability. The staff report notes (see pages 40-42) that the minimum LCP-required contribution to the City's affordable housing trust fund would be \$227,500 for the project, and that the Applicant has gone above this minimum by contributing an additional \$500,000, for a total fee of almost \$750,000. In addition, the Applicant would provide four workforce housing units at an affordable rate to its lowest earning employees, which is an exciting opportunity to help hotel workers afford to live close to their job and to support the coastal visitor-serving economy. Thus, staff believes that the project appropriately addresses the LCP's affordable housing requirements, and in many ways goes beyond them.

The opposition letter also points out that the project's overall lower cost accommodations in-lieu fee contribution falls \$1 million short of the equivalent value of providing 25% of the hotel units at low-cost rates, and that this shortfall could be made up by requiring the Applicant to provide the four affordable workforce housing units for longer than the 20 years identified in the staff recommendation. On this point, staff notes that the staff report analysis was based on the cost of constructing such units, which was estimated at \$700,000 each, or a total of \$2.8 million for the four units that accrues to the mitigation 'value' (see discussion in staff report on page 63). Staff notes that the \$2.8 million represented the construction cost rather than the estimated purchase price, and thus \$2.8 million would have undercounted the price (and its attribution to the lower cost overnight accommodations in-lieu fee) if the Applicants were to purchase the units. Nevertheless, in the time since the staff report was published, the Applicant has informed staff that they will not be purchasing such units, but instead leasing them and then renting them out at subsidized rates at no more than 30% of gross worker pay. Accordingly, the cost/value of these units is actually about \$3.7

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million over the 20-year timespan.<sup>4</sup> When added together with the other mitigation components, that means that the 'shortfall' is actually about \$100,000, which staff believes is adequately made up for by the value of the lower cost programming elements of the project that were not assigned a dollar value.

In any case, in light of the above-described methodological change, and to provide some clarity around who would qualify for the units, the staff report is modified as follows, including modifying Special Condition 4(e) on pages 16-17 as follows:

***Workforce Housing Units.*** *By acceptance of this CDP, and as proposed by the Permittee, the Permittee agrees that the selection process shall begin by hotel occupancy, and that within 3 months of hotel occupancy, no fewer than four workforce housing units shall be made available as affordable rental units to occupied by full-time employees in the bottom quartile of the hotel earners (i.e., those averaging 30 hours or more per week and whose average hourly wage is up to the 25% threshold compared to other hotel employees) authorized by this CDP on a first right of refusal basis for a period of at least 20 years. Such units shall be located within the City of Santa Cruz, with a preference for location in the downtown area. Rents shall be set such that the hotel employee would pay no more than 30% of their gross income toward rent. If all the hotel's bottom quartile of full-time employees choose to exercise their right of first refusal, then the workforce housing units shall be made available on a right of first refusal basis to the bottom quartile of full-time employees of other overnight accommodation facilities (i.e., those averaging 30 hours or more per week and whose average hourly wage is up to the 25% threshold compared to other hotel employees) located in the City of Santa Cruz with rents set such that ~~hotel/motel/hostel worker would pay no more than 30% of their income~~. If all such hotel/overnight accommodation employees choose to exercise their rights of first refusal, then such units shall be made available to any very low- or low-income qualified households in the City of Santa Cruz.*

And as follows on page 63:

*First, with respect to the four affordable workforce housing units, the Applicant intends to ~~purchase~~ lease four such units within City limits and rent them out to hotel employees at no more than 30% of their gross income. The units will be offered to the following groups based on a first right of refusal (i.e., the first group has the option to refuse such units, whereby the offer is then extended to the*

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<sup>4</sup> To estimate the approximate cost of the Applicant subsidy required to provide the 4 rental units at an affordable rate, you first take the average rent for a 1-bedroom rental unit in Santa Cruz (which is \$3,838 per Rent.com). Second, you take the estimated annual average salary of a typical non-salaried employee (\$60,418 or \$29.05 per hour or \$5,035 per month, according to the Applicant) to determine the amount that would equal 30% of that income (where 30% is used because that is the typical cap an earner should spend on rent). Here, that would be \$1,510 (based on 30% of \$5,035). With these two numbers in hand, the Applicant's contribution/subsidy for keeping the rent paid by the employee at 30% or less of income can be determined; here \$3,838 - \$1,510, or \$2,328. On a yearly basis for 4 units that totals \$111,744 per year (\$2,328 x 4 x 12 = \$111,744). Finally, that annual amount can be used to determine the total subsidy over 20 years, where, assuming rents increase by 5% each year, the estimated cost/value of the subsidy is \$3,694,922, or \$3.7 million.

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following group): (1) the full-time hotel employees whose income is in the bottom quartile (i.e., those averaging 30 hours or more per week and whose average hourly wage is up to the 25% threshold compared to other hotel employees); (2) full-time employees of other overnight accommodation establishments in the City whose income is in the bottom quartile of the hotel/motel at which they are employed (i.e., those averaging 30 hours or more per week and whose average hourly wage is up to the 25% threshold compared to other employees of the same overnight accommodation establishment); and (3) workforce housing for the broader public with a preference for very low- or low-income qualified households in the City of Santa Cruz. As mentioned, the Applicant indicates the cost of providing the four workforce housing units is about ~~\$2.8~~ 3.7 million, which can serve as the financial proxy for analytical purposes.<sup>49</sup>

And footnote 49 on staff report page 63 is modified as follows:

Based on the average rent for a 1-bedroom unit in Santa Cruz (not including the hotel worker's contribution capped at 30% of their income) over the proposed 20-year timeframe, where the subsidy required to provide the 4 rental units at that reduced rate is estimated from the average rent for a 1-bedroom rental unit in Santa Cruz (which is \$3,838 per Rent.com); applying 30% (where 30% is used because that is the typical suggested cap that an earner should spend on rent) to the estimated annual average salary of a typical non-salaried employee (\$60,418 or \$29.05 per hour or \$5,035 per month, according to the Applicant) to determine the amount that would equal 30% of that income (here, \$1,510, based on 30% of \$5,035); and identifying the Applicant's contribution/subsidy for keeping the rent paid by the employee at 30% or less of income (here \$3,838 - \$1,510, or \$2,328), then extrapolating that over four units and a year, which totals \$111,744 per year ( $\$2,328 \times 4 \times 12 = \$111,744$ ), and then extrapolating that annual amount over 20 years (where, assuming rents increase by 5% each year, the estimated cost/value of the subsidy is \$3,694,922, or \$3.7 million). ~~cost to construct a new affordable housing unit within the City of Santa Cruz.~~

And the staff report on page 65 is modified as follows:

The value of all of these proposed elements (i.e., ~~\$2.8~~ 3.7 million for hotel worker housing, \$2.9 million for on-site programming, \$5 million for an off-site in-lieu lower cost cabin project, and \$50,000 for the Carmelita Cottages) yields about ~~\$10.75~~ 11.65 million, when the remaining 25% obligation was \$11.8, or about ~~\$150,000 million~~ short (i.e., the equivalent of about ~~2.5~~ a third of a rooms).

#### 4. Community benefits package

The opposition letter continues to raise concerns about the project's public access and community benefits, noting that certain components are one-time financial contributions rather than on-going investments. Staff believes these concerns have been adequately addressed and explained in detail in the staff report (see pages 42-46 and pages 67-69), and that the project includes fairly substantial public benefit contributions (both one-time and ongoing), including:

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- A new public paseo/gathering space with public seating that would connect Front Street with the Riverwalk
- A new outdoor extension area offering some 10,000 square feet of new public space fronting the Riverwalk
- Improvements to the Riverwalk itself (path resurfacing, downcast lighting, landscaping, etc.)
- Widened sidewalks and landscaping along Front and Laurel streets
- Rooftop access (with new public viewpoints)
- A new public restroom
- Free Wi-Fi in outdoor areas
- Free 90-minute bike rentals
- Opportunities for non-profits/community groups to use the conference and rooftop facilities either free or at-cost up to 3 times per year
- Ongoing funding (of \$10,000 per year for 10 years) for the Santa Cruz beach and downtown shuttle
- A \$50,000 contribution to the Santa Cruz Boys and Girls club to make needed repairs to their pool

Of those benefits, only the contribution to the Boys and Girls club is a 'one-time' obligation, and it doesn't appear appropriate to try to belittle that contribution as it appears to staff to be the kind of 'good neighbor' community benefit that should be lauded instead. The same can be said for the funding for the City's low-cost beach and downtown shuttle program, which is actually an annual contribution for the next ten years. Past that, the other components of the community benefits package are permanent public benefits that are required to be maintained by the Applicant and that the community can enjoy for free, representing a significant benefit in staff's view. And importantly, these community benefits of the project are all in addition to the lower cost accommodations package (e.g., 20 on-site lower cost hotel rooms, lower cost programming/overnight stays for area youth, \$5 million in-lieu fee, etc.) and the affordable housing contributions (\$727,500 contribution to the City's affordable housing trust fund and four workforce employee housing units). As put succinctly in the staff report, the LCP demands much in terms of public access/infrastructure improvements and other community goods for new development in this area, and the project meets these requirements.

#### **5. Cumulative Impacts/Environmental Justice**

The opposition letter raises concerns that the project was not properly evaluated for cumulative environmental impacts. Staff respectfully disagrees, and believes that both the City and Commission records provide a thorough analysis of the potential

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environmental impacts of the project (for example, see pages 47-54 and pages 67-69 of the staff report), and the project includes appropriate mitigations both built-in (e.g., from the project's geotechnical report, etc.) and through conditions (with respect to lighting, bird protections, construction BMPs, etc.).

The opposition letter further raises concerns that no environmental justice groups were involved in the planning process and points to members of Unite HERE (which is an Appellant in this matter) as constituting an environmental justice group. Staff disagrees that the process excluded any environmental justice groups, and believes that environmental justice groups and issues have been well informed in the crafting and deliberation of this project. In terms of equitable procedural access, the City held three different public hearings (one at the Planning Commission level and two at the City Council level) for interested parties to voice their concerns, including where Unite HERE did indeed do so, opining that the project needs to include lower cost units on site, that hotel workers should have the ability to stay and recreate on the coast in the same hotels in which they work, and that the project should include a robust affordable housing program. These same issues subsequently became CDP appeal contentions, and were taken to heart by Commission staff in working with the Applicant on project changes to address them. The end result is the project as recommended by staff, one that includes a robust affordable housing and accommodations package, and one that includes an extensive community benefits/public access package as described above. Notably, the project includes some rather unique offerings in response to Appellant-raised environmental justice issues, including workforce housing units and an employee overnight stay discount program. In short, the Commission has taken its environmental justice obligations seriously as part of this project, and believes the end result is an inclusive addition to downtown Santa Cruz.

#### **6. On-site lower cost accommodations**

The opposition letter questions whether the calculation of the cost to build a lower cost accommodation unit (which includes the construction cost, land acquisition cost, and a 10% management fee) is appropriate given that the Applicant has already purchased the land for the hotel. The opposition letter suggests that the actual construction costs for building such units is less than estimated, and that the land cost should be excluded from the per unit calculation. Finally, the opposition letter also questions the number of lower cost accommodation units provided on-site, and asserts that the project should be required to provide 47.5 such units (i.e., 25% of the project's total on-site rooms), and not the 20 such units that are the result of the staff recommendation.

In response, staff notes that the staff report provides a thorough analysis of the project's lower cost accommodation obligation (see pages 29-38 and pages 61-67 of the staff report), where such obligation can be satisfied in a variety of ways, including offering 25% of the rooms on-site at lower cost rates, or a combination of on-site, off-site, in-lieu fee, and lower cost overnight programming elements, where the combination package is what the Applicant ultimately agreed to. While it is difficult to exactly compare on-site lower cost rooms to off-site components to programming elements, staff believes that the package, when viewed as a whole and holistically, can be found analytically consistent and the end result is an exciting mix of meaningful lower cost components. As to whether the cost to construct a lower cost unit should be lower and/or



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exclude/include land costs, staff believes the calculated cost per unit reflects the most up-to-date and accurate calculations available, including where land costs are appropriately included to capture the true cost of providing a lower cost facility off-site (see staff report discussion on pages 37-38).<sup>5</sup>

### 7. Other Modifications

This addendum also makes three additional minor changes; one to more accurately reflect the Applicant's proposal for non-profit use, a second to correct a typo, and a third to add the Applicant's lower cost feasibility analysis to the exhibits.<sup>6</sup> Specifically, Special Condition 5(d) on staff report page 19 is modified as follows:

*Nonprofit Use. At least three days per year, the Permittee shall allow hotel conference and rooftop facilities to be used free of cost or at cost by a local California registered nonprofit organization (e.g., Boys and Girls Club of Santa Cruz County, Nueva Vista Community Resources, and similar organizations).*

And the text on staff report page 61 is modified as follows:

*As described in detail in the preceding Substantial Issue findings, and as discussed subsequently, the project can be found consistent with the LCP on numerous points, including with respect to basic site planning (allowed uses, building height, setbacks, parking, etc.), required affordable housing contributions (~~\$7270,500~~727,500 contribution to the City's AHTF and four off-site affordable workforce housing units), public access and transportation requirements (new Maple Alley public paseo, Riverwalk extension area, sidewalk improvements, and free bike rentals and contributions to the City's downtown/beach shuttle), and overall design and integration into the downtown fabric. ...*

And the attached feasibility analysis (i.e., "Feasibility Addendum – Low-Cost Accommodations Analysis | Proposed Hotel Downtown Santa Cruz", prepared by HVS Consulting and Valuation, and dated June 5, 2024) is added as Exhibit 7 of the staff report.

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<sup>5</sup> And on this note, excluding the land costs as the opposition letter suggests would actually reduce the Applicant's lower cost mitigation obligation, which seems the opposite of what the opponents are promoting.

<sup>6</sup> Some have apparently suggested that the Commission postpone taking an action on the project unless and until such a feasibility analysis is done. However, the reality is that the feasibility analysis was completed and has been a part of the Commission's file for this project for months, and it has been available for public review in the Commission's Central Coast District Office for that entire time (as noted in the staff report on page 71). There is no need to postpone action on this matter based on the need for the preparation of a feasibility analysis.



FEASIBILITY ADDENDUM – LOW-COST ACCOMMODATIONS ANALYSIS

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# Proposed Hotel Downtown Santa Cruz

302-328 FRONT STREET  
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June 5, 2024

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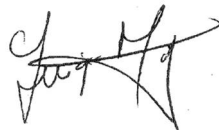
Re: Proposed Hotel Downtown Santa Cruz  
Santa Cruz, California  
HVS Reference: 2024020711

Dear Ladies and Gentlemen:

Pursuant to your request, we herewith submit our summary of findings regarding the financial feasibility of providing onsite low-cost accommodations as part of the development pertaining to the above-captioned property. We have analyzed the hotel market conditions in the Santa Cruz, California, area. We have studied the proposed project, average rates for the local market, including economy properties, and the summary results of our analysis are presented in this document.

We hereby certify that we have no undisclosed interest in the property, and our employment and compensation are not contingent upon our findings. This study is subject to the comments made throughout this report and to all assumptions and limiting conditions set forth herein.

Sincerely,  
TS Worldwide, LLC



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# 1. Executive Summary

## Subject of the Study

The subject of the study is a 32,161-square-foot (0.74-acre) parcel to be improved with a full-service lodging facility. The subject site is currently improved with a Santa Cruz Credit Union building (APN# 005-151-51) and various parking lots (APN# 005-151-35, 005-151-29, 005-151-43, and 005-151-48) that will be demolished and built upon, respectively. The proposed subject property, which is expected to open on January 1, 2026, will feature 232 rooms a lobby bar, restaurant, retail space, meeting room, and rooftop pool. The hotel will also contain the appropriate parking capacity (214 garage) and all necessary back-of-the-house space. The subject site’s location is 302-328 Front Street, Santa Cruz, California 95060.

## Feasibility Conclusion and Key Takeaways

HVS has been engaged to determine the feasibility of the subject property under two scenarios:

- In the original analysis, the subject property’s ADR has been positioned appropriately and in line with market expectations, considering the hotel’s anticipated facilities and amenities.
- A second analysis has been completed where 25.0% of the available rooms are made available at 75% of the California statewide average ADR. The second analysis is consistent with the California Coastal Commission’s methodology for lower-cost overnight accommodations.

Details on these calculations are provided in subsequent pages of this report. Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the subject site, proposed facility, and conditions in the Santa Cruz hotel market, discounted cash flow analyses were completed under each scenario and the result of our calculations are presented below.

**FIGURE 1-1 FEASIBILITY CONCLUSIONS**

	Stabilized Net Operating Income	Change in NOI	Feasibility Analysis					
			"When Complete" Market Value	"When Stabilized" Market Value	Construction Costs	Net Value Upon Completion	Net Value Upon Stabilization	Feasible to Develop
Original Analysis	\$13,633,591	-	\$141,700,000	\$160,400,000	\$136,876,736	\$4,823,264	\$23,523,264	YES
25% Allocation at 75% of CA Peak Market Average	\$11,336,665	-17%	\$111,500,000	\$133,300,000	\$136,876,736	(\$25,376,736)	(\$3,576,736)	NO

1. In the original analysis, the resulting rate of return to the equity component is 13.9%, which is just below the average, suggesting that development of the project under the original scenario is feasible only if the development group is willing to accept a below-average rate of return.
2. In the original analysis, a discounted-cash-flow analysis was also completed as an additional methodology of verifying the feasibility of the development. This analysis illustrates that while there is a slightly positive net value upon completion of the development, by the stabilized year the value exceeds the all-in development cost, suggesting once again that development of the hotel is feasible only if the development group is willing to accept longer-term asset appreciation.
3. An additional scenario was completed where 25.0% of the available rooms were made available at 75% of the California statewide average ADR. This resulted in a negative net value by the “when complete” and “when stabilized” years, indicating that development of the property is not feasible, as the cost to build would exceed the value of the hotel upon completion and upon the stabilized year.

**Feasibility Conclusion and Key Takeaways (Including Community Fees)**

In addition to our original analyses, we have further analyzed the impact on feasibility of including various community benefits as follows.

- BMR In-Lieu Fee: \$230,000
- Workforce housing contribution: \$2,800,000
- Additional Funding Contributions: \$100,000
- Low-Cost Overnight Fee Amount After Credits: \$5,170,000

These figures have been added to the original construction budget, increasing the original budget by \$8,300,000, and resulting in an all-in development cost of \$145,200,000 (rounded). The previous feasibility analysis was conducted assuming the higher all-in development cost, resulting in the following conclusions.

