

CALIFORNIA COASTAL COMMISSION

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W18b

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STAFF REPORT: REGULAR CALENDAR

Application No.: 5-18-0872-A1

Applicant: Sunshine Enterprises, LP (Shore Hotel)

Agent: Alicia Bartley, Gaines and Stacey, LLP

Location: 1515-1525 Ocean Ave. and 1530 Second Street,
Santa Monica, Los Angeles County

Description of Original Project Approved Pursuant to Permit No. 5-18-0872:

Request for after-the-fact approval of demolition of two separate lower-cost motels with 87 rooms, and construction of a single 89,900 square foot, forty-five foot high, 164-room, hotel with high-cost overnight accommodations and 1,470 square feet of restaurant space at ground floor and a subterranean parking garage. The proposal includes elements that are not considered "after-the-fact," such as a new 860 square-foot hotel restaurant/bar/meeting room and conversion of a 3,306 square foot vacant retail space into a new 14-room micro-hotel with a 562 square foot public café. The proposal includes the provision of 72 on-site moderate-cost rooms with rates no more than \$150 per room per night to be adjusted annually

according to the Consumer Price Index (CPI) beginning in January 2009; and an overnight youth lodging program which will provide overnight stays, 12 nights per year, free to underserved youth groups of approximately 35-40 youths; and an in-lieu fee of \$2,300,000. The development provides a total of 284 parking spaces in a four-level subterranean parking garage, as well as a car rental facility, distribution of monthly parking passes, and a valet parking program

Description of Pending Permit Amendment No. 5-18-0872-A1: Amend Special Condition 9 to extend the deadline for construction and issuance of the certificate of occupancy of the approved Micro-Hotel to January 29, 2027.

Staff Recommendation: Approval with conditions

SUMMARY OF STAFF RECOMMENDATION

The standard of review is Chapter 3 of the Coastal Act, and Santa Monica's certified LUP may be used as guidance.

On December 12, 2019, the Commission approved Coastal Development Permit (CDP) Application No. 5-18-0872 to Sunshine Enterprises,¹ to construct a new 164 room hotel, which included Special Condition 9.D.i to require construction and occupancy of the 14-room micro-hotel within two years of the date of Commission action as part of the mitigation package to offset impact incurred by the unpermitted demolition of two lower cost motels containing 72 lower cost rooms. On September 25, 2020, the Commission issued the CDP. The micro-hotel rooms were to be constructed and certificate of occupancy issued by December 2021. In 2021, the Executive Director extended for good cause the deadline by one year to December 2022, consistent with the timeframes outlined in the conditions.

In 2022, the applicant proposed a material amendment to extend the deadline for construction and issuance of certificate of occupancy of the micro-hotel, due to the processing and permitting delays experienced with the City of Santa Monica ([Exhibit 1](#)). The applicant has now secured micro-hotel approval from the City ([Exhibit 3 and 4](#)), has started construction of the micro-hotel, and submitted the program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program ([Exhibit 6](#)), consistent with Special Condition 9.B. In addition, consistent with Special Condition 10 of the CDP, the applicant has been submitting annual monitoring reports

¹ <https://documents.coastal.ca.gov/reports/2020/6/F18a/F18a-6-2020-report.pdf>

from 2020 to 2025 evidencing the hotel's operation of the affordable accommodations ([Exhibit 7](#)).

Therefore, Commission staff believes that the proposed extension of the deadline for the construction of the micro-hotel in Special Condition 9.D.i of the CDP to January 29, 2027 is consistent with the intent of the underlying permit, as well as with Section 30213 of the Coastal Act and LUP Policy 35 to protect existing lower cost visitor and recreational facilities. Staff recommends **APPROVAL** of the coastal development permit amendment application 5-18-0872-A1 as conditioned. The motion and resolution can be found on **Page 5**.

PROCEDURAL NOTES: The Commission's regulations provide for referral of permit amendment requests to the Commission if:

- 1) The Executive Director determines that the proposed amendment is a material change, or
- 2) Objection is made to the Executive Director's determination of immateriality, and at least three Commissioners object to the executive directors' designation of immateriality at the next Commission meeting, or the Executive Director determines that the objection raises an issue of conformity with the Coastal Act or certified Local Coastal Program.

