

CALIFORNIA COASTAL COMMISSION

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W14b

STAFF REPORT: DEVELOPMENT AGREEMENT

DATE: March 26, 2026

TO: Commissioners and Interested Persons

FROM: South Coast District
Steve Hudson, Deputy Director, South Coast District
Vince Lee, Analyst

SUBJECT: Public Hearing and Commission action on Development Agreement (1202 Third Street Promenade Digital Display DA) between the City of Santa Monica and United XYZ LLC for a new full motion, digital display sign to be installed on the upper-level facade of the existing commercial building at 1202 Third Street Promenade, Santa Monica, Los Angeles County. (For Public Hearing and Commission Action at the April 15, 2026 Commission meeting in Gonzales)

SUMMARY OF STAFF RECOMMENDATION

Commission staff recommends that the Commission APPROVE Development Agreement 5-25-0898, with one condition. The motion is on page 4. The standard of review is Chapter 3 of the Coastal Act with the City of Santa Monica's Land Use Plan as guidance.

Pursuant to California Government Code Section 65869 "...[a] development agreement shall not be applicable to any development project located in an area for which a local coastal program is required to be prepared and certified pursuant to the requirements of Division 20 (commencing with Section 30000) of the Public Resources Code, unless: (1) the required local coastal program has been certified as required by such provisions prior to the date on which the development agreement is entered into, or (2) in the event that the required local coastal program has not been certified, the California Coastal Commission approves such development agreement by formal commission action." In this case, the City of Santa Monica does not have a fully certified Local Coastal

Program; therefore, development agreements that pertain to property within the City's coastal zone must be approved by the Commission. Thus, the applicant has submitted this application to the Commission for the proposed development agreement. However, it is important to note that approval of a development agreement is not equivalent to approval of a coastal development permit (CDP) and does not authorize development to take place. The applicant has submitted the proposed development agreement (DA) to the Commission in conjunction with a separate exemption application for the physical installation of the digital display that is the subject of the DA.

By the terms of the proposed development agreement, the City of Santa Monica authorizes the installation and operation of a full motion LED digital display signs on the upper level exterior facades of the existing commercial building at 1202 Third Street Promenade in the City of Santa Monica, Los Angeles County (APNs: 4291-002-001). In exchange, the applicant provides public and community benefits including revenue sharing with the City, a minimum annual guarantee, and allocation of 20% of total annual display time for civic and arts content throughout the 30-year (to 50-year) term of the agreement.

Although the proposed development agreement purports to vest certain planning documents and standards, those vested documents pertain to local planning documents only and do not constitute any LCP documents certified by the Commission pursuant to the Coastal Act. Further, the proposed development agreement does not bind the Commission in any way, nor does it restrict what may or may not be approved by the Commission under any subsequent CDP for development on the subject property pursuant to the Coastal Act. Accordingly, the proposed development agreement would not in any way interfere with the Commission's ability to deny or modify any project to assure consistency with the Chapter 3 policies of the Coastal Act.

It is important that the applicant acknowledge that Commission approval of the subject development agreement is not equivalent to approval of a CDP for any existing or future development of the subject sites. To ensure that any future changes to the Development Agreement remain subject to Commission review, **Special Condition 1** is necessary. As thus conditioned, staff recommends that the Commission find the proposed development agreement is consistent with the Chapter 3 policies of the Coastal Act and approve the development agreement. The motion can be found on page 4.

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EXHIBITS

[Exhibit 1 – Proposed Development Agreement](#)

[Exhibit 2 – Digital Display Plans](#)

I. MOTION AND RESOLUTION

Motion:

I move that the Commission approve Development Agreement 5-25-0898 pursuant to the staff recommendation.

Staff Recommendation of Approval:

Staff recommends a **YES** vote. Passage of this motion will result in approval of the development agreement as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

Resolution to Approve the Development Agreement:

The Commission hereby approves Development Agreement 5-25-0898 on the grounds that the development agreement, as conditioned, would be in conformity with the provisions of Chapter 3 of the California Coastal Act of 1976, including the public access and recreation policies of Chapter 3.