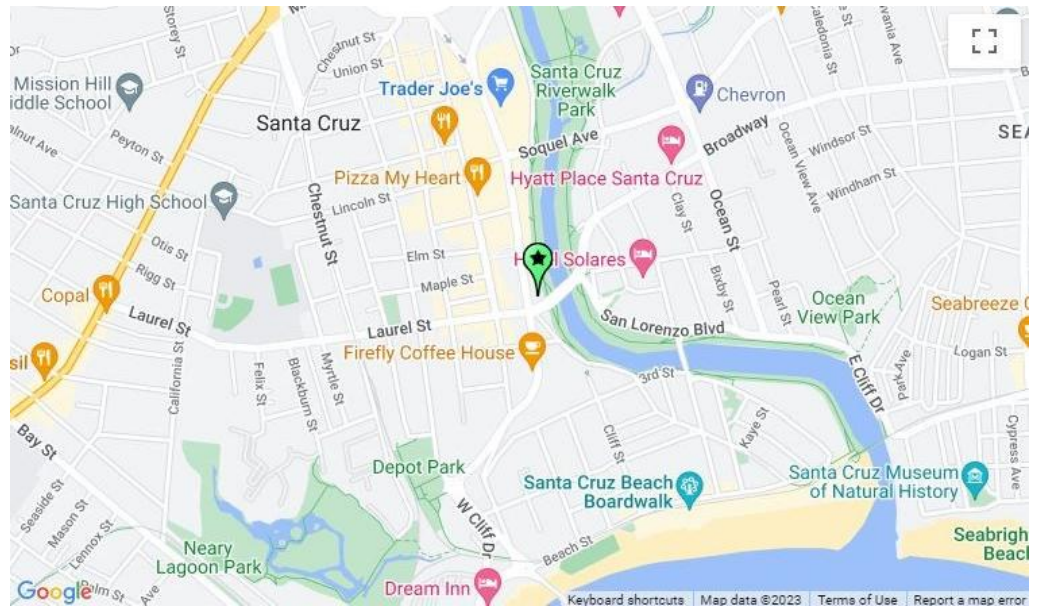
**FIGURE 1-2 FEASIBILITY CONCLUSIONS (ORIGINAL ANALYSIS AND WITH 25% LOW-COST ALLOCATION) ASSUMING INCLUSION OF COMMUNITY FEES**

	Stabilized Net Operating Income	Change in NOI	"When Complete" Market Value	"When Stabilized" Market Value	Construction Costs	Net Value Upon Completion	Net Value Upon Stabilization	Feasible to Develop
Original Analysis	\$13,633,591	-	\$141,700,000	\$160,400,000	\$145,176,736	(\$3,476,736)	\$15,223,264	NO
25% Allocation at 75% of CA Peak Market Average	\$11,336,665	-17%	\$111,500,000	\$133,300,000	\$145,176,736	(\$33,676,736)	(\$11,876,736)	NO

This analysis illustrates that it is not only economically infeasible to include these community fees under the scenario where 25% of the rooms are offered at a

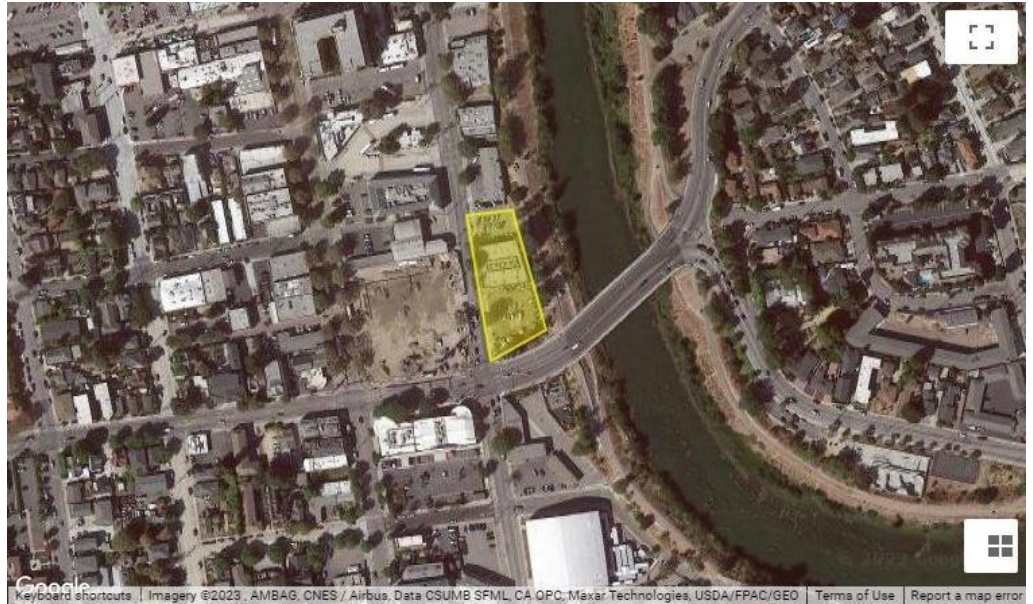
discount, but the higher costs also affects the feasibility of the project in the base-case scenario, resulting in a negative net value upon completion of (\$3,476,736).

### LOCATION MAP

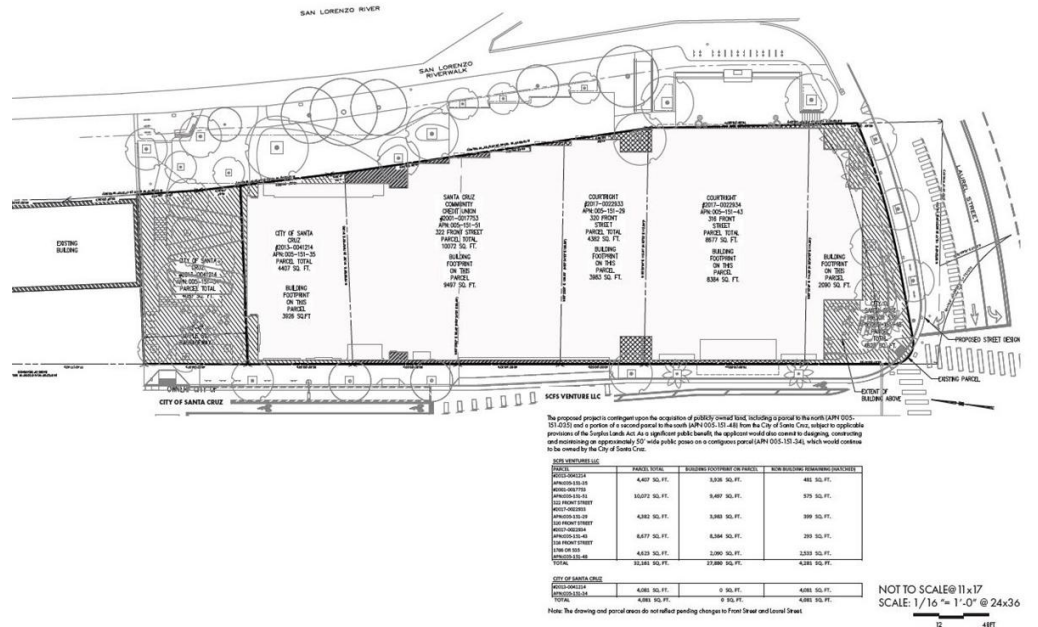




**AERIAL PHOTOGRAPH**



**SITE PLAN**





The proposed subject property’s construction budget, as provided by the project developer, is illustrated in the following table.

**FIGURE 1-3 CONSTRUCTION BUDGET – PROPOSED SUBJECT PROPERTY (232 ROOMS)**

Component	Cost	Cost per Room
<b>Hard Costs &amp; Site Improvements</b>		
Site Work	\$7,943,000	\$37,824
Building	75,942,801	361,632
Adjustments for Revised Key/Parking Counts	(5,872,006)	-27,962
General Conditions	2,340,414	11,145
Contingency	1,950,345	9,287
General Liability Insurance	663,117	3,158
Contractor's OH&P	2,489,030	11,853
Model Room Construction	80,000	\$381
Owners Contingency	4,059,193	19,329
<b>Subtotal Hard Cost &amp; Site Improvements</b>	<b>\$89,595,894</b>	<b>\$426,647</b>
<b>FF&amp;E</b>		
FF&E & OS&E	\$6,960,000	\$33,143
Operating Supplies & Equipment	1,636,213	\$7,791
Tenant Improvement Allowance	207,750	\$989
Special Systems/IT	750,000	3,571
<b>Subtotal FF&amp;E</b>	<b>9,553,963</b>	<b>\$45,495</b>
<b>Pre-Opening Costs and Working Capital</b>		
Pre-Opening Costs and Working Capital	\$1,392,000	\$6,629
<b>Subtotal Pre-Opening and Working Capital</b>	<b>\$1,392,000</b>	<b>\$6,629</b>
<b>Soft Costs</b>		
Third Party Costs	\$3,424,000	\$16,305
Third Party Pre-Development Costs	900,000	4,286
Permits & Fees	2,435,516	11,598
Owner's Liability Insurance	200,000	952
Assemblage and Equity Fee	350,000	1,667
Property Taxes & Holding Costs	\$180,000	857
Builders Risk Insurance	\$312,423	1,488
Borrower Legal	75,000	357
ALTA Boundary Survey and Title	7,800	37
Lender Legal	100,000	476
Completion Guaranty Fee	825,000	3,929
Capitalized Liquidity/Soft Cost Contingency	50,000	238
Lender Construction Monitoring	100,000	476
Loan Interest, Fees, & Reserve	5,628,526	26,803
Appraisal & Review	10,000	48
Project Analysis Report	10,000	48
Bank Fees	915,000	4,357
Oppty Zone Legal Fees	75,000	357
Title & Other Closing Costs	55,000	262
<b>Subtotal Soft Costs</b>	<b>\$15,653,265</b>	<b>\$74,539</b>
<b>Subtotal (without Land and Developer's Fee)</b>	<b>\$116,195,122</b>	<b>\$553,310</b>
<b>Land &amp; Building</b>	<b>\$16,151,405</b>	<b>\$76,911</b>
<b>Subtotal (without Developer's Fee)</b>	<b>\$132,346,527</b>	<b>\$630,222</b>
<b>Developer's Fee</b>	<b>\$4,530,209</b>	<b>\$21,572</b>
<b>Grand Total</b>	<b>\$136,876,736</b>	<b>\$651,794</b>
BMR In-Lieu Fee	\$230,000	\$1,095
Workforce Housing Contribution	\$2,800,000	\$13,333
Additional Funding Contributions	\$100,000	\$476
Low-Cost Overnight Fee Amount After Credits	\$5,170,000	\$24,619
<b>Total with Fees</b>	<b>\$145,176,736</b>	<b>\$691,318</b>

**Ownership, Franchise,  
and Management  
Assumptions**

The developer of the proposed subject hotel is SCFS Ventures LLC, which is based in California. The subject site comprises five adjacent parcels in Downtown Santa Cruz (APN# 005-151-51, 005-151-35, 005-151-29, 005-151-43, and 005-151-48). The developer acquired four parcels (APN# 005-151-51, 005-151-29, and 005-151-43) for a combined \$9 million in January 2022. The developer is currently under contract to acquire the remaining two parcels (APN# 005-151-35 and 005-151-48) from the City for approximately \$2 million. The total site acquisition cost is expected to be \$11 million. Based on discussions with the owner, the purchase of the four parcels under the developer's ownership appears to have been an arm's-length transaction and was not subject to any concessions. No other transfers of the property have occurred in the last three years. The site is neither listed nor under contract for sale, and we have no knowledge of any recent listings.

For the purposes of this analysis, we have assumed that the proposed subject hotel would be managed by the brand. Details pertaining to management terms were not yet determined at the time of this report; therefore, our forecast fees represent an estimate of what is consistent with current market standards. Our projections reflect a management fee of 3.0% of total revenues in our study.

At the time of this analysis, the developers were in discussions with several brands, such as Kimpton Hotels & Restaurants, PROPER Hotels, and Design Hotels by Marriott, to brand-manage the proposed subject hotel. Accordingly, we have assumed the proposed hotel will be managed by the brand throughout the forecast period; as such, it will not be subject to franchise fees.

**Overview of Local Area  
Lodging Market Trends**

STR is an independent research firm that compiles and publishes data on the lodging industry, and this information is routinely used by typical hotel buyers. HVS has ordered and analyzed an STR Trend Report of historical supply and demand data for this competitive set.

**FIGURE 1-4 HISTORICAL SUPPLY AND DEMAND TRENDS**

Year	Average Daily Room Count	Available Room Nights	Change	Occupied Room Nights	Change	Occupancy	Average Rate	Change	RevPAR	Change
2009	1,947	710,655	—	383,366	—	53.9 %	\$184.94	—	\$99.77	—
2010	1,947	710,655	0.0 %	405,667	5.8 %	57.1	193.79	4.8 %	110.62	10.9 %
2011	1,875	684,339	(3.7)	428,207	5.6	62.6	194.64	0.4	121.79	10.1
2012	1,846	673,885	(1.5)	447,441	4.5	66.4	202.86	4.2	134.70	10.6
2013	1,945	709,925	5.3	479,153	7.1	67.5	208.64	2.8	140.82	4.5
2014	1,945	709,925	0.0	492,080	2.7	69.3	222.98	6.9	154.56	9.8
2015	1,925	702,637	(1.0)	504,317	2.5	71.8	237.87	6.7	170.73	10.5
2016	1,933	705,421	0.4	505,559	0.2	71.7	241.89	1.7	173.36	1.5
2017	1,977	721,763	2.3	519,604	2.8	72.0	245.60	1.5	176.81	2.0
2018	2,039	744,235	3.1	550,690	6.0	74.0	253.66	3.3	187.69	6.2
2019	2,036	743,131	(0.1)	542,213	(1.5)	73.0	262.05	3.3	191.20	1.9
2020	2,032	741,711	(0.2)	314,091	(42.1)	42.3	229.57	(12.4)	97.21	(49.2)
2021	2,032	741,680	(0.0)	454,224	44.6	61.2	307.58	34.0	188.37	93.8
2022	2,045	746,575	0.7	499,483	10.0	66.9	328.39	6.8	219.70	16.6

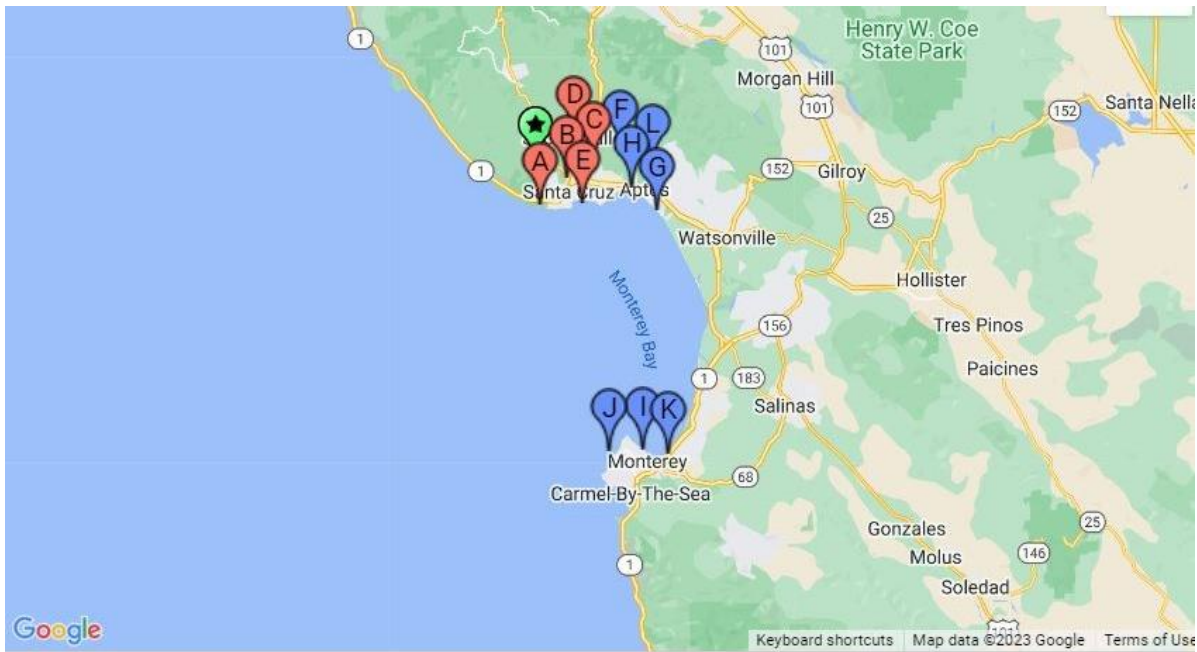
Average Annual Compounded Change:

2009 – 2019	0.4 %	3.5 %	3.5 %	6.7 %
2009 – 2022	0.4	2.1	4.5	6.3

Hotels Included in Sample	Class	Competitive Status	Number of Rooms	Year Affiliated	Year Opened	Comments
Autograph Collection Hotel Paradox	Upper Upscale Class	Primary	170	Feb 2016	Aug 1969	
Dream Inn Santa Cruz	Luxury Class	Primary	165	Nov 2016	Jun 1966	
Beach Street Inn & Suites	Luxury Class	Primary	48	Jun 1952	Jun 1952	
Hilton Santa Cruz Scotts Valley	Upper Upscale Class	Primary	178	Mar 2001	Jul 1999	
Chaminade Resort & Spa	Luxury Class	Primary	156	Jun 2020	Jun 1929	S/O April 2020, R/O June 2020
Marriott Monterey	Upper Upscale Class	Secondary	341	Aug 1991	Jun 1984	
Monterey Plaza Hotel & Spa	Luxury Class	Secondary	290	Jun 2020	Jun 1985	S/O April 2020, R/O June 2020
InterContinental The Clement Monterey	Luxury Class	Secondary	208	May 2020	May 2008	S/O April 2020, R/O May 2020
Seacliff Inn Aptos, Tapestry Collection by Hilton	Upscale Class	Secondary	148	Jan 2022	Jun 1985	
Seascape Beach Resort	Luxury Class	Secondary	190	May 2020	Jun 1993	S/O April 2020, R/O May 2020
Hyatt Place Santa Cruz	Upscale Class	Secondary	106	Aug 2017	Aug 2017	
Courtyard Santa Cruz	Upscale Class	Secondary	151	Oct 2022	Oct 2022	
<b>Total</b>			<b>2,151</b>			S/O: Suspended Operation; R/O: Resumed Operation

Source: STR

MAP OF COMPETITION



- |   |   |   |   |
|---|---|---|---|
|  | Proposed Hotel Downtown Santa Cruz            |  | Seascape Beach Resort Monterey Bay (Secondary)                |
|  | Dream Inn Santa Cruz (Primary)                |  | Seacliff Inn Aptos, Tapestry Collection by Hilton (Secondary) |
|  | Hotel Paradox, Autograph Collection (Primary) |  | InterContinental Clement Monterey (Secondary)                 |
|  | Chaminade Resort & Spa (Primary)              |  | Monterey Plaza Hotel & Spa (Secondary)                        |
|  | Hilton Santa Cruz Scotts Valley (Primary)     |  | Marriott Monterey (Secondary)                                 |
|  | Beach Street Inn and Suites (Primary)         |  | Courtyard by Marriott Santa Cruz (Secondary)                  |
|  | Hyatt Place Santa Cruz (Secondary)            |   |   |

During the illustrated historical period, RevPAR recorded year-over-year growth from 2009 through 2019, increasing by approximately \$92. This improvement in market conditions was driven largely by a healthy tourism market and a stable supply of hotel rooms. In March 2020, the COVID-19 pandemic began to affect the local market, similar to the rest of the nation, resulting in stay-at-home orders,

group cancellations, and decreased business travel; thus, occupancy declined significantly in 2020. As much of the demand remaining was lower rated in nature, ADR declined in 2020, as well. General improvement has been registered since the low point that year. By year-end 2021, occupancy had recovered a substantial portion of its 2020 losses, and ADR had surpassed 2019 levels by approximately \$39. Occupancy continued to improve in 2022, and ADR registered an approximately \$21 increase over the prior year. The increase in ADR following the loosening of COVID-19 restrictions mid-year 2021 was similar to trends in other leisure-driven destinations across California. Given the long-term strength of the Greater San Francisco Bay Area and the continued return of both commercial and leisure travel, the outlook for the market is optimistic.