In this case, the Executive Director has determined that the proposed amendment is a material change that affects conditions required for the purpose of protecting coastal access.

Section 13166(a) of the Commission's Regulations also calls for the Executive Director to reject a permit amendment request if it would lessen or avoid the intended effect of the previously approved permit.

The proposed amendment would not lessen the intended effect of Coastal Development Permit No. 5-18-0872 envisioned in the Commission's December 2019 action approving the project with conditions. Therefore, the Executive Director accepted the amendment request.

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EXHIBITS

- [Exhibit 1 – Micro-hotel Discussion Timeline between Applicant and City of Santa Monica](#)
- [Exhibit 2 – Commission’s Micro-hotel Deadline Extension dated September 21, 2021](#)
- [Exhibit 3 – City of Santa Monica Statement of Official Action for Micro-hotel Approval](#)
- [Exhibit 4 – City’s Stamp-Approved Plans for Micro-hotel](#)
- [Exhibit 5 – Micro-hotel Construction Schedule](#)
- [Exhibit 6 – Micro-hotel and Youth Lodging Program Elements](#)
- [Exhibit 7 – Affordable Accommodations Annual Monitoring Reports 2020-2025](#)

MOTION AND RESOLUTION

Motion:

I move that the Commission **approve** Coastal Development Permit Amendment No. 5-18-0872-A1 pursuant to the staff recommendation.

Staff recommends a **YES** vote on the foregoing motion. Passage of this motion will result in conditional approval of the permit amendment and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of the Commissioners present.

Resolution:

The Commission hereby approves Coastal Development Permit Amendment No. 5-18-0872-A1 on the grounds that the development as amended and subject to conditions, will be in conformity with the policies of Chapter 3 of the Coastal Act and will not prejudice the ability of the local government having jurisdiction over the area to prepare a Local Coastal Program conforming to the provisions of Chapter 3.

CHANGES TO CONDITIONS

NOTE: Appendix B, attached, includes all standard and special conditions that apply to this permit, as approved by the Commission in its original action and modified and/or supplemented by all subsequent amendments, including this amendment number 1. All of the Commission's adopted special conditions, and any changes in the project description proposed by the applicant and approved by the Commission in this or previous actions, continue to apply in their most recently approved form unless explicitly changed in this action. Modifications to existing conditions imposed in this action on Amendment 1 are shown in the following section. Appendix B includes one set of adopted special conditions.

Unless specifically altered by this amendment, all regular and special conditions attached to Coastal Development Permit 5-18-0872, as amended, remain in effect. Language to be deleted is shown in ~~strike-out~~ and new language is shown in **bold, underlined**.

Standard Conditions

1. **Notice of Receipt and Acknowledgment.** The permit **amendment** is not valid and development **authorized by 5-18-0872-A1** shall not commence until a copy of the permit **amendment**, signed by the applicant or authorized agent, acknowledging receipt of the permit **amendment** and acceptance of the terms and conditions, is returned to the Commission office.

2. **Expiration.** If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
3. **Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
4. **Assignment.** The amended permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
5. **Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

Special Conditions

9. On-Site Micro-Hotel and Youth Lodging Program

PRIOR TO COMMENCEMENT OF CONSTRUCTION OF THE MICRO-HOTEL, the applicant shall provide for review and written approval by the Executive Director:

- A. Stamped plans for the onsite Micro-hotel by the City of Santa Monica with an approval in concept that substantially conforms to the plans submitted to the Commission entitled Shore-Hotel Annex dated August 28, 2019. The applicant must inform the Executive Director of any changes to the plans required by the City of Santa Monica, and may be required to apply for an amendment to this Coastal Development Permit for any material changes.
- B. The program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program referenced in subsection C of this condition.
- C. The permittees shall undertake development in conformance with the approved final plans unless the Commission amends this permit or the Executive Director provides a written determination that no amendment is legally required.
- D. BY ACCEPTANCE OF THIS PERMIT, THE PERMITTEE AGREES THAT:
 - i. The Micro-hotel shall be constructed and a certificate of occupancy shall be issued by January 29, 2027 ~~within 2 years of the date of Commission Action~~. The Executive Director may extend this deadline for good cause, or if the Executive Director determines that any deadlines should be extended if additional time would benefit the success of the obligations of this permit. The Executive Director will not approve more than one 1-year extension to this deadline without a material amendment to this permit. The Applicant shall diligently pursue the

approvals by the City of Santa Monica, and agrees not to withdraw or impede final action on the application in any way.