II. SPECIAL CONDITIONS

1. Future Improvements

The Owner, on behalf of themselves and all successors and assigns, acknowledges and agrees that this Agreement pertains to local planning documents only and does not constitute approval of standards to be utilized for processing a coastal development permit application for any existing or future development of the subject site, that a coastal development permit is required to be obtained from the Coastal Commission under Section 30600 of the Coastal Act for any proposed development of the subject site, and the standard of review shall be the Chapter 3 policies of the Coastal Act. Any future changes to the digital signage (as approved via a separate CDP), including minor modifications as referenced in the Development Agreement, shall require a coastal development permit from the California Coastal Commission or an amendment, unless the Executive Director determines that no coastal development permit is legally required.

Except as provided in Public Resources Code section 30610 and applicable regulations, any future changes to the Development Agreement shall require an amendment to the subject approval No. 5-25-0898 from the California Coastal Commission, unless the Executive Director determines that no amendment or coastal development permit is legally required.

III. FINDINGS AND DECLARATIONS

The Commission hereby finds and declares:

A. Background and Content of Development Agreement

California Government Code Sections 65864-65869.5 authorizes any city, county, or city and county, to enter into a development agreement with any person having a legal or equitable interest in real property for the development of property owned by that entity. A development agreement specifies the permitted uses of the property, the density or intensity of use, the maximum height and size of proposed buildings, and provisions for reservation or dedication of land for public purposes. According to Government Code Section 65865.2, the development agreement "...may include conditions, terms, restrictions, and requirements for subsequent discretionary actions, provided that such conditions, terms, restrictions, and requirements for subsequent discretionary actions shall not prevent development of the land for the uses and to density or intensity of development set forth in the agreement. The agreement may provide that construction shall be commenced within a specified time and that the project or any phase thereof be completed within a specified time. The agreement may also include terms and conditions relating to applicant financing of necessary public facilities and subsequent reimbursement over time." Government Code Section 65866 states further that, "[u]nless otherwise provided by the development agreement, rules, regulations, and official policies governing permitted uses of the land, governing density, and governing design, improvement, and construction standards and specifications, applicable to development of the property subject to a development agreement, shall be those rules, regulations, and official policies in force at the time of execution of the agreement. A development agreement shall not prevent a city, county, or city and county, in subsequent actions applicable to the property, from applying new rules, regulations, and policies which do not conflict with those rules, regulations, and policies applicable to the property as set forth herein, nor shall a development agreement prevent a city, county, or city and county from denying or conditionally approving any subsequent development project application on the basis of such existing or new rules, regulations, and policies."

However, pursuant to Section 65869 "...[a] development agreement shall not be applicable to any development project located in an area for which a local coastal program is required to be prepared and certified pursuant to the requirements of Division 20 (commencing with Section 30000) of the Public Resources Code, unless: (1) the required local coastal program has been certified as required by such provisions prior to the date on which the development agreement is entered into, or (2) in the event that the required local coastal program has not been certified, the California Coastal Commission approves such development agreement by formal commission action."

Since the City of Santa Monica does not have a fully certified LCP, any development agreement that pertains to property within the City's coastal zone must be approved by the Commission. Thus, the applicant has submitted an application to the Commission

for the subject development agreement. However, it is important to note that approval of a development agreement is not equivalent to approval of a coastal development permit and does not authorize development to take place. Since the City of Santa Monica does not yet have a fully certified LCP, development within the City's coastal zone requires a CDP from the Commission, and the standard of review for a CDP is Chapter 3 of the Coastal Act.

The proposed 1202 Third Street Promenade Digital Display Development Agreement pertains to the project site located at the southwest corner of Third Street Promenade and Wilshire Boulevard, addressed as 1202 Third Street Promenade in the City of Santa Monica, Los Angeles County ([Exhibit 1](#)). The applicant is United XYZ LLC. The subject parcel is approximately 14,990 square feet and is zoned Downtown – Bayside Conservation (BC).

The DA authorizes the installation and operation of a new full motion LED digital display sign on the upper level façade of the existing commercial landmark building (John Reed Fitness) ([Exhibit 2](#)). The display would have a single display face that would comprise approximately 1,000 square feet of area, wrapping the corner of the building above the storefront. The display will show paid on-premise and off-premise advertising, curated art, and City community content including civic announcements, local event information, and emergency announcements. No changes of use or expansion of the existing commercial structure are proposed, and the overall height of the existing structure remains unchanged. The display will require an encroachment permit from the City of Santa Monica Public Works Department, but will not affect pedestrians at ground level.