The following table illustrates the historical occupancy and average daily rate (ADR) levels for selected hotels in the market.

**FIGURE 1-5 PRIMARY COMPETITORS – OPERATING PERFORMANCE**

Property	Est. Segmentation				Estimated 2021				Estimated 2022				Occupancy Penetration	Yield Penetration
	Number of Rooms	Leisure	Group	Commercial	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR		
Dream Inn Santa Cruz	165	75 %	15 %	10 %	165	60 - 65 %	\$375 - \$400	\$230 - \$240	165	80 - 85 %	\$400 - \$425	\$325 - \$350	120 - 130 %	150 - 160 %
Hotel Paradox, Autograph Collection	170	65	20	15	170	55 - 60	200 - 210	125 - 130	170	70 - 75	210 - 220	140 - 150	100 - 110	65 - 70
Chaminade Resort & Spa	156	35	55	10	156	45 - 50	325 - 350	170 - 180	156	55 - 60	350 - 375	200 - 210	85 - 90	90 - 95
Hilton Santa Cruz Scotts Valley	178	40	20	40	178	65 - 70	180 - 190	120 - 125	178	65 - 70	190 - 200	130 - 140	100 - 110	60 - 65
Beach Street Inn and Suites	48	75	15	10	48	45 - 50	180 - 190	90 - 95	48	55 - 60	220 - 230	130 - 140	85 - 90	60 - 65
<b>Sub-Totals/Averages</b>	<b>717</b>	<b>57 %</b>	<b>25 %</b>	<b>19 %</b>	<b>717</b>	<b>59.8 %</b>	<b>\$263.94</b>	<b>\$157.97</b>	<b>717</b>	<b>70.2 %</b>	<b>\$287.07</b>	<b>\$201</b>	<b>104 %</b>	<b>92.7 %</b>
Secondary Competitors	1,441	48 %	37 %	15 %	944	61.8 %	\$328.85	\$203.17	954	64.9 %	\$352.90	\$229	97 %	105.5 %
<b>Totals/Averages</b>	<b>2,158</b>	<b>52 %</b>	<b>32 %</b>	<b>16 %</b>	<b>1,661</b>	<b>60.9 %</b>	<b>\$301.34</b>	<b>\$183.66</b>	<b>1,671</b>	<b>67.2 %</b>	<b>\$323.40</b>	<b>\$217</b>	<b>100 %</b>	<b>100.0 %</b>

\* Specific occupancy and average rate data were utilized in our analysis, but are presented in ranges in the above table for the purposes of confidentiality.

**FIGURE 1-6 SECONDARY COMPETITOR(S) – OPERATING PERFORMANCE**

Property	Est. Segmentation				Estimated 2021					Estimated 2022			
	Number of Rooms	Leisure	Group	Commercial	Total Competitive Level	Weighted Annual Room Count	Occ.	Average Rate	RevPAR	Weighted Annual Room Count	Occ.	Average Rate	RevPAR
Hyatt Place Santa Cruz	106	65 %	10 %	25 %	75 %	80	65 - 70 %	\$250 - \$260	\$170 - \$180	80	60 - 65 %	\$250 - \$260	\$160 - \$170
Seascape Beach Resort Monterey Bay	197	50	40	10	75	167	45 - 50	400 - 425	200 - 210	148	50 - 55	400 - 425	210 - 220
Seacliff Inn Aptos, Tapestry Collection by Hilton	148	65	10	25	75	111	50 - 55	210 - 220	105 - 110	111	60 - 65	190 - 200	120 - 125
InterContinental Clement Monterey	208	60	30	10	70	146	70 - 75	350 - 375	260 - 270	146	70 - 75	425 - 450	300 - 325
Monterey Plaza Hotel & Spa	290	40	50	10	70	203	60 - 65	350 - 375	220 - 230	203	65 - 70	375 - 400	260 - 270
Marriott Monterey	341	35	50	15	70	239	65 - 70	300 - 325	200 - 210	239	70 - 75	325 - 350	240 - 250
Courtyard by Marriott Santa Cruz	151	60	10	30	75	Not Open				29	20 - 25	250 - 260	60 - 65
<b>Totals/Averages</b>	<b>1,441</b>	<b>48 %</b>	<b>37 %</b>	<b>15 %</b>	<b>72 %</b>	<b>944</b>	<b>61.8 %</b>	<b>\$328.85</b>	<b>\$203.17</b>	<b>954</b>	<b>64.9 %</b>	<b>\$352.90</b>	<b>\$229.09</b>

\* Specific occupancy and average rate data was utilized in our analysis, but is presented in ranges in the above table for the purposes of confidentiality.

Our survey of the primarily competitive hotels in the local market shows a range of lodging types and facilities. Each primary competitor was inspected and evaluated.

Market segmentation is a useful procedure because individual classifications often exhibit unique characteristics in terms of growth potential, seasonality of demand, average length of stay, double occupancy, facility requirements, price sensitivity, and so forth. By quantifying the room-night demand by market segment and analyzing the characteristics of each segment, the demand for transient accommodations can be projected.

**FIGURE 1-7 ACCOMMODATED-ROOM-NIGHT DEMAND**

Market Segment	2022 Marketwide	
	Accommodated Demand	Percentage of Total
Leisure	213,465	52 %
Group	129,231	32
Commercial	67,038	16
<b>Total</b>	<b>409,733</b>	<b>100 %</b>

Various types of economic and demographic data were then evaluated to determine their propensity to reflect changes in hotel demand. Based on this procedure, we forecast the following average annual compounded market-segment growth rates.

**FIGURE 1-8 AVERAGE ANNUAL COMPOUNDED MARKET-SEGMENT GROWTH RATES**

Market Segment	Annual Growth Rate					
	2023	2024	2025	2026	2027	2028
Leisure	10.0 %	4.0 %	5.0 %	7.5 %	2.5 %	1.0 %
Group	15.0	10.0	5.0	7.5	2.5	1.0
Commercial	10.0	4.0	5.0	7.5	2.5	1.0
<b>Base Demand Growth</b>	<b>11.6 %</b>	<b>6.0 %</b>	<b>5.0 %</b>	<b>7.5 %</b>	<b>2.5 %</b>	<b>1.0 %</b>

The following table details our projection of lodging demand growth for the subject market, including the total number of occupied room nights and any residual unaccommodated demand in the market.



**FIGURE 1-9 FORECAST OF MARKET OCCUPANCY**

	2022	2023	2024	2025	2026	2027	2028	2029
<b>Leisure</b>								
Base Demand	213,465	234,811	244,204	256,414	275,645	282,536	285,361	285,361
Unaccommodated Demand	4,871	5,358	5,572	5,851	6,290	6,447	6,512	6,512
Induced Demand		0	0	0	0	0	0	0
Total Demand	218,336	240,169	249,776	262,265	281,935	288,983	291,873	291,873
Growth Rate		10.0 %	4.0 %	5.0 %	7.5 %	2.5 %	1.0 %	0.0 %
<b>Group</b>								
Base Demand	129,231	148,615	163,477	171,650	184,524	189,137	191,029	191,029
Unaccommodated Demand	2,923	3,361	3,697	3,882	4,173	4,277	4,320	4,320
Induced Demand		0	0	0	0	0	0	0
Total Demand	132,153	151,976	167,174	175,532	188,697	193,415	195,349	195,349
Growth Rate		15.0 %	10.0 %	5.0 %	7.5 %	2.5 %	1.0 %	0.0 %
<b>Commercial</b>								
Base Demand	67,038	73,742	76,691	80,526	86,565	88,730	89,617	89,617
Unaccommodated Demand	1,948	2,143	2,229	2,340	2,516	2,579	2,605	2,605
Induced Demand		0	0	0	0	0	0	0
Total Demand	68,986	75,885	78,920	82,866	89,081	91,308	92,221	92,221
Growth Rate		10.0 %	4.0 %	5.0 %	7.5 %	2.5 %	1.0 %	0.0 %
<b>Totals</b>								
Base Demand	409,733	457,168	484,372	508,590	546,735	560,403	566,007	566,007
Unaccommodated Demand	9,742	10,862	11,499	12,074	12,979	13,303	13,437	13,437
Induced Demand		0	0	0	0	0	0	0
Total Demand	419,475	468,030	495,870	520,664	559,714	573,706	579,443	579,443
less: Residual Demand	9,742	12,181	22,805	16,541	13,542	15,227	18,211	18,211
Total Accommodated Demand	409,733	455,849	473,065	504,123	546,172	558,480	561,232	561,232
<b>Overall Demand Growth</b>	10.9 %	11.3 %	3.8 %	6.6 %	8.3 %	2.3 %	0.5 %	0.0 %
<b>Market Mix</b>								
Leisure	52.1 %	51.3 %	50.4 %	50.4 %	50.4 %	50.4 %	50.4 %	50.4 %
Group	31.5	32.5	33.7	33.7	33.7	33.7	33.7	33.7
Commercial	16.4	16.2	15.9	15.9	15.9	15.9	15.9	15.9
<b>Existing Hotel Supply</b>								
Available Room Nights per Year	641,118	640,963	655,223	697,538	782,218	782,218	782,218	782,218
Nights per Year	365	365	365	365	365	365	365	365
<b>Total Supply</b>	1,756	1,756	1,795	1,911	2,143	2,143	2,143	2,143
Rooms Supply Growth	2.2 %	0.0 %	2.2 %	6.5 %	12.1 %	0.0 %	0.0 %	0.0 %
<b>Marketwide Occupancy</b>	<b>63.9 %</b>	<b>71.1 %</b>	<b>72.2 %</b>	<b>72.3 %</b>	<b>69.8 %</b>	<b>71.4 %</b>	<b>71.7 %</b>	<b>71.7 %</b>

<sup>1</sup> Opening in January 2026 of the 100% competitive, 232-room Proposed Hotel Downtown Santa Cruz

<sup>2</sup> Opening in October 2024 of the 100% competitive, 155-room Proposed La Bahia Hotel

These room-night projections for the market area are used in determining the proposed subject hotel's expected occupancy levels based on penetration levels forecast by segment.

**Forecast of the Proposed Subject Hotel's Occupancy**

The proposed subject hotel's occupancy forecast is set forth as follows, with the adjusted projected penetration rates used as a basis for calculating the amount of captured market demand.

**FIGURE 1-10 FORECAST OF SUBJECT PROPERTY'S OCCUPANCY**

Market Segment	2026	2027	2028	2029
<b>Leisure</b>				
Demand	275,361	281,566	283,002	283,002
Market Share	9.5 %	10.4 %	11.2 %	11.2 %
Capture	26,284	29,410	31,561	31,561
Penetration	88 %	96 %	103 %	103 %
<b>Group</b>				
Demand	184,334	188,488	189,456	189,456
Market Share	9.8 %	10.8 %	11.2 %	11.2 %
Capture	18,056	20,294	21,303	21,303
Penetration	90 %	99 %	104 %	104 %
<b>Commercial</b>				
Demand	86,476	88,425	88,774	88,774
Market Share	9.9 %	10.9 %	11.4 %	11.4 %
Capture	8,566	9,627	10,093	10,093
Penetration	92 %	101 %	105 %	105 %
<b>Total Room Nights Captured</b>	<b>52,907</b>	<b>59,331</b>	<b>62,958</b>	<b>62,958</b>
Available Room Nights	84,680	84,680	84,680	84,680
<b>Subject Occupancy</b>	<b>62 %</b>	<b>70 %</b>	<b>74 %</b>	<b>74 %</b>
Market-wide Available Room Nights	782,218	782,218	782,218	782,218
<b>Fair Share</b>	<b>11 %</b>	<b>11 %</b>	<b>11 %</b>	<b>11 %</b>
Market-wide Occupied Room Nights	546,172	558,480	561,232	561,232
<b>Market Share</b>	<b>10 %</b>	<b>11 %</b>	<b>11 %</b>	<b>11 %</b>
<b>Market-wide Occupancy</b>	<b>70 %</b>	<b>71 %</b>	<b>72 %</b>	<b>72 %</b>
<b>Total Penetration</b>	<b>89 %</b>	<b>98 %</b>	<b>104 %</b>	<b>104 %</b>

These positioned segment penetration rates result in the following market segmentation forecast.

**FIGURE 1-11 MARKET SEGMENTATION FORECAST – SUBJECT PROPERTY**

	2026	2027	2028	2029	2030	2031	2032
Leisure	50 %	50 %	50 %	50 %	50 %	50 %	50 %
Group	34	34	34	34	34	34	34
Commercial	16	16	16	16	16	16	16
<b>Total</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>	<b>100 %</b>

These projections reflect years beginning January 1, 2026, which correspond to the first projection year in the forecast of income and expense for the proposed subject hotel.

**FIGURE 1-12 FORECAST OF OCCUPANCY**

Year	Subject Property's Occupancy
2026	62 %
2027	70
2028	74
2029	74

**Forecast of the Proposed Subject Hotel's Average Rate**

We have selected the rate position of \$346.73, in base-year dollars, for the proposed subject hotel. The final forecast reflects years beginning on January 1, 2026, and corresponds with our financial projections, as shown below.

**FIGURE 1-13 ADR FORECAST – MARKET AND PROPOSED SUBJECT HOTEL – ORIGINAL ANALYSIS**

Calendar Year	Historical		2024	2025	2026	2027	2028	2029	2030
	2019	2023							
Competitive Set ADR	\$229.57	\$334.72	\$346.43	\$358.56	\$371.11	\$382.24	\$393.71	\$405.52	\$417.69
Projected Competitive Set ADR Growth Rate	—	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		<b>\$346.73</b>	\$358.86	\$371.42	\$384.42	\$395.95	\$407.83	\$420.07	\$432.67
ADR Growth Rate			3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		104%	104%	104%	104%	104%	104%	104%	104%
Fiscal Year					2026	2027	2028	2029	2030
Proposed Subject Property Average Rate					\$384.42	\$395.95	\$407.83	\$420.07	\$432.67
Opening Discount					3.0%	1.0%	0.0%	0.0%	0.0%
<b>Average Rate After Discount</b>					<b>\$372.89</b>	<b>\$391.99</b>	<b>\$407.83</b>	<b>\$420.07</b>	<b>\$432.67</b>
Real Average Rate Growth					—	5.1%	4.0%	3.0%	3.0%
Competitive Set ADR					\$371.11	\$382.24	\$393.71	\$405.52	\$417.69
Proposed Subject ADR Penetration (After Discount)					100%	103%	104%	104%	104%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$328.12	\$334.89	\$338.27	\$338.27	\$338.27

Discounts of 3% and 1% have been applied to the stabilized room rates projected for the first two years of operation, as would be expected for a new property of this type as it builds its reputation and becomes established in the market.

**Defining Lower-Cost Accommodations**

In a market subject to constant change, it can be difficult to define what price points correspond to lower-, moderate-, and high-cost accommodations for a given area. The California Coastal Commission has utilized varying approaches to define such terms, including considering the unique circumstances for each project and applying a quantitative methodology for determining what is considered “lower-

cost.” The quantitative methodology relies on a formula based on California hotel and motel accommodations (from single up to double occupancy) and 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 compensatory measure for the loss of lower-cost overnight accommodations.

The formula calculates the average daily rate (ADR) of lower-cost hotels and motels—generally during the peak summer months of July and August— based on the ADRs of hotels and motels across the entire State of California. Under this formula, “lower-cost” is defined as overnight accommodation room rates equivalent to 75% or less than the calculated statewide ADR for the given peak period. To obtain data inputs for the formula, statewide ADRs are collected monthly by Smith Travel Research, as illustrated below.

**FIGURE 1-14 ADR FORECAST – MARKET AND PROPOSED SUBJECT HOTEL – ORIGINAL ANALYSIS**

	<b>2022</b>	<b>2023</b>
January	\$147.83	\$180.64
February	171.09	183.12
March	176.17	189.17
April	186.46	192.25
May	187.25	187.91
June	197.24	193.34
<b>July</b>	<b>207.01</b>	<b>203.66</b>
<b>August</b>	<b>196.49</b>	<b>197.37</b>
September	195.07	195.42
October	192.43	194.11
November	180.07	181.97
December	167.50	173.10
<b>Year End ADR</b>	<b>\$185.20</b>	<b>\$189.99</b>
<b>Average of Peak Months (July and August)</b>	<b>\$201.75</b>	<b>\$200.52</b>
<b>75% of Peak Month's ADR</b>	<b>\$151.31</b>	<b>\$150.39</b>

Source: STR

The formula uses peak-season (summer) rates for standard, double occupancy rooms. 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 scoring a one- or two-diamond rating. Based on the results of this data, the lower-cost rate for the 2023 season equals \$150.39 (calculated as 75% of the statewide peak-season ADR).

Following this formula, the Commission has determined that the high-cost rates are generally priced 125% or higher than the statewide average daily room rate. 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.

#### Defining Lower-Cost Accommodations

HVS understands that in past projects, the Commission has found that one method of encouraging and providing 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.<sup>1</sup>

#### Proposed Project

First, using the Commission's methodology described above to define the lower-cost room price threshold, HVS obtained statewide ADRs for July and August 2023 to reflect the peak vacation season. Statewide ADRs are collected monthly by Smith Travel Research and available, which were \$203.66 for July 2023 and \$197.37 for August 2023. Averaging these ADRs provides the following estimates: the 2023 statewide peak-season ADR is \$200.52, the lower-cost rate is \$150.39, the high-cost rate is \$250.64, and moderate-cost rates are between \$150.39 and \$250.64.

No overnight accommodations currently exist onsite, and the project would construct 232 new high-cost hotel rooms.

#### Feasibility of On-Site Lower-Cost Rooms

HVS has considered the feasibility of replacement rooms, in which the provision of 25% of 232 market-rate rooms at lower-cost rates would result in a lesser number of market-rate rooms. (ie: 174 market-rate rooms and 58 lower-cost rooms)

<sup>1</sup> 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); [PublicWorkshop:LowerCostVisitorServingAccommodations](#), published by Commission staff on October 26, 2016.

In 2023 (the base year in our analysis), as mentioned previously 75% of the peak statewide ADR was \$150.39. Thus, HVS recalculated the subject property’s base-year ADR (originally positioned at \$346.73) assuming that 25.0% of the available rooms are made available at the discounted ADR of \$150.39. This resulted in a new blended rate of \$298. These calculations are presented below.