- ii. A minimum of 34 beds in 14 rooms shall be made available to community organizations and outdoor educational programs to bring underserved youth for overnight stays specifically for the overnight youth lodging program at no cost to the students/children for a minimum of 12 nights per year to be divided equally across the seasons, and the program shall commence immediately upon the issuance of the certificate of occupancy and shall continue for the life of the development.

FINDINGS AND DECLARATIONS

A. Project Description and Background

On December 12, 2019, the Commission approved Coastal Development Permit (CDP) Application No. 5-18-0872 to Sunshine Enterprises, LP by a vote of 7-5. The project approved was the after-the-fact authorization of the demolition of two lower cost motels containing 72 lower cost rooms and construction of a single, 164-room high cost hotel containing a swimming pool and spa, a restaurant/bar, a second restaurant fronting Ocean Avenue, and a four-level subterranean parking structure containing 284 parking spaces.

Because the development was associated with an unpermitted demolition of two lower cost motels containing 72 lower cost rooms, after consultation between Commission staff and the applicant, the Commission additionally approved the applicant's proposal to offer 72 rooms within the proposed hotel at a moderate rate, and to convert a vacant commercial area fronting 2nd St. into a 14-room micro-hotel and public café; a Youth Lodging Program to make the micro-hotel available to youth at no cost for 12 nights per year; and required payment of an in-lieu mitigation fee of \$2.3 million². Special Condition 9.D.i of the approved CDP required that the micro-hotel be constructed, and a certificate of occupancy be issued within two years of the date of the Commission action, which was December 12, 2021. The condition required that no more than a one-time, 1-year extension of this deadline occur without a material amendment to CDP No. 5-18-0872. On September 25, 2020, the Commission issued the CDP.

Due to the processing and permitting delays from the City despite the applicant's diligent effort to acquire City's approval of the micro-hotel ([Exhibit 1](#)), the applicant indicated to Commission staff that it was unable to conform to the deadline. Finding good cause, on September 21, 2021, prior to the lapse of the

² <https://documents.coastal.ca.gov/reports/2020/6/F18a/F18a-6-2020-report.pdf>

deadline, the Commission's Executive Director issued a one-year extension of the deadline to December 12, 2022 ([Exhibit 2](#)), as provided by Special Condition 9.D.i.

On October 17, 2022, with further delays in acquiring plan check approval from the City's Building and Safety Division for the micro-hotel ([Exhibit 1](#)), the applicant submitted a material amendment application to once again extend the deadline for another two years to December 12, 2024. Commission staff reviewed the submitted amendment application, conducted a meeting with the City's then Director of Community Development on December 12, 2022 to discuss the building code issues associated with the proposed micro-hotel, and kept the application incomplete until the matter was resolved between the City and the applicant, thus postponing Commission action until the uncertainty in construction timeline was removed.

On February 12, 2025, the applicant finally received approval from the City's Building and Safety Division for the 14-room micro-hotel ([Exhibit 3](#)). On July 16, 2025, the applicant received stamp-approved plans from the City ([Exhibit 4](#)), which is in substantial conformance with the August 28, 2019 plans approved by the Commission, consistent with Special Condition 9.A. Construction of the micro-hotel began on December 10, 2025.

With a confirmed construction schedule ([Exhibit 5](#)), the applicant submitted a revised project description requesting a further extension of the deadline to January 29, 2027, along with the program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program ([Exhibit 6](#)), consistent with Special Condition 9.B. Commission staff filed the application complete on December 5, 2025.

The standard of review for this development is the Chapter 3 policies of the Coastal Act. In August 1992, the Commission certified the land use portion of the City of Santa Monica's Local Coastal Program (LCP). The City does not have a certified Implementation Plan and therefore does not have a fully certified LCP. Coastal Act Section 30604(a) states that, prior to certification of an LCP, a coastal development permit can only be issued upon a finding that the proposed development is in conformity with Chapter 3 of the Coastal Act; the LUP may be used as guidance.