The DA was approved by the Santa Monica City Council on December 16, 2025, and was processed pursuant to the City's Digital Display District Ordinance, also adopted December 16, 2025, which establishes standards governing display locations, illumination, hours of operation, content, and community benefits. The DA provides for public and community benefits including revenue sharing with the City, a minimum annual guarantee, and allocation of 20% of total annual display time for civic and arts content. The displays are subject to strict illumination standards that vary by time of day and include automatic dimming controls, and the displays are required to power off between 1:00 a.m. and sunrise. The DA is consistent with and must comply with all requirements of the Ordinance. However, the City did not amend its certified LUP to include the Ordinance. The DA has a 30-year term, with the option of two 10-year extension, and includes ongoing operational and maintenance obligations throughout the term of the agreement.

The DA purports to authorize modifications to the existing regulations, including the LUP, if inconsistent with terms of agreement (page 24). However, no such changes to the LUP can be made or authorized without review and approval from the Commission through an LUP Amendment. Further, the proposed development agreement does not bind the Commission in any way, nor does it restrict what may or may not be approved by the Commission under any subsequent CDP for development on the subject property pursuant to the Coastal Act. Accordingly, the development agreement would not in any

way interfere with the Commission's ability to deny or modify any project to assure consistency with the Chapter 3 policies of the Coastal Act. However, the DA does allow modifications without amendment to the DA as minor modifications and does discuss major modifications that would require amendments to the DA (page 9), and it is unclear from the DA whether the applicant and City would return to the Commission for review of those modifications to the project or DA. To make clear and ensure that any future changes to the Development Agreement remain subject to Commission review, **Special Condition 1** is necessary. Thus, as conditioned, the proposed development agreement is consistent with the Chapter 3 policies of the Coastal Act.

B. Consistency Analysis

Section 30250 of the Coastal Act states:

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

Section 30251 of the Coastal Act states:

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

The certified Santa Monica LUP includes the following relevant policy:

Policy 46: "The scenic and visual qualities of the Coastal Zone shall be considered and protected as an important public resource. Public views to, from, and along the ocean, the Pier, Inspiration Point and Palisades Park shall be protected. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, and be visually compatible with the character of surrounding areas."

The proposed digital displays will be affixed to the exterior facade of an existing commercial building in downtown Santa Monica. The subject site is located approximately 1,200 feet from the nearest public beach access point, and the display is not situated between any public vantage point and the sea. The display would not extend above the existing roofline and will not be visible from Santa Monica State Beach or impact views to or from the ocean. The certified Santa Monica LUP identifies a public viewing deck at Santa Monica Place as a designated public vantage point. A view analysis conducted from the Santa Monica Place public viewing deck confirms that the

proposed displays do not impact public views of the ocean or coastal waters from this location. The 1992 certified Santa Monica LUP also identifies the Third Street Promenade as a scenic corridor. While the display will be visible from the Third Street Promenade, the display is not situated in a position that would obstruct any public view of the ocean from that corridor. The display will be affixed to the existing building facade within an established, densely developed commercial district, and no coastal view corridor will be blocked or diminished by the proposed development.

With respect to lighting, the displays are subject to illumination standards established under the City's Digital Display District Ordinance, which were developed based on the Third Street Promenade and Santa Monica Place Digital Display District Lighting Study dated December 8, 2025. Pursuant to the Ordinance, the displays shall operate subject to brightness limits that vary by time of day, shall incorporate automatic dimming controls, and shall power off between 1:00 a.m. and sunrise. As such, the proposed displays will not result in significant light impacts on visual resources.

The proposed development is located within an existing developed commercial area in the heart of downtown Santa Monica and is compatible with the character and scale of the surrounding area. The displays will not have any new adverse impact on public access to the coast or to nearby recreational facilities. The right-of-way projections are limited to airspace at the upper level of the building facades and will not affect pedestrians at ground level.

Therefore, as described above, no significant coastal resource impacts are expected, and the Commission finds that the development agreement, as conditioned, would be consistent with the Chapter 3 policies of the Coastal Act.

APPENDIX A – SUBSTANTIVE FILE DOCUMENTS

Coastal Development Permit Application No. 5-25-0898 and associated file documents.