**FIGURE 1-15 25% LOW-COST OVERNIGHT ACCOMMODATIONS – ADR REPOSITIONING**

ADR Repositioning - 25% of Available Rooms at 75% of California Peak ADR					
Hotel Room Count	Market Allocation	Rooms Available	Stab. Occupancy Positioning	Base Year ADR Positioning	RevPAR
232	75%	174	74%	\$347	\$192
232	25%	58	74%	\$150	\$28
<b>Blended Performance</b>			<b>74%</b>	<b>\$298</b>	<b>\$220</b>

**FIGURE 1-16 ADR FORECAST – MARKET AND PROPOSED SUBJECT HOTEL – 25% OF AVAILABLE ROOMS AT 75% OF CALIFORNIA STATEWIDE PEAK ADR**

Calendar Year	Historical		2024	2025	2026	2027	2028	2029	2030
	2019	2023							
Competitive Set ADR	\$229.57	\$334.72	\$346.43	\$358.56	\$371.11	\$382.24	\$393.71	\$405.52	\$417.69
Projected Competitive Set ADR Growth Rate	—	3.5%	3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Property ADR (As-If Stabilized)		<b>\$298.00</b>	\$308.43	\$319.23	\$330.40	\$340.31	\$350.52	\$361.03	\$371.87
ADR Growth Rate			3.5%	3.5%	3.5%	3.0%	3.0%	3.0%	3.0%
Proposed Subject Stabilized ADR Penetration		89%	89%	89%	89%	89%	89%	89%	89%
Fiscal Year					2026	2027	2028	2029	2030
Proposed Subject Property Average Rate					\$330.40	\$340.31	\$350.52	\$361.03	\$371.87
Opening Discount					3.0%	1.0%	0.0%	0.0%	0.0%
<b>Average Rate After Discount</b>					<b>\$320.49</b>	<b>\$336.91</b>	<b>\$350.52</b>	<b>\$361.03</b>	<b>\$371.87</b>
Real Average Rate Growth					—	5.1%	4.0%	3.0%	3.0%
Competitive Set ADR					\$371.11	\$382.24	\$393.71	\$405.52	\$417.69
Proposed Subject ADR Penetration (After Discount)					86%	88%	89%	89%	89%
ADR Expressed in Base-Year Dollars Deflated @ Inflation Rate					\$282.01	\$287.82	\$290.73	\$290.73	\$290.73

The resulting effects of the new blended ADR under this scenario on the feasibility of the development are illustrated in subsequent pages of this report.

**Forecast of Income and Expense**

The following table presents a detailed forecast through the fifth projection year, including amounts per available room (PAR) and per occupied room (POR). The second table illustrates our ten-year forecast of income and expense, presented with less detail. The forecasts pertain to years that begin on January 1, 2026, expressed

in inflated dollars for each year. (Figures in the forecast-year columns have been divided by 1,000 and reflect thousands of dollars).

The following forecast was completed under two separate scenarios:

- Original analysis with ADR positioned at a market-appropriate rate
- A second analysis where 25.0% of the available rooms are made available at 75% of the California statewide peak ADR

**FIGURE 1-17 DETAILED FORECAST OF INCOME AND EXPENSE (ORIGINAL ANALYSIS)**

	2026 (Calendar Year)				2027				2028				Stabilized				2030			
Number of Rooms:	232				232				232				232				232			
Occupancy:	62%				70%				74%				74%				74%			
Average Rate:	\$372.89				\$391.99				\$407.83				\$420.07				\$432.67			
RevPAR:	\$231.19				\$274.40				\$301.80				\$310.85				\$320.17			
Days Open:	365				365				365				365				365			
Occupied Rooms:	52,502	%Gross	PAR	POR	59,276	%Gross	PAR	POR	62,663	%Gross	PAR	POR	62,663	%Gross	PAR	POR	62,663	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$19,577	56.6 %	\$84,384	\$372.88	\$23,236	57.2 %	\$100,155	\$392.00	\$25,556	56.9 %	\$110,155	\$407.83	\$26,323	57.4 %	\$113,461	\$420.07	\$27,112	57.5 %	\$116,862	\$432.66
Food	5,817	16.8	25,075	110.80	6,545	16.1	28,211	110.41	7,026	15.6	30,285	112.12	7,237	15.8	31,194	115.49	7,454	15.8	32,129	118.95
Beverage	4,012	11.6	17,295	76.43	4,409	10.8	19,006	74.39	4,684	10.4	20,190	74.75	4,825	10.5	20,796	76.99	4,969	10.5	21,420	79.30
Other Operated Departments	68	0.2	292	1.29	72	0.2	311	1.22	76	0.2	326	1.21	78	0.2	335	1.24	80	0.2	345	1.28
Spa	1,636	4.7	7,052	31.16	1,784	4.4	7,690	30.10	1,889	4.2	8,141	30.14	1,945	4.2	8,385	31.05	2,004	4.2	8,637	31.98
Parking	1,152	3.3	4,964	21.94	1,227	3.0	5,288	20.69	1,284	2.9	5,536	20.50	1,323	2.9	5,702	21.11	1,363	2.9	5,873	21.74
Membership	1,300	3.8	5,603	24.76	2,300	5.7	9,914	38.80	3,300	7.3	14,224	52.66	3,000	6.5	12,931	47.87	3,000	6.4	12,931	47.87
Amenity Fee	948	2.7	4,088	18.07	1,010	2.5	4,354	17.04	1,058	2.4	4,559	16.88	1,089	2.4	4,696	17.39	1,122	2.4	4,837	17.91
Miscellaneous Income	68	0.2	292	1.29	72	0.2	311	1.22	76	0.2	326	1.21	78	0.2	335	1.24	80	0.2	345	1.28
<b>Total Operating Revenues</b>	<b>34,578</b>	<b>100.0</b>	<b>149,045</b>	<b>658.62</b>	<b>40,656</b>	<b>100.0</b>	<b>175,240</b>	<b>685.87</b>	<b>44,948</b>	<b>100.0</b>	<b>193,742</b>	<b>717.30</b>	<b>45,898</b>	<b>100.0</b>	<b>197,835</b>	<b>732.45</b>	<b>47,184</b>	<b>100.0</b>	<b>203,380</b>	<b>752.98</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	5,406	27.6	23,303	102.98	5,826	25.1	25,112	98.29	6,133	24.0	26,437	97.88	6,317	24.0	27,230	100.82	6,507	24.0	28,047	103.84
Food & Beverage	7,451	75.8	32,116	141.92	7,940	72.5	34,222	133.94	8,314	71.0	35,837	132.68	8,564	71.0	36,912	136.66	8,821	71.0	38,020	140.76
Other Operated Departments	35	51.8	151	0.67	36	50.6	157	0.62	38	50.0	163	0.60	39	50.0	168	0.62	40	50.0	173	0.64
Spa	1,390	84.9	5,990	26.47	1,455	81.6	6,272	24.55	1,511	80.0	6,513	24.11	1,556	80.0	6,708	24.84	1,603	80.0	6,910	25.58
Parking	537	46.6	2,314	10.22	558	45.5	2,407	9.42	578	45.0	2,491	9.22	595	45.0	2,566	9.50	613	45.0	2,643	9.78
Membership	325	25.0	1,401	6.19	575	25.0	2,478	9.70	825	25.0	3,556	13.17	750	25.0	3,233	11.97	750	25.0	3,233	11.97
<b>Total Expenses</b>	<b>15,144</b>	<b>43.8</b>	<b>65,275</b>	<b>288.44</b>	<b>16,391</b>	<b>40.3</b>	<b>70,649</b>	<b>276.51</b>	<b>17,399</b>	<b>38.7</b>	<b>74,997</b>	<b>277.67</b>	<b>17,822</b>	<b>38.8</b>	<b>76,817</b>	<b>284.40</b>	<b>18,334</b>	<b>38.9</b>	<b>79,025</b>	<b>292.58</b>
<b>DEPARTMENTAL INCOME</b>																				
	19,435	56.2	83,770	370.17	24,265	59.7	104,591	409.36	27,549	61.3	118,744	439.63	28,076	61.2	121,018	448.05	28,850	61.1	124,355	460.40
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	3,172	9.2	13,672	60.42	3,372	8.3	14,534	56.89	3,537	7.9	15,246	56.45	3,635	7.9	15,668	58.01	3,742	7.9	16,130	59.72
Info & Telecom Systems	409	1.2	1,764	7.80	435	1.1	1,875	7.34	456	1.0	1,967	7.28	469	1.0	2,022	7.48	483	1.0	2,081	7.71
Marketing	2,046	5.9	8,821	38.98	2,175	5.4	9,377	36.70	2,282	5.1	9,836	36.42	2,345	5.1	10,108	37.42	2,414	5.1	10,406	38.53
Prop. Operations & Maint.	1,427	4.1	6,152	27.19	1,602	3.9	6,904	27.02	1,769	3.9	7,623	28.22	1,817	4.0	7,834	29.00	1,871	4.0	8,065	29.86
Utilities	921	2.7	3,969	17.54	979	2.4	4,220	16.52	1,027	2.3	4,426	16.39	1,055	2.3	4,549	16.84	1,086	2.3	4,683	17.34
<b>Total Expenses</b>	<b>7,976</b>	<b>23.1</b>	<b>34,378</b>	<b>151.91</b>	<b>8,563</b>	<b>21.1</b>	<b>36,910</b>	<b>144.46</b>	<b>9,071</b>	<b>20.2</b>	<b>39,099</b>	<b>144.76</b>	<b>9,322</b>	<b>20.3</b>	<b>40,180</b>	<b>148.76</b>	<b>9,597</b>	<b>20.3</b>	<b>41,365</b>	<b>153.15</b>
<b>GROSS OPERATING PROFIT</b>																				
	11,459	33.1	49,392	218.26	15,702	38.6	67,681	264.90	18,478	41.1	79,645	294.87	18,754	40.9	80,838	299.29	19,254	40.8	82,990	307.26
Management Fee	1,037	3.0	4,471	19.76	1,220	3.0	5,257	20.58	1,348	3.0	5,812	21.52	1,377	3.0	5,935	21.97	1,416	3.0	6,101	22.59
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>10,421</b>	<b>30.1</b>	<b>44,920</b>	<b>198.50</b>	<b>14,482</b>	<b>35.6</b>	<b>62,424</b>	<b>244.32</b>	<b>17,129</b>	<b>38.1</b>	<b>73,833</b>	<b>273.35</b>	<b>17,377</b>	<b>37.9</b>	<b>74,903</b>	<b>277.32</b>	<b>17,838</b>	<b>37.8</b>	<b>76,889</b>	<b>284.67</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	1,486	4.3	6,406	28.31	1,516	3.7	6,534	25.57	1,546	3.4	6,665	24.68	1,577	3.4	6,798	25.17	1,609	3.4	6,934	25.67
Insurance	409	1.2	1,761	7.78	421	1.0	1,814	7.10	434	1.0	1,869	6.92	447	1.0	1,925	7.13	460	1.0	1,983	7.34
Retail Lease Income	(79)	(0.2)	(342)	(1.51)	(109)	(0.3)	(470)	(1.84)	(112)	(0.3)	(484)	(1.79)	(116)	(0.3)	(499)	(1.85)	(119)	(0.3)	(514)	(1.90)
<b>Total Expenses</b>	<b>1,815</b>	<b>5.3</b>	<b>7,825</b>	<b>34.58</b>	<b>1,828</b>	<b>4.4</b>	<b>7,878</b>	<b>30.83</b>	<b>1,867</b>	<b>4.1</b>	<b>8,049</b>	<b>29.80</b>	<b>1,908</b>	<b>4.1</b>	<b>8,224</b>	<b>30.45</b>	<b>1,949</b>	<b>4.1</b>	<b>8,403</b>	<b>31.11</b>
<b>EBITDA</b>	<b>8,606</b>	<b>24.8</b>	<b>37,095</b>	<b>163.92</b>	<b>12,655</b>	<b>31.2</b>	<b>54,546</b>	<b>213.49</b>	<b>15,262</b>	<b>34.0</b>	<b>65,784</b>	<b>243.55</b>	<b>15,470</b>	<b>33.8</b>	<b>66,679</b>	<b>246.87</b>	<b>15,889</b>	<b>33.7</b>	<b>68,486</b>	<b>253.56</b>
Reserve for Replacement	692	2.0	2,981	13.17	1,220	3.0	5,257	20.58	1,798	4.0	7,750	28.69	1,836	4.0	7,913	29.30	1,887	4.0	8,135	30.12
<b>EBITDA LESS RESERVE</b>	<b>\$7,915</b>	<b>22.8 %</b>	<b>\$34,114</b>	<b>\$150.75</b>	<b>\$11,435</b>	<b>28.2 %</b>	<b>\$49,288</b>	<b>\$192.91</b>	<b>\$13,464</b>	<b>30.0 %</b>	<b>\$58,034</b>	<b>\$214.86</b>	<b>\$13,634</b>	<b>29.8 %</b>	<b>\$58,765</b>	<b>\$217.57</b>	<b>\$14,001</b>	<b>29.7 %</b>	<b>\$60,351</b>	<b>\$223.44</b>

\*Departmental expenses are expressed as a percentage of departmental revenues.



**FIGURE 1-18 DETAILED FORECAST OF INCOME AND EXPENSE (REPOSITIONED TO 25% LCOA AT 75% OF CALIFORNIA STATEWIDE PEAK ADR)**

	2026 (Calendar Year)				2027				2028				Stabilized				2030			
Occupancy:	62%				70%				74%				74%				74%			
Average Rate:	\$320.49				\$336.91				\$350.52				\$361.03				\$371.87			
RevPAR:	\$198.70				\$235.83				\$259.38				\$267.17				\$275.18			
Days Open:	365				365				365				365				365			
Occupied Rooms:	52,502	%Gross	PAR	POR	59,276	%Gross	PAR	POR	62,663	%Gross	PAR	POR	62,663	%Gross	PAR	POR	62,663	%Gross	PAR	POR
<b>OPERATING REVENUE</b>																				
Rooms	\$16,826	52.9 %	\$72,526	\$320.49	\$19,970	53.4 %	\$86,078	\$336.90	\$21,965	53.1 %	\$94,677	\$350.52	\$22,624	53.6 %	\$97,517	\$361.04	\$23,302	53.7 %	\$100,440	\$371.86
Food	5,817	18.3	25,075	110.80	6,545	17.5	28,211	110.41	7,026	17.0	30,285	112.12	7,237	17.1	31,194	115.49	7,454	17.2	32,129	118.95
Beverage	4,012	12.6	17,295	76.43	4,409	11.8	19,006	74.39	4,684	11.3	20,190	74.75	4,825	11.4	20,796	76.99	4,969	11.5	21,420	79.30
Other Operated Departments	68	0.2	292	1.29	72	0.2	311	1.22	76	0.2	326	1.21	78	0.2	335	1.24	80	0.2	345	1.28
Spa	1,636	5.1	7,052	31.16	1,784	4.8	7,690	30.10	1,889	4.6	8,141	30.14	1,945	4.6	8,385	31.05	2,004	4.6	8,637	31.98
Parking	1,152	3.6	4,964	21.94	1,227	3.3	5,288	20.69	1,284	3.1	5,536	20.50	1,323	3.1	5,702	21.11	1,363	3.1	5,873	21.74
Membership	1,300	4.1	5,603	24.76	2,300	6.2	9,914	38.80	3,300	8.0	14,224	52.66	3,000	7.1	12,931	47.87	3,000	6.9	12,931	47.87
Amenity Fee	948	3.0	4,088	18.07	1,010	2.7	4,354	17.04	1,058	2.6	4,559	16.88	1,089	2.6	4,696	17.39	1,122	2.6	4,837	17.91
Miscellaneous Income	68	0.2	292	1.29	72	0.2	311	1.22	76	0.2	326	1.21	78	0.2	335	1.24	80	0.2	345	1.28
<b>Total Operating Revenues</b>	<b>31,827</b>	<b>100.0</b>	<b>137,187</b>	<b>606.22</b>	<b>37,390</b>	<b>100.0</b>	<b>161,163</b>	<b>630.77</b>	<b>41,357</b>	<b>100.0</b>	<b>178,263</b>	<b>659.99</b>	<b>42,199</b>	<b>100.0</b>	<b>181,891</b>	<b>673.42</b>	<b>43,374</b>	<b>100.0</b>	<b>186,957</b>	<b>692.18</b>
<b>DEPARTMENTAL EXPENSES *</b>																				
Rooms	4,647	27.6	20,028	88.50	5,007	25.1	21,583	84.47	5,272	24.0	22,722	84.12	5,430	24.0	23,404	86.65	5,593	24.0	24,106	89.25
Food & Beverage	7,451	75.8	32,116	141.92	7,940	72.5	34,222	133.94	8,314	71.0	35,837	132.68	8,564	71.0	36,912	136.66	8,821	71.0	38,020	140.76
Other Operated Departments	35	51.8	151	0.67	36	50.6	157	0.62	38	50.0	163	0.60	39	50.0	168	0.62	40	50.0	173	0.64
Spa	1,390	84.9	5,990	26.47	1,455	81.6	6,272	24.55	1,511	80.0	6,513	24.11	1,556	80.0	6,708	24.84	1,603	80.0	6,910	25.58
Parking	537	46.6	2,314	10.22	558	45.5	2,407	9.42	578	45.0	2,491	9.22	595	45.0	2,566	9.50	613	45.0	2,643	9.78
Membership	325	25.0	1,401	6.19	575	25.0	2,478	9.70	825	25.0	3,556	13.17	750	25.0	3,233	11.97	750	25.0	3,233	11.97
<b>Total Expenses</b>	<b>14,384</b>	<b>45.2</b>	<b>62,000</b>	<b>273.97</b>	<b>15,572</b>	<b>41.6</b>	<b>67,120</b>	<b>262.70</b>	<b>16,537</b>	<b>40.0</b>	<b>71,282</b>	<b>263.91</b>	<b>16,934</b>	<b>40.1</b>	<b>72,991</b>	<b>270.24</b>	<b>17,419</b>	<b>40.2</b>	<b>75,083</b>	<b>277.98</b>
<b>DEPARTMENTAL INCOME</b>	<b>17,443</b>	<b>54.8</b>	<b>75,187</b>	<b>332.24</b>	<b>21,818</b>	<b>58.4</b>	<b>94,043</b>	<b>368.07</b>	<b>24,820</b>	<b>60.0</b>	<b>106,981</b>	<b>396.08</b>	<b>25,265</b>	<b>59.9</b>	<b>108,901</b>	<b>403.19</b>	<b>25,955</b>	<b>59.8</b>	<b>111,874</b>	<b>414.19</b>
<b>UNDISTRIBUTED OPERATING EXPENSES</b>																				
Administrative & General	3,177	10.0	13,695	60.52	3,377	9.0	14,558	56.98	3,544	8.6	15,274	56.55	3,641	8.6	15,693	58.10	3,748	8.6	16,155	59.81
Info & Telecom Systems	410	1.3	1,767	7.81	436	1.2	1,878	7.35	457	1.1	1,971	7.30	470	1.1	2,025	7.50	484	1.1	2,085	7.72
Marketing	2,050	6.4	8,835	39.04	2,179	5.8	9,392	36.76	2,286	5.5	9,854	36.48	2,349	5.6	10,125	37.48	2,418	5.6	10,423	38.59
Prop. Operations & Maint.	1,430	4.5	6,163	27.23	1,604	4.3	6,915	27.06	1,772	4.3	7,637	28.27	1,820	4.3	7,847	29.05	1,874	4.3	8,078	29.91
Utilities	922	2.9	3,976	17.57	981	2.6	4,226	16.54	1,029	2.5	4,434	16.42	1,057	2.5	4,556	16.87	1,088	2.5	4,690	17.36
<b>Total Expenses</b>	<b>7,989</b>	<b>25.1</b>	<b>34,435</b>	<b>152.17</b>	<b>8,577</b>	<b>22.9</b>	<b>36,970</b>	<b>144.70</b>	<b>9,088</b>	<b>22.0</b>	<b>39,171</b>	<b>145.02</b>	<b>9,337</b>	<b>22.1</b>	<b>40,245</b>	<b>149.00</b>	<b>9,612</b>	<b>22.1</b>	<b>41,430</b>	<b>153.39</b>
<b>GROSS OPERATING PROFIT</b>	<b>9,454</b>	<b>29.7</b>	<b>40,752</b>	<b>180.08</b>	<b>13,241</b>	<b>35.5</b>	<b>57,073</b>	<b>223.38</b>	<b>15,732</b>	<b>38.0</b>	<b>67,810</b>	<b>251.06</b>	<b>15,928</b>	<b>37.8</b>	<b>68,655</b>	<b>254.19</b>	<b>16,343</b>	<b>37.7</b>	<b>70,444</b>	<b>260.81</b>
Management Fee	955	3.0	4,116	18.19	1,122	3.0	4,835	18.92	1,241	3.0	5,348	19.80	1,266	3.0	5,457	20.20	1,301	3.0	5,609	20.77
<b>INCOME BEFORE NON-OPR. INC. &amp; EXP.</b>	<b>8,500</b>	<b>26.7</b>	<b>36,636</b>	<b>161.89</b>	<b>12,119</b>	<b>32.5</b>	<b>52,238</b>	<b>204.45</b>	<b>14,491</b>	<b>35.0</b>	<b>62,462</b>	<b>231.26</b>	<b>14,662</b>	<b>34.8</b>	<b>63,199</b>	<b>233.98</b>	<b>15,042</b>	<b>34.7</b>	<b>64,835</b>	<b>240.04</b>
<b>NON-OPERATING INCOME &amp; EXPENSE</b>																				
Property Taxes	1,231	3.9	5,307	23.45	1,256	3.4	5,414	21.19	1,281	3.1	5,522	20.44	1,307	3.1	5,632	20.85	1,333	3.1	5,745	21.27
Insurance	409	1.3	1,761	7.78	421	1.1	1,814	7.10	434	1.0	1,869	6.92	447	1.1	1,925	7.13	460	1.1	1,983	7.34
Retail Lease Income	(79)	(0.2)	(342)	(1.51)	(109)	(0.3)	(470)	(1.84)	(112)	(0.3)	(484)	(1.79)	(116)	(0.3)	(499)	(1.85)	(119)	(0.3)	(514)	(1.90)
<b>Total Expenses</b>	<b>1,561</b>	<b>5.0</b>	<b>6,726</b>	<b>29.72</b>	<b>1,568</b>	<b>4.2</b>	<b>6,758</b>	<b>26.45</b>	<b>1,602</b>	<b>3.8</b>	<b>6,906</b>	<b>25.57</b>	<b>1,637</b>	<b>3.9</b>	<b>7,058</b>	<b>26.13</b>	<b>1,674</b>	<b>3.9</b>	<b>7,213</b>	<b>26.71</b>
<b>EBITDA</b>	<b>6,939</b>	<b>21.7</b>	<b>29,910</b>	<b>132.17</b>	<b>10,551</b>	<b>28.3</b>	<b>45,480</b>	<b>178.00</b>	<b>12,889</b>	<b>31.2</b>	<b>55,556</b>	<b>205.69</b>	<b>13,025</b>	<b>30.9</b>	<b>56,141</b>	<b>207.85</b>	<b>13,368</b>	<b>30.8</b>	<b>57,622</b>	<b>213.33</b>
Reserve for Replacement	637	2.0	2,744	12.12	1,122	3.0	4,835	18.92	1,654	4.0	7,131	26.40	1,688	4.0	7,276	26.94	1,735	4.0	7,478	27.69
<b>EBITDA LESS RESERVE</b>	<b>\$6,302</b>	<b>19.7 %</b>	<b>\$27,166</b>	<b>\$120.04</b>	<b>\$9,430</b>	<b>25.3 %</b>	<b>\$40,645</b>	<b>\$159.08</b>	<b>\$11,235</b>	<b>27.2 %</b>	<b>\$48,426</b>	<b>\$179.29</b>	<b>\$11,337</b>	<b>26.9 %</b>	<b>\$48,865</b>	<b>\$180.91</b>	<b>\$11,633</b>	<b>26.8 %</b>	<b>\$50,143</b>	<b>\$185.65</b>