B. Consistency Analysis

Section 30213 of the Coastal Act states:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred. The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or

private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

LUP Policy 35 states:

Lower cost visitor and recreational facilities shall be protected, encouraged, and where feasible, provided. New development shall not remove lower cost lodging facilities unless a finding of infeasibility is made. Where new development removes lower-cost lodging facilities, the feasibility of replacing the units on-site shall be considered. If on-site replacement is not feasible, then one-to-one replacement within the Coastal Zone shall be considered. The City shall identify sites suitable for lower-cost over-night lodging. If these alternatives are not feasible, then an in-lieu fee payment shall be made and placed in a fund established by the City for the provision of lower-cost lodging facilities within the Coastal Zone, including land acquisition, construction, and replacement.

The City has estimated the 502 lower-cost over-night lodging facilities existed in the City's coastal zone as of May 1990. Notwithstanding the above, no more than 25% of these facilities may be removed from the coastal zone until or unless an equivalent number of such lodging facilities have been replaced within the City. Removal of lower-cost over-night lodging facilities shall not occur until after construction begins on replacement facilities.

Special Condition 9 of CDP No. 5-18-0872 states:

9. On-Site Micro-Hotel and Youth Lodging Program

PRIOR TO COMMENCEMENT OF CONSTRUCTION OF THE MICRO-HOTEL, the applicant shall provide for review and written approval by the Executive Director:

- A. Stamped plans for the onsite Micro-hotel by the City of Santa Monica with an approval in concept that substantially conforms to the plans submitted to the Commission entitled Shore-Hotel Annex dated August 28, 2019. The applicant must inform the Executive Director of any changes to the plans required by the City of Santa Monica, and may be required to apply for an amendment to this Coastal Development Permit for any material changes.
- B. The program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program referenced in subsection C of this condition.
- C. The permittees shall undertake development in conformance with the approved final plans unless the Commission amends this permit or the Executive Director provides a written determination that no amendment is legally required.
- D. BY ACCEPTANCE OF THIS PERMIT, THE PERMITTEE AGREES THAT:

- i. The Micro-hotel shall be constructed and a certificate of occupancy shall be issued within 2 years of the date of Commission Action. The Executive Director may extend this deadline for good cause, or if the Executive Director determines that any deadlines should be extended if additional time would benefit the success of the obligations of this permit. The Executive Director will not approve more than one 1-year extension to this deadline without a material amendment to this permit. The Applicant shall diligently pursue the approvals by the City of Santa Monica, and agrees not to withdraw or impede final action on the application in any way.
- ii. A minimum of 34 beds in 14 rooms shall be made available to community organizations and outdoor educational programs to bring underserved youth for overnight stays specifically for the overnight youth lodging program at no cost to the students/children for a minimum of 12 nights per year to be divided equally across the seasons, and the program shall commence immediately upon the issuance of the certificate of occupancy and shall continue for the life of the development.

As explained above, Special Condition 9 of CDP No. 5-18-0872 required the construction of the 14 room micro-hotel as part of a mitigation package to offset the impacts incurred by the unpermitted demolition of two lower cost motels containing 72 lower cost rooms. Special Condition 9.D.i was imposed to require the applicant to diligently pursue construction of the micro-hotel. However, due to the extenuating circumstances, the applicant could not fulfill the construction of the micro-hotel within the specified deadline despite diligent efforts to pursue the approvals by the City of Santa Monica ([Exhibit 1](#)). The applicant also did not withdraw or impede any final action on the application.

The applicant now secured micro-hotel approval from the City ([Exhibit 3 and 4](#)), has started construction of the micro-hotel, and submitted the program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program ([Exhibit 6](#)), consistent with Special Condition 9.B.