\*Departmental expenses are expressed as a percentage of departmental revenues.

**Feasibility Conclusion –  
Original Analysis**

Our positioning of each revenue and expense level is supported by comparable operations or trends specific to this market.

Return on investment (ROI) can be defined as the future benefits of an income-producing property relative to its acquisition or construction cost. Based on the total development cost, the investor will utilize an ROI analysis to determine if the future cash flow from a current cash outlay meets their own investment criteria and at what level above or below this amount such an outlay exceeds or fails to meet these criteria.

As an individual or company considering investment in hotel real estate, the decision to use one’s own cash, an equity partner’s capital, or lender financing will be an internal one. Because hotels typically require a substantial investment, only the largest investors and hotel companies generally have the means to purchase properties with all cash. We would anticipate the involvement of some financing by a third party for the typical investor or for those who may be entering the market for hotel acquisitions at this time. Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the subject site, proposed facility, and conditions in the Santa Cruz hotel market, we have assumed a mortgage at a loan-to-cost ratio of 50% with an interest rate of 8.50% and an amortization period of 25 years. The following table summarizes the mortgage component.

**FIGURE 1-19 MORTGAGE COMPONENT**

Initial Cost	\$142,200,000
Loan to cost	50.0%
Mortgage Amount	\$71,100,000
Assumed interest rate	8.50%
Assumed Amortization	25 years
Debt Service Constant	0.09663
Annual Debt Service	\$6,870,000
Mortgage paid off over 10 years	18.23%
Balance at end of 10 years	\$58,139,000

The remaining capital required for the development of the proposed subject property would be the equity investment. This is the balance of the total development cost less the assumed mortgage amount, as illustrated in the table that follows.

**FIGURE 1-20 CALCULATION OF EQUITY COMPONENT**

Initial Cost	\$142,200,000
Mortgage	71,100,000
Equity Investment	<u>\$71,100,000</u>

The reversion to the mortgage and equity components is calculated below.

**FIGURE 1-21 REVERSION TO MORTGAGE AND EQUITY COMPONENTS**

Year 11 NOI	18,640,000
Terminal Cap Rate	<u>8.00%</u>
Estimated Sales Proceeds	\$233,000,000
Less: Transaction Costs @ 1.0%	<u>\$2,330,000</u>
Net Sales Proceeds	\$230,670,000
Less: Mortgage Component	<u>\$58,139,000</u>
Equity Reversion	\$172,531,000

Using the aforementioned investment components, the internal rate of return (IRR) indicated by the EBITDA forecast and the assumed reversionary sales proceeds are calculated, as presented in the following table.

**FIGURE 1-22 IRR TO THE TOTAL PROPERTY AND MORTGAGE AND EQUITY COMPONENTS**

Year	Total Project		Mortgage Component		Equity Component	
	Total NOI	Return on Investment	Debt Service	Return on Investment	NOI to Equity	Return on Investment
Initial Investment	(\$142,200,000)		(\$71,100,000)		(\$71,100,000)	
2026	\$7,914,531	5.6 %	\$6,870,000	9.7 %	\$1,044,531	1.5 %
2027	11,434,927	8.0	6,870,000	9.7	4,564,927	6.4
2028	13,463,946	9.5	6,870,000	9.7	6,593,946	9.3
2029	13,633,591	9.6	6,870,000	9.7	6,763,591	9.5
2030	14,001,371	9.8	6,870,000	9.7	7,131,371	10.0
2031	14,438,060	10.2	6,870,000	9.7	7,568,060	10.6
2032	14,887,804	10.5	6,870,000	9.7	8,017,804	11.3
2033	15,350,368	10.8	6,870,000	9.7	8,480,368	11.9
2034	15,828,144	11.1	6,870,000	9.7	8,958,144	12.6
2035	219,001,000	154.0	65,009,000	91.4	153,992,000	216.6
<i>(Including reversion)</i>						
Ten Year IRR		11.6 %	8.4 %		13.9 %	

Based on the forecast of EBITDA and the development cost, the total project would yield an ROI of 11.6%. Based on the mortgage assumptions, the equity component’s initial investment of \$71,100,000 would achieve a return of 13.9% over a ten-year holding period. Our analysis of investment surveys revealed that equity returns for full-service hotels range from 10.9% to 19.5%, with an average of 15.3%, as illustrated below.

**FIGURE 1-23 EQUITY RETURN SURVEYS**

Source	Equity Yield Rate Average
HVS/Hotel Sales Full-Service & Luxury Hotels	10.9% - 19.5% 15.3%
HVS/Hotel Sales Select-Service & Extended-Stay Hotels	14.2% - 18.9% 16.3%

The resulting rate of return of 13.9% for the subject property in the original analysis is just below the average, suggesting that the development of the project under the original scenario is feasible only if the development group is willing to accept a below-market rate of return.

As an additional methodology for the verification of feasibility, a discounted cash flow analysis has been completed utilizing a discount rate of 11.6%, as reported in the original IRR calculation. The “when complete” and “when stabilized” market values of the property under this scenario are illustrated below and then compared to the all-in development cost.

**FIGURE 1-24 DISCOUNTED CASH FLOW ANALYSIS FOR FEASIBILITY CALCULATION – WHEN COMPLETE**

Stabilized Year	4				
Discount Rate	11.6 %				
Loaded Terminal Cap	9.1				
Transaction Costs	1.0				

Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 11.64	Discounted Cash Flow
2026	\$9,400,722	\$1,565,502	\$7,835,221	0.89574	\$7,018,339
2027	12,950,843	1,596,812	11,354,031	0.80235	9,109,956
2028	15,010,180	1,628,748	13,381,432	0.71870	9,617,273
2029	15,210,750	1,661,323	13,549,427	0.64377	8,722,749
2030	15,610,073	1,694,549	13,915,523	0.57665	8,024,447
2031	16,078,936	1,728,440	14,350,496	0.51653	7,412,514
2032	16,561,304	1,763,009	14,798,295	0.46268	6,846,891
2033	17,058,143	1,798,269	15,259,874	0.41444	6,324,349
2034	17,569,887	1,834,235	15,735,653	0.37123	5,841,612
2035	18,096,984	1,870,919	218,904,811 *	0.33253	72,792,460

<b>Estimated Market Value</b>	\$141,710,590
(SAY)	\$141,700,000

<b>Reversion Analysis</b>	
11th Year's EBITDA Less Reserves (not including taxes)	\$18,639,893
Capitalization Rate (loaded with tax rate)	<u>9.1%</u>
Total Sales Proceeds	\$204,726,007
Less: Transaction Costs @ 1.0%	<u>2,047,260</u>
Net Sales Proceeds (Say)	202,678,747

*\*10th year NOI after taxes, plus the reversionary value.*

**FIGURE 1-25 DISCOUNTED CASH FLOW ANALYSIS FOR FEASIBILITY CALCULATION – WHEN STABILIZED**

Stabilized Year			4		
Discount Rate			11.6 %		
Loaded Terminal Cap			9.1		
Transaction Costs			1.0		

Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 11.64	Discounted Cash Flow
2029	\$15,210,750	\$1,772,099	\$13,438,650	0.89574	\$12,037,568
2030	15,667,072	1,807,541	13,859,531	0.80235	11,120,255
2031	16,137,084	1,843,692	14,293,392	0.71870	10,272,701
2032	16,621,197	1,880,566	14,740,631	0.64377	9,489,613
2033	17,119,833	1,918,177	15,201,656	0.57665	8,766,100
2034	17,633,428	1,956,541	15,676,887	0.51653	8,097,640
2035	18,162,431	1,995,672	16,166,759	0.46268	7,480,054
2036	18,707,303	2,035,585	16,671,719	0.41444	6,909,478
2037	19,268,523	2,076,297	17,192,226	0.37123	6,382,342
2038	19,846,578	2,117,823	240,002,236 *	0.33253	79,807,991

<b>Estimated Market Value</b>		\$160,363,743
(SAY)		\$160,400,000

<b>Reversion Analysis</b>		
11th Year's EBITDA Less Reserves (not including taxes)		\$20,441,976
Capitalization Rate (loaded with tax rate)		<u>9.1%</u>
Total Sales Proceeds		\$224,518,667
Less: Transaction Costs @ 1.0%		<u>2,245,187</u>
Net Sales Proceeds (Say)		222,273,481

*\*10th year NOI after taxes, plus the reversionary value.*

As illustrated previously, the all-in development cost of the subject property is reported at \$136,876,736. The “when complete” discounted cash flow analysis of the subject property in the original scenario is \$141,700,000, which is just above the cost to build, while the “when stabilized” discounted cash flow analysis is \$160,400,000, which is substantially above the cost build. The original analysis suggests that the subject property is primarily feasible if the development group is willing to wait for longer-term asset appreciation.

**Feasibility Conclusion –  
 LCOA – 25% at  
 California Statewide  
 ADR**

The above analysis has been repeated for the second scenario. In the second scenario, the assumption has been made that 25.0% of the available rooms are made available at 75% of the California statewide average rate, as illustrated previously. Utilizing a discount rate of 11.6%, as reported in the original IRR analysis, the “when complete” and “when stabilized” discounted cash flow analyses of the property under this scenario are illustrated below and then compared to the all-in development cost.

**FIGURE 1-26 DISCOUNTED CASH FLOW ANALYSIS FOR FEASIBILITY CALCULATION – WHEN COMPLETE**

Stabilized Year	4				
Discount Rate	11.6 %				
Loaded Terminal Cap	9.1				
Transaction Costs	1.0				

Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 11.64	Discounted Cash Flow
2026	\$7,533,803	\$1,298,140	\$6,235,663	0.89574	\$5,585,548
2027	10,685,658	1,324,103	9,361,555	0.80235	7,511,285
2028	12,515,830	1,350,585	11,165,245	0.71870	8,024,493
2029	12,643,342	1,377,597	11,265,746	0.64377	7,252,578
2030	12,966,074	1,405,148	11,560,925	0.57665	6,666,657
2031	13,355,004	1,433,251	11,921,752	0.51653	6,157,987
2032	13,755,654	1,461,916	12,293,737	0.46268	5,688,080
2033	14,168,323	1,491,155	12,677,169	0.41444	5,253,965
2034	14,593,373	1,520,978	13,072,395	0.37123	4,852,920
2035	15,031,174	1,551,397	181,822,722 *	0.33253	60,461,545

<b>Estimated Market Value</b>	\$117,455,057
(SAY)	\$117,500,000
<b>Reversion Analysis</b>	
11th Year's EBITDA Less Reserves (not including taxes)	\$15,482,110
Capitalization Rate (loaded with tax rate)	9.1%
Total Sales Proceeds	\$170,043,379
Less: Transaction Costs @ 1.0%	1,700,434
Net Sales Proceeds (Say)	168,342,945

*\*10th year NOI after taxes, plus the reversionary value.*

**FIGURE 1-27 DISCOUNTED CASH FLOW ANALYSIS FOR FEASIBILITY CALCULATION – WHEN STABILIZED**

Stabilized Year			4		
Discount Rate			11.64 %		
Loaded Terminal Cap			9.1		
Transaction Costs			1.0		

Year	Net Income, Before Taxes	Property Taxes	Net Income, After Taxes	Discount Factor 11.64	Discounted Cash Flow
2029	\$12,643,342	\$1,472,698	\$11,170,644	0.89574	\$10,006,019
2030	13,022,643	1,502,152	11,520,490	0.80235	9,243,516
2031	13,413,322	1,532,195	11,881,126	0.71870	8,538,999
2032	13,815,721	1,562,839	12,252,882	0.64377	7,888,069
2033	14,230,193	1,594,096	12,636,097	0.57665	7,286,660
2034	14,657,099	1,625,978	13,031,121	0.51653	6,731,013
2035	15,096,812	1,658,498	13,438,314	0.46268	6,217,654
2036	15,549,716	1,691,668	13,858,049	0.41444	5,743,372
2037	16,016,208	1,725,501	14,290,707	0.37123	5,305,199
2038	16,496,694	1,760,011	199,492,842 *	0.33253	66,337,394

<b>Estimated Market Value</b>		\$133,297,894
(SAY)		\$133,300,000

<b>Reversion Analysis</b>		
11th Year's EBITDA Less Reserves (not including taxes)		\$16,991,595
Capitalization Rate (loaded with tax rate)		<u>9.1%</u>
Total Sales Proceeds		\$186,622,383
Less: Transaction Costs @ 1.0%		<u>1,866,224</u>
Net Sales Proceeds (Say)		184,756,159

*\*10th year NOI after taxes, plus the reversionary value.*

As illustrated previously, the all-in development cost of the subject property is reported at \$136,876,736. The “when complete” discounted cash flow analysis of the subject property in the second scenario is \$117,500,000, which is below the cost to build, while the “when stabilized” discounted cash flow analysis is \$133,300,000, which is also below the build cost. This analysis illustrates that it is not feasible to develop the subject property under these assumptions.



**Feasibility Conclusion and Key Takeaways**

Based on our analysis of the current lodging industry mortgage market and adjustments for specific factors, such as the subject site, proposed facility, and conditions in the Santa Cruz hotel market, we have assumed a mortgage at a loan-to-cost ratio of 50% with an interest rate of 8.50% and an amortization period of 25 years. This resulted in a discount rate of 11.6%. Discounted cash flow analyses were completed under each scenario, and the results of our calculations are presented below.

**FIGURE 1-28 FEASIBILITY CONCLUSIONS (ORIGINAL ANALYSIS AND WITH 25% LOW-COST ALLOCATION)**

	Stabilized Net Operating Income	Change in NOI	Feasibility Analysis					Feasible to Develop
			"When Complete" Market Value	"When Stabilized" Market Value	Construction Costs	Net Value Upon Completion	Net Value Upon Stabilization	
Original Analysis	\$13,633,591	-	\$141,700,000	\$160,400,000	\$136,876,736	\$4,823,264	\$23,523,264	YES
25% Allocation at 75% of CA Peak Market Average	\$11,336,665	-17%	\$111,500,000	\$133,300,000	\$136,876,736	(\$25,376,736)	(\$3,576,736)	NO

1. In the original analysis, the resulting rate of return to the equity component is 13.9%, which is just below the average, suggesting that development of the project under the original scenario is feasible only if the development group is willing to accept a below-average rate of return.
2. In the original analysis, a discounted cash flow analysis was also completed as an additional methodology of verifying the feasibility of the development. This analysis illustrates that while there is a negative net value upon completion of the development, by the stabilized year, the value exceeds the all-in development cost, suggesting once again that development of the hotel is feasible only if the development group is willing to accept longer-term asset appreciation.
3. An additional scenario was completed where 25.0% of the available rooms were made available at 75% of the California statewide average ADR. This resulted in a negative net value by the “when complete” and “when stabilized” years, illustrating that development of the property is not feasible under this scenario, as the cost to build would exceed the value of the hotel both upon completion and upon the stabilized year.

**Feasibility Conclusion and Key Takeaways (Including Community Fees)**

In addition to our original analyses, we have further analyzed the impact on feasibility of including various community benefits as follows.

- BMR In-Lieu Fee: \$230,000
- Workforce housing contribution: \$2,800,000
- Additional Funding Contributions: \$100,000
- Low-Cost Overnight Fee Amount After Credits: \$5,170,000

These figures have been added to the original construction budget, increasing the original budget by \$8,300,000, and resulting in an all-in development cost of \$145,200,000 (rounded). The previous feasibility analysis was conducted assuming the higher all-in development cost, resulting in the following conclusions.

**FIGURE 1-29 FEASIBILITY CONCLUSIONS (ORIGINAL ANALYSIS AND WITH 25% LOW-COST ALLOCATION) ASSUMING INCLUSION OF COMMUNITY FEES**

	Stabilized Net Operating Income	Change in NOI	"When Complete" Market Value	"When Stabilized" Market Value	Construction Costs	Net Value Upon Completion	Net Value Upon Stabilization	Feasible to Develop
Original Analysis	\$13,633,591	–	\$141,700,000	\$160,400,000	\$145,176,736	(\$3,476,736)	\$15,223,264	NO
25% Allocation at 75% of CA Peak Market Average	\$11,336,665	-17%	\$111,500,000	\$133,300,000	\$145,176,736	(\$33,676,736)	(\$11,876,736)	NO

This analysis illustrates that it is not only economically infeasible to include these community fees under the scenario where 25% of the rooms are offered at a discount, but the higher costs also affects the feasibility of the project in the base-case scenario, resulting in a negative net value upon completion of (\$3,476,736).

### Method of Study

The methodology used to develop this study is based on the market research and valuation techniques set forth in the textbooks authored by HVS for the American Institute of Real Estate Appraisers and the Appraisal Institute, entitled *The Valuation of Hotels and Motels*,<sup>2</sup> *Hotels, Motels and Restaurants: Valuations and Market Studies*,<sup>3</sup> *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*,<sup>4</sup> and *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*.<sup>5</sup>

- The subject site has been evaluated from the viewpoint of its physical utility for the future operation of a hotel, as well as access, visibility, and other relevant location factors.

<sup>2</sup> Stephen Rushmore, *The Valuation of Hotels and Motels*. (Chicago: American Institute of Real Estate Appraisers, 1978).

<sup>3</sup> Stephen Rushmore, *Hotels, Motels and Restaurants: Valuations and Market Studies*. (Chicago: American Institute of Real Estate Appraisers, 1983).

<sup>4</sup> Stephen Rushmore, *The Computerized Income Approach to Hotel/Motel Market Studies and Valuations*. (Chicago: American Institute of Real Estate Appraisers, 1990).

<sup>5</sup> Stephen Rushmore, *Hotels and Motels: A Guide to Market Analysis, Investment Analysis, and Valuations*. (Chicago: Appraisal Institute, 1992).

5. The surrounding economic environment, on both an area and neighborhood level, has been reviewed to identify specific hostelry-related economic and demographic trends that may have an impact on future demand for hotels.
6. Dividing the market for transient accommodations into individual segments defines specific market characteristics for the types of travelers expected to utilize the area's hotels. The factors investigated include purpose of visit, average length of stay, required facilities and amenities, seasonality, daily demand fluctuations, and price sensitivity.
7. An analysis of existing and proposed competition provides an indication of the current accommodated demand, along with market penetration and the degree of competitiveness.
8. The subject property's proposed improvements have been evaluated or recommended for optimal capture of demand in this market and at the subject site's location.
9. Documentation for an occupancy and ADR projection is derived utilizing the build-up approach based on an analysis of lodging activity.
10. In each scenario, a detailed projection of income and expense made in accordance with the Uniform System of Accounts for the Lodging Industry sets forth the anticipated economic benefits of the subject property.
11. A return-on-investment analysis we completed to derive an overall IRR for the project. Market expected returns for similar projects are provided, for comparison to the subject project's presented forecast return.
12. In each scenario, a discounted cash flow analysis was completed to determine the present value of the development upon completion and upon stabilization. The present value was compared to the all-in development cost, and an opinion of feasibility was presented.

**Date of Inspection**

The subject property was inspected by Luigi Major, MAI on January 9, 2023.

## 2. Statement of Assumptions and Limiting Conditions

1. This report is set forth as a summary of findings only for a feasibility study of the proposed subject hotel; this is not an appraisal report.
2. This report is to be used in whole and not in part.
3. No responsibility is assumed for matters of a legal nature, nor do we render any opinion as to title, which is assumed marketable and free of any deed restrictions and easements; the property is evaluated as free and clear unless otherwise stated.
4. We assume that there are no hidden or unapparent conditions of the sub-soil or structures, such as underground storage tanks, that would affect the property's development potential. No responsibility is assumed for these conditions or for any engineering that may be required to discover them.
5. We have not considered the presence of potentially hazardous materials or any form of toxic waste on the project site. We are not qualified to detect hazardous substances and urge the client to retain an expert in this field if desired.
6. The Americans with Disabilities Act (ADA) became effective on January 26, 1992. We have assumed the proposed hotel would be designed and constructed to be in full compliance with the ADA.
7. We have made no survey of the site, and we assume no responsibility in connection with such matters. Sketches, photographs, maps, and other exhibits are included to assist the reader in visualizing the property. It is assumed that the use of the described real estate will be within the boundaries of the property described, and that no encroachment will exist.
8. All information, financial operating statements, estimates, and opinions obtained from parties not employed by TS Worldwide, LLC, are assumed true and correct. We can assume no liability resulting from misinformation.
9. Unless noted, we assume that there are no encroachments, zoning violations, or building violations encumbering the subject site.
10. The property is assumed to be in full compliance with all applicable federal, state, local, and private codes, laws, consents, licenses, and regulations (including the appropriate liquor license if applicable), and that all licenses, permits, certificates, franchises, and so forth can be freely renewed or transferred to a purchaser.

11. All mortgages, liens, encumbrances, leases, and servitudes have been disregarded unless specified otherwise.
12. None of this material may be reproduced in any form without our written permission, and the report cannot be disseminated to the public through advertising, public relations, news, sales, or other media.
13. We are not required to give testimony or attendance in court because of this analysis without previous arrangements and shall do so only when our standard per-diem fees and travel costs have been paid prior to the appearance.
14. If the reader is making a fiduciary or individual investment decision and has any questions concerning the material presented in this report, it is recommended that the reader contact us.
15. We take no responsibility for any events or circumstances that take place subsequent to the date of our field inspection.
16. The quality of a lodging facility's onsite management has a direct effect on a property's economic viability. The financial forecasts presented in this analysis assume responsible ownership and competent management. Any departure from this assumption may have a significant impact on the projected operating results.
17. The estimated operating results presented in this report are based on an evaluation of the overall economy, and neither consider nor make provision for the effect of any sharp rise or decline in local or national economic conditions. To the extent that wages and other operating expenses may advance during the economic life of the property, we expect that the prices of rooms, food, beverages, and services will be adjusted to at least offset those advances. We do not guarantee that the estimates will be attained, but they have been prepared based upon information obtained during the course of this study and are intended to reflect the expectations of a typical hotel investor.
18. This analysis assumes continuation of all provisions of the Internal Revenue Code of 1986, as amended to date.
19. Many of the figures presented in this report were generated using sophisticated computer models that make calculations based on numbers carried out internally to many decimal places. In the interest of simplicity, most numbers have been rounded to the nearest tenth of a percent; thus, these figures may be subject to small rounding errors.
20. It is agreed that our liability to the client is limited to the amount of the fee paid as liquidated damages. Our responsibility is limited to the client; the use of this report by third parties shall be solely at the risk of the client

and/or third parties. The use of this report is also subject to the terms and conditions set forth in our engagement letter with the client.

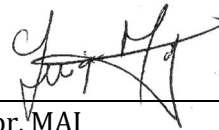
21. Evaluating and comprising financial forecasts for hotels is both a science and an art. Although this analysis employs various mathematical calculations to provide value indications, the final forecasts are subjective and may be influenced by our experience and other factors not specifically set forth in this report.
22. This study was prepared by TS Worldwide, LLC. All opinions, recommendations, and conclusions expressed during the course of this assignment are rendered by our staff as company employees, rather than as individuals.

### 3. Certification

The undersigned hereby certify that, to the best of our knowledge and belief:

23. the statements of fact presented in this report are true and correct;
24. the reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions, and are our personal, impartial, and unbiased professional analyses, opinions, and conclusions;
25. we have no present or prospective interest in the property that is the subject of this report and no personal interest with respect to the parties involved;
26. we have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment;
27. our engagement in this assignment was not contingent upon developing or reporting predetermined results;
28. our compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal;
29. our analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice (USPAP);
30. Luigi Major, MAI personally inspected the property described in this report;
31. no one other than those listed above and the undersigned prepared the analyses, conclusions, and opinions concerning the real estate that are set forth in this appraisal report;
32. Luigi Major, MAI has performed appraisal or consulting work on the property that is the subject of this report within the three-year period immediately preceding acceptance of this assignment;
33. the reported analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the requirements of

- the Code of Professional Ethics and the Standards of Professional Appraisal Practice of the Appraisal Institute;
34. the use of this report is subject to the requirements of the Appraisal Institute relating to review by its duly authorized representatives; and
  35. as of the date of this report, Luigi Major, MAI, has completed the continuing education program for Designated Members of the Appraisal Institute.



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Luigi Major, MAI  
Managing Director, Americas  
TS Worldwide, LLC  
State Appraiser License (CA) 3005056



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## Luigi Major, MAI

### EMPLOYMENT

*2007 to present*

HVS CONSULTING AND VALUATION SERVICES  
Los Angeles, California

### EDUCATION AND OTHER TRAINING

BS – Hotel & Restaurant Management, University of Houston

*Other Specialized Training Classes Completed:*

Uniform Standards of Professional Appraisal Practice

Basic Appraisal Procedures

Basic Appraisal Principles

General Appraiser Income Approach (Parts I and II)

General Appraiser Sales Comparison Approach

General Appraiser Market Analysis and HBU

General Appraiser Site Valuation and Cost Approach

General Appraiser Report Writing and Case Studies

Business Practices and Ethics

Statistics, Modeling and Finance

Advanced Income Capitalization

Advanced Sales Comparison & Cost Approach

Report Writing and Valuation Analysis

Advanced Applications

Fundamentals of Separating Real, Personal Property, and Intangible Business Assets

General Demonstration Report Writing

The Appraiser as an Expert Witness: Preparation and Testimony

California Law

Mortgage Fraud – Protect Yourself

Supervisor Trainee Course for Texas

Appraisal of Land Subject to Ground Lease

Basic Hotel Appraising

Advanced Hotel Appraising

Appraisal of Land Subject to Ground Lease

CA Supervisor/Trainee

The Dirty Dozen

**EDUCATION  
(CONTINUED)**

Income Approach  
 Small Hotel/Motel Valuation  
 NV Law  
 Basics of Expert Witness  
 Appraisal of Owner-Occupied Commercial Properties  
 CA Law  
 Appraisal of REO and Foreclosed Properties  
 Intro to Commercial Appraisal Review  
 Income Approach for Case Studies  
 Intermediate Income Approach  
 Biennial USPAP Updates

**STATE CERTIFICATIONS**

Arizona, California, Hawaii, Nevada, Texas

**PROFESSIONAL  
AFFILIATIONS**

Appraisal Institute – Designated Member (MAI)

**PUBLISHED ARTICLES**

*HVS Journal* “Impact of Recent Interest Rate Increases on Commercial Real Estate Transactions and Pricing,” May 2023

*HVS Journal* “COVID-19’s Impact on the Los Angeles Hotel Market,” April 2021

*HVS Journal* “U.S. Hotel Development Cost Survey 2020,” October 2020

*HVS Journal* “Impact of COVID-19 on the Tucson Hotel Market,” July 2020

*HVS Journal* “Impact of COVID-19 on Los Angeles & Southern California Hotel Markets,” April 2020

*HVS Journal* “U.S. Hotel Development Cost Survey 2018/19,” September 2019

*HVS Journal* “Market Pulse: Los Angeles, CA,” March 2019

*HVS Journal* “HVS Hotel Development Cost Survey 2017/18,” November 2018

*HVS Journal* “Blurred Lines between Hotels and Airbnb,” September 2018

*HVS Journal* “Market Pulse: Palm Springs & Desert Cities,” February 2018

*HVS Journal* “Top 6 Hotel Success Factors,” August 2017

*HVS Journal* “In Focus: Houston, Texas,” February 2016

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<i>HVS Journal</i>	“Four Key Takeaways: Meet the Money 2015,” co-authored with Li Chen and Susan Furbay, May 2015
<i>HVS Journal</i>	“In Focus: Houston, Texas,” co-authored with Yimei Tang, July 2014
<i>HVS Journal</i>	“Effects of Major Renovations on Hotel Market Penetration and Net Present Value,” February 2014
<i>HVS Journal</i>	“HVS Market Intelligence Report 2013: Houston,” June 2013
<i>HVS Journal</i>	“HVS Market Intelligence Report: Houston Hotels in 2012,” April 2012
<i>HVS Journal</i>	“HVS Report: Foreign Direct Investment, Commercial Real Estate, and Hotel Development in Mexico City.” Co-authored by Raul Duarte and Richard Katzman, February 2011
<i>HVS Journal</i>	“San Miguel de Allende – A Beacon for the Tourism Potential of Colonial Towns and Villages,” January 2009
<i>HVS Journal</i>	“Mexico’s Growing Trend: Master-Planned Resort-Residential Communities,” November 2008
<i>HVS Journal</i>	“Guadalajara – Preparing for the Future,” May 2008
<i>HVS Journal</i>	“HVS Market Intelligence Report: San Juan, Puerto Rico,” November 2007
<i>HVS Journal</i>	“HVS Market Intelligence Report: Liberia, Costa Rica,” September 2007

**EXAMPLES OF PROPERTIES APPRAISED OR EVALUATED**

**PORTFOLIO ANALYSIS**

Portfolio of 6 Embassy Suites Hotels, Various Locations  
 Portfolio of 5 Proposed Hotels, Colombia  
 Ladder Capital Portfolio of 6 Hotels, Colorado and Texas  
 Ladder Capital Package of 4 Hotels, Texas  
 Portfolio of 8 Embassy Suites Hotels, Various Locations  
 Lone Star Portfolio of 38 Hyatt Hotels, Various Locations  
 Portfolio of 13 Hotels for JPMorgan Chase, Texas and New Mexico  
 Portfolio of 5 Extended-Stay Hotels throughout the South  
 Portfolio of 3 Hotels, San Diego  
 Portfolio of 2 Full-Service Hotels, Houston  
 Portfolio of 8 Marriott or Embassy Suites Hotels, California and Nevada  
 Portfolio of 2 Proposed Hotels, Mesa, Arizona  
 Portfolio of 2 Ayres Hotels, Southern California  
 Portfolio of 2 Hotels, Beverly Hills  
 Portfolio of 3 Proposed Hotels, Western U.S.  
 Portfolio of 4 Closed Full-Service Hotels  
 Portfolio of 9 Hotels for Blue Torch Capital  
 Portfolio of 2 Proposed Resorts, La Quinta, California  
 Portfolio of 3 Baymont Inns, Kalamazoo and Battle Creek, Michigan  
 Portfolio of 3 Hotels, Idaho and Oregon  
 Portfolio of 2 Crowne Plaza Hotels (Closed), Austin and Houston, Texas  
 Portfolio of 3 Hotels, Louisiana and Nevada

**ALABAMA**

Hampton Inn, Birmingham  
 City Lodge, Florence  
 Holiday Inn, Hoover  
 Hampton Inn, Pell City

**ARIZONA**

Home2 Suites by Hilton Phoenix Avondale, Avondale  
 Proposed EVEN Hotel Avondale, Avondale  
 Proposed Home2 Suites by Hilton, Avondale  
 Home2 Suites by Hilton Buckeye Phoenix, Buckeye  
 Proposed Dual-Branded TownePlace Suites and Fairfield Inn, Buckeye  
 Proposed Hotel, Campe Verde  
 Holiday Inn, Casa Grande  
 Proposed Limited-Service Hotel at the Promenade, Casa Grande  
 Proposed Holiday Inn Flagstaff, Flagstaff  
 Proposed Hotel near Gilbert Heritage District, Gilbert  
 Proposed SpringHill Suites by Marriott, Lake Havasu  
 Proposed Hotel near Harrah's Ak-Chin Casino, Maricopa  
 Proposed La Quinta Maricopa, Maricopa  
 Proposed Hotel, Mesa  
 Proposed Hotel Near Phoenix Mesa Gateway Airport, Mesa  
 Proposed Sleep Inn and MainStay Suites Dual-Branded Hotel, Mesa  
 Proposed Resort Page, Page Courtyard Phoenix Airport, Phoenix  
 Four Points by Sheraton Phoenix North, Phoenix  
 Proposed Dual-Brand AC/Element, Phoenix  
 Proposed Hampton Inn at Metro Center, Phoenix

Proposed Holiday Inn Express & Suites - Phoenix Airport North, Phoenix  
 Proposed Home2 Suites by Hilton Phoenix Airport North, Phoenix  
 Proposed Hotel at Park Central Mall, Phoenix  
 Proposed Hotel Central Station, Phoenix  
 Proposed Hyatt Place Downtown Phoenix, Phoenix  
 Proposed La Quinta - Banner-University Medical Center, Phoenix  
 Proposed La Quinta Inn & Suites McDowell Road, Phoenix  
 Proposed Marriott Tribute, Phoenix  
 Proposed Midtown Hotel, Phoenix  
 Proposed WoodSpring Suites Happy Valley, Phoenix  
 Ramada, Phoenix  
 Red Roof Inn Phoenix Bell Road, Phoenix  
 Residence Inn by Marriott at Mayo Clinic, Phoenix  
 Proposed Quartzsite Limited-Service Hotel, Quartzsite  
 Proposed Hotel, Queen Creek  
 Proposed Hotel, Rancho Sahuarita  
 Navajoland Inn & Suites / Saint Michaels Arizona, Saint Michaels  
 Element by Westin Scottsdale at SkySong, Scottsdale  
 Proposed Ceasars Hotel at Scottsdale Fashion Square, Scottsdale  
 Proposed Hilton Hotel at Cavasson, Scottsdale  
 Proposed Holiday Inn, Scottsdale  
 Proposed Hyatt Place and Hyatt House Dual-Branded Hotel, Scottsdale  
 Talking Stick Resort, Scottsdale  
 Las Posadas of Sedona, Sedona  
 Aloft, Tempe  
 Comfort Suites Airport, Tempe  
 MOXY Phoenix Tempe/ASU Area, Tempe  
 Proposed Full-Service Hotel, Tempe

Proposed Hilton Tempe, Tempe  
 Proposed Residence Inn by Marriott,  
 Tempe  
 Proposed Westin Tempe, Tempe  
 Proposed Best Western, Topock  
 Four Points by Sheraton Tucson  
 Airport, Tucson  
 La Posada Lodge & Casitas Ascend  
 Hotel Collection, Tucson  
 Proposed Graduate Hotel Tucson,  
 Tucson  
 Proposed Hotels at the Marketplace,  
 Tucson  
 Radisson Suites, Tucson  
 Sheraton Hotel & Suites Tucson,  
 Tucson  
 Westin La Paloma Resort & Spa,  
 Tucson  
 Proposed Grand Canyon Resort,  
 Tusayan  
 Grand Canyon Railway Hotel,  
 Williams

**ARKANSAS**

Proposed Hotel, Fairfield Bay  
 Proposed Hotel, Hot Springs  
 La Quinta Inn & Suites, Russellville

**CALIFORNIA**

Proposed Hotel Adelanto, Adelanto  
 Proposed Hilton Garden Inn Alameda,  
 Alameda  
 Proposed Holiday Inn Express  
 Alameda, Alameda  
 Alhambra Inn & Suites, Alhambra  
 Fremont Inn, Alhambra  
 Proposed Hotel American Canyon,  
 American Canyon  
 Candlewood Suites Anaheim - Resort  
 Area, Anaheim  
 Four Points by Sheraton, Anaheim  
 Gaia Hotel & Spa, Anderson  
 Apple Valley Lodge, Apple Valley  
 Super 8 Azusa, Azusa  
 Best Western, Bakersfield  
 Proposed Best Western Bakersfield,  
 Bakersfield

Proposed Staybridge Suites,  
 Bakersfield  
 Proposed Extended-Stay Hotel  
 Baldwin Park, Baldwin Park  
 Holiday Inn Express Hotel & Suites  
 Barstow Outlet Center, Barstow  
 Proposed Dual-Branded Marriott,  
 Barstow  
 Quality Inn & Suites Santa Cruz  
 Mountains Ben Lomond, Ben  
 Lomond  
 Beverly Hills Hotel, Beverly Hills  
 Holiday Inn Resort The Lodge at Big  
 Bear Lake, Big Bear Lake  
 Hampton Inn & Suites Buellton/Santa  
 Ynez Valley, Buellton  
 Proposed Aloft Buena Park, Buena  
 Park  
 Proposed Hilton at the Source, Buena  
 Park  
 Proposed Stanford Hotel, Buena Park  
 The Hotel at the Source, Buena Park  
 Quality Inn Burbank, Burbank  
 Radisson Suites Buena Park, Buena  
 Park  
 Proposed Cabazon Glamping  
 Recreation Center, Cabazon  
 Cape Rey Carlsbad a Hilton Resort,  
 Carlsbad  
 Proposed Beach Village Hotel Day Spa  
 Condo Project, Carlsbad  
 DoubleTree by Hilton Golf Resort  
 Palm Springs Area, Cathedral City  
 Staybridge Suites Cathedral City Golf  
 Resort, Cathedral City  
 Proposed Gaylord Pacific Resort &  
 Convention Center, Chula Vista  
 Proposed The GlenRoy, Coachella  
 Motel 6 Coalinga East, Coalinga  
 Proposed Everhome Suites Corona,  
 Corona  
 Blue Lantern Inn, Dana Point  
 Proposed Boutique Hotel, Diablo  
 Grande  
 Proposed Hampton Inn, Diamond Bar  
 Proposed Select Service Hotel  
 Downey, Downey

Proposed Home 2 Suites by Hilton, El  
 Centro  
 Proposed Residence Inn El Centro, El  
 Centro  
 Proposed Hotel El Dorado Hills, El  
 Dorado Hills  
 Holiday Inn Express, Elk Grove  
 Proposed Candlewood Suites, Elk  
 Grove  
 Hyatt Place, Emeryville  
 Proposed Home2 Suites by Hilton,  
 Fairfield  
 Comfort Inn Silicon Valley East  
 Fremont, Fremont  
 La Quinta Inn & Suites, Fresno  
 San Joaquin Hotel, Fresno  
 Proposed Tapestry Collection by  
 Hilton Fullerton, Fullerton  
 Hilton Los Angeles North/Glendale &  
 Executive Meeting Center, Glendale  
 Glendora Motel, Glendora  
 Hampton Inn, Goleta  
 Holiday Inn Express, Grover Beach  
 Home2 Suites by Hilton Hanford  
 Lemoore, Hanford  
 Proposed Home2 Suites, Hanford  
 Proposed Dual-Branded Hotel,  
 Hawthorne  
 TownePlace Suites by Marriott Los  
 Angeles LAX Hawthorne,  
 Hawthorne  
 Proposed Hotel, Hermosa Beach  
 Godfrey Hotel Hollywood, Hollywood  
 Wylder Hope Valley, Hope Valley  
 Proposed Kokoro Wellness Resort,  
 Howard Springs  
 Paséa Hotel & Spa, Huntington Beach  
 Miramonte Indian Wells Resort & Spa  
 Curio Collection by Hilton, Indian  
 Wells  
 Proposed Tru by Hilton, Inglewood  
 Irvine Marriott, Irvine  
 Proposed Fairfield Inn Jackson,  
 Jackson  
 Holiday Inn San Diego La Mesa, La  
 Mesa

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Best Western Laguna Brisas Spa Hotel, Laguna Beach	Proposed Wellness Hotel Malibu, Malibu	Proposed Element by Westin Ontario, Ontario
Coast Inn, Laguna Beach	Proposed Hotel Mammoth Village, Mammoth Lakes	Proposed Dual-Branded Residence Inn & Courtyard by Marriott Orange, Orange
Pacific Edge Hotel, Laguna Beach	Proposed Resort Mammoth Lakes, Mammoth Lakes	Hampton Inn Channel Islands Harbor, Oxnard
Seaside Laguna Inn & Suites, Laguna Beach	Proposed Hampton Inn & Suites, Marina	Proposed Tru, Oxnard
Proposed Laguna Hills Hotel, Laguna Hills	Proposed SpringHill Suites by Marriott, Marina	Ivy Palm Resort & Spa, Palm Springs
Best Western Plus South Bay LAX Airport, Lawndale	Jolly Roger Motor Hotel, Marina Del Rey	Margaritaville Resort Palm Springs, Palm Springs
Proposed Luxury Boutique Hotel Livermore, Livermore	Proposed Extended-Stay Hotel Menifee, Menifee	Proposed Andaz Palm Springs, Palm Springs
Hilton Garden Inn, Lompoc	Proposed Menifee Hotel, Menifee	Proposed BODE: Palm Springs, Palm Springs
Hampton Inn Long Beach Airport, Long Beach	Best Western, Merced	Riviera Palm Springs, a Tribute Portfolio Resort, Palm Springs
Proposed Breakers Hotel Long Beach, Long Beach	Mountain Home Inn, Mill Valley	Tova Hotel & Beach Club, Palm Springs
Dixie Hollywood Hotel, Los Angeles	Proposed Montebello Hotel, Montebello	Travelodge Palm Springs, Palm Springs
hClub, Los Angeles	Monterey Hotel, Monterey	Holiday Inn Palmdale Lancaster, Palmdale
Hotel Bel Air, Los Angeles	Proposed Moorpark Hotel, Moorpark	Motel 6 Paso Robles, Paso Robles
InterContinental Los Angeles Downtown, Los Angeles	Comfort Inn & Suites Temecula Wine Country, Murrieta	Proposed Hotel Ava, Paso Robles
Loews Hollywood, Los Angeles	Hampton by Hilton Murrieta Temecula, Murrieta	Proposed Patterson Hotel, Patterson
Mr C Beverly Hills, Los Angeles	Best Western Elm House Inn, Napa	Proposed Hotel Perris, Perris
Proposed Boutique Hotel Hollywood, Los Angeles	Hampton by Hilton Napa, Napa	Sheraton Sonoma County Petaluma, Petaluma
Proposed Found Santa Monica, Los Angeles	Aloft Silicon Valley, Newark	Inn at the Pier Pismo Beach, Pismo Beach
Proposed Hampton Inn & Suites Koreatown, Los Angeles	TownePlace Suites by Marriott, Newark	Motel 6, Pittsburg
Proposed Hotel Koreatown, Los Angeles	Newport Beach Hotel, Newport Beach	Proposed Courtyard by Marriott Pittsburg, Pittsburg
Proposed Hyatt Place Olive Street, Los Angeles	Proposed Hotel North Hollywood, North Hollywood	Comfort Inn Near Fairplex Pomona, Pomona
Proposed Spring Street Hotel, Los Angeles	Proposed Select-Service Hotel, Northridge	Comfort Inn & Suites, Rancho Cordova
Proposed Staybridge Suites Los Angeles, Los Angeles	Proposed Homage Oakland, Oakland	Proposed Hampton Inn, Rancho Cucamonga
Proposed Tommie Hotel, Los Angeles	Courtyard by Marriott Oceanside, Oceanside	Proposed Hotel at The River Mall, Rancho Mirage
Proposed Unscripted Hotel, Los Angeles	Country Inn & Suites Ontario Mills, Ontario	Inn at Rancho Santa Fe A Tribute Portfolio Resort & Spa, Rancho Santa Fe
Proposed Westlake Hotel, Los Angeles	Proposed Cambria Hotel Ontario, Ontario	Proposed Hotel South Bay Galleria, Redondo Beach
Ramada Los Angeles Wilshire Center, Los Angeles	Proposed Dual-Branded Homewood Suites by Hilton and Hampton by Hilton Ontario, Ontario	Proposed Home2 Suites, Ridgcrest
Silver Lake Pool & Inn, Los Angeles		
Thompson Hollywood, Los Angeles		
Top Hat Motel, Los Angeles		

Proposed Roseville Hotel, Roseville  
 Courtyard by Marriott Cal Expo,  
 Sacramento  
 DoubleTree by Hilton, Sacramento  
 Fairfield Inn Cal Expo, Sacramento  
 La Quinta Inn by Wyndham  
 Sacramento North, Sacramento  
 Quality Inn & Suites, Sacramento  
 DoubleTree by Hilton Golf Resort, San  
 Diego  
 DoubleTree by Hilton San Diego Del  
 Mar, San Diego  
 Fairmont Grand Del Mar, San Diego  
 Holiday Inn Express Hotel & Suites  
 Otay Mesa, San Diego  
 Holiday Inn Express & Suites San  
 Diego Mission Valley, San Diego  
 Hotel Iris, San Diego  
 Hotel Palomar San Diego, San Diego  
 Lafayette Hotel Swim Club &  
 Bungalows, San Diego  
 Marriott San Diego Del Mar, San Diego  
 The Monsaraz Inn, Tapestry  
 Collection by Hilton, San Diego  
 Proposed Fairfield Inn, San Diego  
 Proposed Hotel, San Diego  
 San Diego Marriott Del Mar, San Diego  
 SpringHill Suites by Marriott San  
 Diego Mission Valley, San Diego  
 US Grant, San Diego  
 Proposed Boutique Hotel San Dimas,  
 San Dimas  
 Holiday Inn Fisherman's Wharf San  
 Francisco, San Francisco  
 Proposed Fairfield Inn & Suites by  
 Marriott South San Francisco, South  
 San Francisco  
 San Jacinto Inn, San Jacinto  
 Proposed Hyatt Place, San Jose  
 Hotel Cerro, San Luis Obispo  
 La Cuesta Motor Inn, San Luis Obispo  
 Proposed Dual-Brand Hotel San  
 Marcos, San Marcos  
 Proposed Home2 Suites, San Marcos  
 Proposed La Quinta Inn & Suites, San  
 Pablo

Proposed AC Hotel by Marriott San  
 Rafael, San Rafael  
 Spanish Garden Inn, Santa Barbara  
 Proposed Homewood Suites, Santa  
 Clarita  
 Hampton Inn, Santa Cruz  
 Proposed Hampton by Hilton Santa  
 Cruz, Santa Cruz  
 Proposed Hotel Downtown Santa  
 Cruz, Santa Cruz  
 Holiday Inn & Suites, Santa Maria  
 Proper Hotel, Santa Monica  
 Hotel Santa Rosa, Santa Rosa  
 Proposed Residence Inn Scotts Valley,  
 Scotts Valley  
 Silver Lake Pool & Inn Los Angeles,  
 Silver Lake Los Angeles  
 Proposed Hotel, Sonora  
 Sonora Inn, Sonora  
 Alpenrose Inn, South Lake Tahoe  
 Jeffrey Hotel by Playpark Hotels,  
 South Lake Tahoe  
 Firelite Lodge, Tahoe Vista  
 Proposed Everhome Suites Temecula,  
 Temecula  
 Proposed Galway House, Temecula  
 Proposed Hampton Inn Three Rivers,  
 Three Rivers  
 Travelodge Yucca Valley, Twentynine  
 Palms  
 Embassy Suites by Hilton, Valencia  
 Travelodge by Wyndham Vallejo Napa  
 Valley, Vallejo  
 Hotel Erwin, Venice Beach  
 Four Points by Sheraton Ventura  
 Harbor Resort, Ventura  
 Pierpont Inn Ventura, Ventura  
 Proposed Avid Hotel Victorville,  
 Victorville  
 Marriott, Walnut Creek  
 Motel 6 Walnut Creek, Walnut Creek  
 Proposed Hyatt Place Walnut Creek,  
 Walnut Creek  
 Proposed Residence Inn Walnut  
 Creek, Walnut Creek  
 Proposed Home2 Suites by Hilton  
 Watsonville, Watsonville

Hampton Inn, West Covina  
 Holiday Inn West Covina, West Covina  
 Andaz West Hollywood, West  
 Hollywood  
 The Charlie Hotel, West Hollywood  
 London West Hollywood at Beverly  
 Hills, West Hollywood  
 Standard Hollywood (Closed), West  
 Hollywood  
 DoubleTree by Hilton Whittier Los  
 Angeles, Whittier  
 Comfort Suites Woodland, Woodland  
 Proposed Courtyard by Marriott  
 Woodland, Woodland  
 Proposed Tru by Hilton Woodland,  
 Woodland  
 Marriott Warner Center, Woodland  
 Hills  
 Proposed Staybridge Suites  
 Woodland, Woodland

#### **COLORADO**

Proposed Gaylord Rockies Hotel &  
 Convention Center, Aurora  
 Hyatt Summerfield Suites, Broomfield  
 Best Western Academy Hotel,  
 Colorado Springs  
 Proposed EVEN Hotel Victory Ridge,  
 Colorado Springs  
 All Inn Motel, Denver

#### **DISTRICT OF COLUMBIA**

Georgetown Suites Land Valuation  
 Proposed Maison Kesh Hotel  
 Selina Union Market Washington

#### **FLORIDA**

Marriott, Boca Raton  
 Proposed Dual-Branded Residence  
 Inn/SpringHill Suites by Marriott,  
 Clearwater Beach  
 Mayfair Hotel & Spa, Coconut Grove  
 Hyatt Place, Delray Beach  
 Hyatt Place at Coconut Point, Estero  
 Hyatt Place, Fort Lauderdale  
 Hilton Garden Inn, Fort Myers  
 Four Points, Ft. Walton Beach



Holiday Inn, Houston  
 Proposed Courtyard, Jacksonville  
 Wyndham Riverwalk, Jacksonville  
 Terrace Hotel, Lakeland  
 Proposed Holiday Inn & Suites, Miami  
 Proposed Hotel, Miami  
 Proposed Le Meridien, Miami  
 Proposed Meininger Hotel, Miami Beach  
 Proposed Hilton, Miami Beach  
 The Raleigh Hotel, Miami Beach  
 Proposed SpringHill Suites by Marriott, Navarre  
 Embassy Suites Orlando Lake Buena Vista, Orlando  
 Holiday Inn Express Hotel & Suites Orlando International Airport, Orlando  
 Proposed Even Hotel Orlando, Orlando  
 Proposed WoodSpring Suites, Orlando  
 Proposed Comfort Inn & Suites Panama City Beach, Panama City Beach  
 Sheraton Suites Fort Lauderdale Plantation, Plantation  
 Proposed Hotel, St. Augustine  
 SpringHill Suites by Marriott, Sarasota  
 Sawgrass Grand Hotel & Suites, Sunrise  
 Hampton Inn, Tallahassee  
 Hampton Inn Veterans Expressway, Tampa

**GEORGIA**

Proposed Curio - A Collection by Hilton, Alpharetta  
 Courtyard by Marriott, Atlanta  
 Holiday Inn Atlanta Perimeter Dunwoody, Atlanta  
 Proposed Radisson, College Park  
 Country Inn & Suites, Hiram  
 Candlewood Suites, Lithia Springs  
 Proposed Fairfield Inn Macon, Macon  
 Proposed Full-Service Tribute Hotel, Macon  
 Holiday Inn Express, St. Simons Island

Island Inn, St. Simons Island

**HAWAII**

Sheraton Keauhou Bay Resort & Spa, Kailua  
 Proposed Kona Village, a Rosewood Resort, Kailua-Kona  
 Four Seasons Resort O'ahu at Ko Olina, Kapolei

**IDAHO**

Proposed Hotel Boise Airport, Boise  
 Proposed Economy Extended Stay, Coeur D'Alene

**ILLINOIS**

Proposed Extended-Stay Hotel, Bolingbrook  
 Proposed Hampton Inn, Burr Ridge  
 SpringHill Suites by Marriott, Burr Ridge  
 Renaissance Chicago O'Hare Suites, Chicago  
 Courtyard by Marriott Chicago Elmhurst Oakbrook Area, Elmhurst  
 SpringHill Suites by Marriott, Elmhurst

**INDIANA**

Proposed Aloft, Indianapolis

**IOWA**

Proposed Waterpark Hotel, Davenport  
 Proposed University of Iowa Hotel, Iowa City

**KANSAS**

Crowne Plaza Kansas City Overland Park, Lenexa

**LOUISIANA**

Proposed Residence Inn by Marriott, Bossier City  
 Hampton Inn, Houma  
 Hotel Acadiana, Lafayette  
 Wyndham Garden, Lafayette

Proposed Candlewood Suites, Leesville  
 Astor Crowne Plaza, New Orleans  
 Hilton Garden Inn French Quarter, New Orleans  
 Hyatt Regency, New Orleans  
 Proposed Hotel Alessandra, New Orleans  
 Troubadour Hotel New Orleans, Tapestry Collection by Hilton, New Orleans  
 Wyndham Chateau Bourbon, New Orleans  
 Holiday Inn, Ruston  
 Holiday Inn Express Hotel & Suites, Ruston  
 Proposed La Quinta Inn & Suites, Ruston  
 Nottoway Plantation Resort, White Castle

**MARYLAND**

Proposed Hilton Garden Inn, Baltimore  
 Sheraton Washington North, Beltsville  
 Country Inn & Suites by Carlson, Frederick  
 Proposed Hotel Sorella, Rockville

**MINNESOTA**

Loews, Minneapolis  
 Westin, Minneapolis

**MISSISSIPPI**

Four Points, Biloxi  
 Proposed SpringHill Suites, Biloxi  
 South Beach Biloxi Hotel, Biloxi  
 Hampton Inn, Brookhaven  
 Magnuson Hotel Hattiesburg, North Hattiesburg  
 Jackson Downtown Convention Center Hotel, Jackson  
 Staybridge Suites Ridgeland, Ridgeland

**MISSOURI**



Hilton Kansas City Airport, Kansas City

**MONTANA**

Proposed Hotel, Big Sky  
 Proposed Terra Vi Glacier National Park, Columbia Falls  
 Proposed Hotel Gardiner, Gardiner  
 Proposed Best Western, Shelby  
 Holiday Inn Express, Sidney

**NEVADA**

Hampton Inn, Las Vegas  
 Motel 6 Las Vegas Boulder Highway, Las Vegas  
 Motel 6 Las Vegas I-15, Las Vegas  
 Motel 6 Las Vegas Tropicana, Las Vegas  
 Proposed Boutique Hotel Las Vegas, Las Vegas  
 Proposed Delta Las Vegas, Las Vegas  
 Proposed Fairfield Inn & TownePlace Suites Dual-Branded Hotel, Las Vegas  
 Proposed Hotel Raiders Stadium, Las Vegas  
 Proposed Limited/Select-Service Hotel, Las Vegas  
 Holiday Inn Express Hotel & Suites Mesquite, Mesquite  
 The Retreat On Charleston Peak, Mount Charleston  
 Extended Stay America Reno South Meadows, Reno  
 Vegas Vacant Land, Spring Valley

**NEW JERSEY**

Proposed Holiday Inn, Bayonne  
 Montreal Beach Resort, Cape May  
 TownePlace Suites by Marriott, Mount Laurel  
 Holiday Inn, Princeton  
 Proposed Hyatt House Robbinsville, Trenton  
 Madison Resort Wildwood Crest, Wildwood Crest

**NEW MEXICO**

Proposed Home2 by Hilton Alamogordo, Alamogordo  
 Proposed Downtown Hotel, Albuquerque  
 Proposed TownePlace Suites Albuquerque, Albuquerque  
 Sleep Inn & Suites, Hobbs  
 Proposed La Quinta Inn, Los Lunas  
 Holiday Inn Express, Portales  
 Proposed Hotel, Ruidoso  
 Hotel Santa Fe, Santa Fe  
 Inn at Loretto, Santa Fe  
 Proposed Boutique Hotel, Santa Fe  
 Hampton Inn, Santa Rosa  
 Holiday Inn Express, Santa Rosa  
 La Quinta Inn, Santa Rosa  
 Sagebrush Inn, Taos

**NEW YORK**

Marriott, Buffalo  
 Proposed Hampton Inn, Dewitt  
 Courtyard by Marriott New York LaGuardia Airport, East Elmhurst  
 Pines Inn Lake Placid, Lake Placid  
 Proposed Holiday Inn Express Long Island City, Long Island City  
 Proposed Tryp by Wyndham Long Island City, Long Island City  
 Proposed Wyldwick Resort, Saugerties  
 Residence Inn, White Plains  
 Proposed Selina Woodstock, Woodstock

**NORTH CAROLINA**

Proposed Fairfield Inn by Marriott, Maggie Valley  
 Courtyard by Marriott, Raleigh

**OHIO**

Proposed Hilton, Chippewa Lake  
 Courtyard by Marriott Columbus West, Columbus  
 Proposed Baldwin Hotel, Cincinnati  
 Holiday Inn, West Chester

Proposed Holiday Inn & Conference Center, West Chester  
 Radisson Hotel at the University of Toledo, Toledo

**OKLAHOMA**

Hilton Skirvin, Oklahoma City

**OREGON**

Hilton, Eugene

**PENNSYLVANIA**

Split Rock Resort & Golf Club, Lake Harmony  
 Hampton by Hilton Grove City, Mercer  
 DoubleTree by Hilton Pittsburgh Garden Tree, Pittsburgh

**SOUTH CAROLINA**

Proposed 5-Star Hotel, Charleston  
 Proposed Marion Square Hotel, Charleston  
 3 Palms Hotel, Myrtle Beach

**TENNESSEE**

Holiday Inn, Chattanooga  
 Proposed Select-Service Hotel, Knoxville  
 Holiday Inn Memphis Downtown Beale Street, Memphis  
 BentoLiving Chestnut Hill, Nashville  
 Proposed Dual-Brand Tru & Hampton Inn, Nashville

**TEXAS**

Holiday Inn Express, Allen  
 Proposed 21c Hotel, Austin  
 Proposed Hotel Granduca, Austin  
 Proposed SpringHill Suites, Baytown  
 Value Place, Beaumont  
 Homewood Suites by Hilton, Bedford  
 Proposed Hotel Texas A&M University, College Station  
 Proposed Tryp by Wyndham, College Station  
 Proposed Staybridge Suites, The Colony

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Fairfield Inn & Suites Houston Conroe, Conroe	Proposed Beachtown Grand Hotel, Galveston	Proposed Holiday Inn & Conference Center Willowbrook, Houston
Candlewood Suites, Corpus Christi	Proposed Courtyard by Marriott, Galveston	Proposed Holiday Inn Downtown, Houston
Comfort Suites Calallen, Corpus Christi	Proposed Downtown Hotel, Galveston	Proposed Homewood Suites by Hilton, Houston
Embassy Suites, Corpus Christi	Proposed TownePlace Suites, Galveston	Proposed Hotel Alessandra, Houston
Holiday Inn Airport, Corpus Christi	TownePlace Suites by Marriott, Galveston	Proposed Hotel Galleria, Houston
Holiday Inn Downtown, Corpus Christi	Proposed Hotel, Georgetown	Proposed Hotel Zaza & Apartments, Houston
Holiday Inn Express, Corpus Christi	Best Western Fountainview, Houston	Proposed Hyatt Place and Hyatt House Dual-Brand Hotel, Houston
La Quinta Inn & Suites, Corpus Christi	Crowne Plaza, Houston	Proposed Hyatt Place, Houston
Proposed Fairfield Inn & Suites Corpus Christi, Corpus Christi	Crowne Plaza Suites, Houston	Proposed InterContinental Hotel, Houston
Proposed Schlitterbahn Resort, Corpus Christi	DoubleTree Suites by Hilton Houston Galleria, Houston	Proposed JW Marriott, Houston
Staybridge Suites, Corpus Christi	DoubleTree IAH, Houston	Proposed Le Méridien, Houston
Proposed Hotel, Cypress	Four Seasons, Houston	Proposed Lifestyle Hotel, Houston
Le Méridien The Stoneleigh, Dallas	Hampton Inn Houston Interstate 10 West, Houston	Proposed Luxury Hotel Houston Galleria, Houston
Proposed Aloft/Element Dual-Branded Hotel, Dallas	Hampton Inn & Suites Houston Medical Center, Houston	Proposed Marriott Marquis, Houston
Proposed Autograph Collection Trinity Groves, Dallas	Hilton Garden Inn Houston Bush Intercontinental Airport, Houston	Proposed Montrose Hotel, Houston
Proposed Courtyard/Residence Inn Dual-Brand Hotel, Dallas	Hilton Garden Inn Houston Northwest, Houston	Proposed Select-Service Hotel, Houston
Proposed Residence Inn by Marriott, Dallas	Hilton Houston North, Houston	Proposed SpringHill Suites, Houston
Proposed Residence Inn and AC by Marriott Dual-Branded Hotel, Dallas	Hilton Houston Westchase, Houston	Proposed Triple-Branded Hotel Houston Downtown, Houston
Proposed Saint Elm Hotel, Dallas	Holiday Inn Southwest, Houston	Sam Houston Hotel (Curio Conversion), Houston
Hilton Garden Inn Denison Sherman at Texoma Event Center, Denison	Holiday Inn Westchase, Houston	Sheraton Houston North, Houston
Proposed Hotel, Edinburg	Homewood Suites by Hilton, Houston	Sheraton Houston West, Houston
Proposed Hyatt Place, Edinburg	Hotel Icon, Houston	Staybridge Suites, Houston
Proposed Artisan Hotel Conversion, El Paso	Hyatt Regency, Houston	Staybridge Suites Houston IAH Beltway 8, Houston
Sheraton Fort Worth Downtown Hotel, Fort Worth	Intercontinental Houston Medical Center, Houston	Staybridge Suites Houston West Energy Corridor, Houston
Proposed Hilton Garden Inn, Frisco	Le Méridien Houston Downtown, Houston	Staybridge Suites Houston Willowbrook, Houston
Westin Stonebriar, Frisco	Magnolia Hotel, Houston	Westin Galleria, Houston
Sheraton Fort Worth Downtown Hotel, Fort Worth	Marriott Houston North Greenspoint, Houston	Westin Oaks, Houston
SpringHill Suites by Marriott Fort Worth University, Fort Worth	Proposed 314 Hotel, Houston	Wingate by Wyndham Houston Bush Intercontinental, Houston
Proposed Full-Service Hotel Baybrook Mall, Friendswood	Proposed AC Hotel Houston Downtown, Houston	Proposed Hotel & Conference Center, Huntsville
Courtyard by Marriott, Galveston	Proposed Aloft, Houston	Studio 6, Ingleside
Proposed Beachfront Hotel, Galveston	Proposed Embassy Suites, Houston	Proposed Westin, Irving
	Proposed Hampton Inn/Homewood Suites Downtown, Houston	
	Proposed Heights Hotel, Houston	

Staybridge Suites DFW Airport North, Irving  
 Wingate Las Colinas, Irving  
 Sleep Inn & Suites, Jourdanton  
 Super 8, Karnes City  
 Homewood Suites by Hilton Houston/Katy Mills Mall, Katy  
 Proposed Homewood Suites by Hilton, Katy  
 South Shore Harbour Resort & Spa, League City  
 Best Western, Luling  
 Renaissance, McAllen  
 Proposed Home2 Suites by Hilton, McKinney  
 Proposed SpringHill Suites by Marriott, McKinney  
 Proposed Westin, McKinney  
 Proposed Limited-Service Hotel, Melissa  
 Proposed Extended-Stay Hotel, Midland  
 Candlewood Suites, Monahans  
 La Toretta del Lago Resort & Spa, Montgomery  
 Candlewood Suites, Odessa  
 Proposed Home2 Suites by Hilton, Pasadena  
 Courtyard by Marriott Houston Pearland, Pearland  
 Proposed Pearland Hotel, Pearland  
 Proposed Fairfield Inn by Marriott, Pecos  
 TownePlace Suites by Marriott Plano, Plano  
 Holiday Inn Express Hotel & Suites, Port Aransas  
 Holiday Inn Express, Port Arthur  
 Proposed Hilton Garden Inn Porter, Porter  
 Holiday Inn Express, Rockport  
 Microtel Inn & Suites, Round Rock  
 Proposed Holiday Inn (land), San Angelo  
 Hilton San Antonio Airport, San Antonio

Homewood Suites by Marriott, San Antonio  
 Marriott Plaza, San Antonio  
 Microtel Inn & Suites Airport, San Antonio  
 Microtel Inn & Suites SeaWorld, San Antonio  
 Proposed Thompson Hotel, San Antonio  
 Baymont Inn & Suites, Snyder  
 Proposed Fairfield Inn by Marriott, Snyder  
 Schlitterbahn Resort, South Padre Island  
 Proposed Home2 Suites, Stafford  
 Marriott Hotel and Conference Center, Sugar Land  
 Proposed Red Lion Inn & Suites, Texas City  
 Baymont Inn & Suites, Victoria  
 Proposed Hotel, Webster  
 Proposed Hotel & Conference Center, Webster  
 Proposed Extended-Stay Hotel, The Woodlands  
 Woodlands Resort & Conference Center, The Woodlands

#### UTAH

Peery Hotel, Salt Lake City  
 Proposed Inn at St. George, St. George

#### VIRGINIA

Wingate Inn Dulles Airport, Chantilly  
 Proposed Staybridge Suites, Charlottesville  
 Delta Hotels, Chesapeake  
 Westin Tysons Corner, Falls Church  
 Proposed Hampton Inn, Gordonsville  
 Holiday Inn, Lynchburg  
 Magnuson Hotel & Convention Center at Oyster Point, Newport News  
 Proposed Hotel Norfolk, Norfolk  
 Holiday Inn Express & Suites Petersburg Fort Lee, Petersburg  
 TownePlace Suites by Marriott, Stafford

#### WASHINGTON

Proposed AC Hotel, Bellevue  
 Holiday Inn Express, Marysville  
 Proposed Homewood Suites, Richland  
 Proposed 4/C Tower Hotel, Seattle  
 Holiday Inn Express, Sumner

#### WISCONSIN

Holiday Inn, Milwaukee

#### INTERNATIONAL

##### Colombia

Proposed Hyatt Place, Bogota  
 Conrad, Cartagena  
 Proposed City Express Hotel, Cartagena  
 Proposed Luxe Resort by The Charlee, Guatape  
 Proposed City Express Hotel, Medellín  
 Proposed Courtyard by Marriott, Medellín  
 Proposed Marriott, Medellín  
 Proposed Hilton Garden Inn, Rionegro  
 Proposed Airport Hotel, Rionegro

##### Costa Rica

Proposed Andaz, Guanacaste  
 Proposed Boutique Resort, Guanacaste  
 Proposed Paradisus Papagayo Bay Resort & Luxury Villas, Guanacaste  
 Proposed Resort, Guanacaste  
 Punta Cacique Proposed Resort, Guanacaste  
 Proposed Boutique Resort, Guanacaste  
 Proposed Signa Wellness Resort, La Fortuna  
 Proposed Limited-Service Hotel, Liberia  
 Proposed Wellness Boutique Hotel, Matapalo  
 Marriott Los Suenos, Playa Herradura  
 Proposed Extended-Stay, San Jose

Proposed Hyatt Place Pinares, San Jose  
 Proposed Select-Service Hotel, San Jose  
 Marriott Costa Rica, San Jose  
 Proposed Hyatt Place, San Jose  
 Proposed Lifestyle Hotel & Club, San Jose  
 Proposed Luxury Hotel, San Jose  
 Proposed Resort Santa Teresa, Santa Teresa

**Dominican Republic**

Proposed Auberge Resort, El Seibo  
 Proposed Four Seasons, El Seibo

**El Salvador**

Proposed Full-Service Hotel, San Salvador  
 Proposed Select-Service Hotel, San Salvador

**Guatemala**

Proposed Four Seasons, Antigua  
 Proposed Hotel, Guatemala City

**Honduras**

Proposed Hotel, San Pedro Sula

**Mexico**

Fairmont Acapulco Princess, Acapulco  
 Fairmont Pierre Marques, Acapulco  
 Proposed Hotel, Acapulco  
 Bacalar Land Parcels, Bacalar  
 Proposed Bacalar Hotel, Bacalar  
 Cabo de Cortes Fairmont/Raffles Development, Cabo San Lucas  
 Cabo San Cristobal, Cabo San Lucas  
 Proposed Luxury Hotel & Villa Project, Campeche  
 Proposed Master-Planned Development (2), Campeche  
 Dreams Resort, Cancun  
 Elan Resort & Spa, Cancun  
 El Pueblito, Cancun  
 Fiesta Americana Condesa Cancun, Cancun

Le Meridien, Cancun  
 Yalmakan Resort, Cancun  
 Westin Soberano, Chihuahua  
 Proposed Quinta Real Hotel Development, Culiacán  
 Proposed Banyan Tree, Ensenada  
 Proposed Boutique Hotel Project, Guadalajara  
 Proposed Fiesta Inn del Tapatio, Guadalajara  
 Proposed Hotel Project, Guadalajara  
 Proposed Mixed-Use Development, Guadalajara  
 Proposed Vi Hotel, Guadalajara  
 Hotel Condesa, Leon, Guanajuato  
 Tesoro, Ixtapa  
 Proposed Hotel & Residential Development, Ixtapan de la Sal  
 Proposed Park Hyatt, Kanai  
 Proposed St. Regis, Kanai  
 Proposed W Hotel, Kanai  
 Desire Resort, Los Cabos  
 Esperanza Resort, Los Cabos  
 Proposed Thompson Hotel, Los Veneros  
 Tesoro Manzanillo, Manzanillo  
 Embassy Suites, Mexico City  
 Le Méridien, Mexico City  
 Proposed City Express Hotel, Mexico City  
 Proposed Limited-Service Hotel, Mexico City  
 Proposed Hotel & Condo, Monterrey  
 Proposed Hotel, Monterrey  
 Proposed Limited-Service Hotel, Playa del Carmen  
 Proposed Resort, Playa del Carmen  
 Ceiba del Mar, Puerto Morelos  
 Paraiso de la Bonita, Puerto Morelos  
 Proposed Puerto Telchac Hotel & Residential Project, Puerto Progreso  
 Presidente InterContinental, Puerto Vallarta  
 Proposed City Express Hotel, Queretaro  
 Proposed Capella Punta Maroma, River Maya

Proposed Grand Hyatt, Riviera Maya  
 El Dorado Ranch Hotel & Excess Land, San Felipe  
 Proposed Hotel, San Miguel de Allende  
 Proposed Quinta Real Hotel & Residential, San Miguel de Allende  
 Dreams Resort, Tulum  
 Secrets Capri Resort, Tulum

**Panama**

Proposed Hotel & Residences Playa Venao, Las Escobas del Venado  
 Proposed Boutique Hotel, Panama City  
 Proposed Full-Service Hotel, Panama City  
 Proposed Limited-Service Hotel, Panama City

**Peru**

Proposed Hyatt Place, Lima

**Puerto Rico**

Hilton, Caribe  
 Embassy Suites San Juan Hotel & Casino, Carolina  
 Proposed Boutique Hotel, Ponce  
 Proposed The Continental, a Tribute Portfolio by Marriott, Ponce  
 Proposed El Vigía Hotel and Residences, a Tribute Portfolio Resort, Ponce  
 Courtyard by Marriott (Expansion), San Juan  
 Proposed 1,000-Room Hotel & Casino San Juan, San Juan

**Saint Lucia**

Proposed Master Planned Development

**Spain**

Villaitana Wellness Golf & Business Sun Resort, Benidorm