In addition, consistent with Special Condition 10 of the CDP, the applicant has been submitting annual monitoring reports from 2020 to 2025 evidencing the hotel's provision of the required 72 moderate-cost rooms onsite³, and implementation of the overnight youth lodging program ([Exhibit 7](#)). Special Condition 10 required a Marketing and Engagement Plan and annual monitoring reports that provide evidence of operation of the affordable accommodations, including the micro-hotel, and the overnight youth lodging program, once per year for a minimum of five years. The applicant may submit a request to submit bi-annual reports; however, because the micro-hotel has not been

³ Pursuant to Special Condition 8 of 5-18-0872, the hotel currently provides 72 rooms at a moderate-cost. Micro-hotel rooms may be used as some of the 72 moderate-cost rooms, once constructed.

operating for the past five years and data was not available, the Executive Director has determined that the annual reports will be required for the first five years, at a minimum, of the micro-hotel occupancy and operation which is not expected to start until January 2027. Therefore, the annual monitoring reports will continue to be required, consistent with Special Condition 10, until at least 2032.

As the applicant has been diligent in its pursuit of constructing the micro-hotel, which is now under way, and complying with the related requirements of the permit, the Commission finds that the proposed extension to the deadline for the construction of the micro-hotel in Special Condition 9.D.i to January 29, 2027 is consistent with the intent of the underlying permit, as well as with Section 30213 of the Coastal Act and LUP Policy 35.

C. Local Coastal Program

Coastal Act section 30604(a) states that, prior to certification of a local coastal program (LCP), a coastal development permit can only be issued upon a finding that the proposed development is in conformity with Chapter 3 of the Act and that the permitted development will not prejudice the ability of the local government to prepare an LCP that is in conformity with Chapter 3. In August 1992, the Commission certified, with suggested modifications, the land use plan portion of the City of Santa Monica's Local Coastal Program, excluding the area west of Ocean Avenue and Neilson way (Beach Overlay District). On September 15, 1992, the City of Santa Monica accepted the LUP with suggested modifications. As conditioned, the proposed development is consistent with Chapter 3 of the Coastal Act. Approval of the project, as conditioned, is also consistent with the certified LUP and will not prejudice the ability of the local government to prepare an LCP that is in conformity with the provisions of Chapter 3 of the Coastal Act.

APPENDIX A – SUBSTANTIVE FILE DOCUMENTS

- Coastal Development Permit Application No. 5-18-0872-A1 and associated file documents.

APPENDIX B – STANDARD AND SPECIAL CONDITIONS PURSUANT TO CDP NO. 5-18-0872 THROUGH CDP AMENDMENT NO. 5-18-0872-A1

NOTE: This Appendix B provides a list of all standard and special conditions imposed pursuant to Coastal Development Permit 5-18-0872, as approved by the Commission in its original action and modified and/or supplemented by CDP Amendment No. 5-18-0872-A1. Thus, this Appendix B provides an aggregate list of all currently applicable adopted special conditions.

Standard Conditions

- 1. Notice of Receipt and Acknowledgment.** The permit amendment is not valid and development authorized by 5-18-0872-A1 shall not commence until a copy of the permit amendment, signed by the applicant or authorized agent, acknowledging receipt of the permit amendment and acceptance of the terms and conditions, is returned to the Commission office.
- 2. Expiration.** If development has not commenced, the permit will expire two years from the date this permit is reported to the Commission. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
- 3. Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 4. Assignment.** The amended permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 5. Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the permittee to bind all future owners and possessors of the subject property to the terms and conditions.

Special Conditions

- 1. FUTURE DEVELOPMENT.** This permit is only for the development described in Coastal Development Permit No. **5-18-0872**, consisting of the development request in the applicant's proposal as modified by the conditions of this permit. Pursuant to Title 14 California Code of Regulations (CCR) Section 13253(b)(6), the exemptions otherwise provided in Public Resources Code (PRC) Section 30610(b) shall not apply to the development governed by the CDP 5-18-0872. Accordingly, any future improvements to this structure authorized by this permit shall require an amendment to CDP 5-18-0872 from the Commission or shall require an additional CDP from the Commission or from the applicable certified local government. In

addition thereto, an amendment to CDP 5-18-0872 from the Commission or an additional CDP from the Commission or from the applicable certified local government shall be required for any repair or maintenance identified as requiring a permit in PRC Section 30610(d) and Title 14 CCR Sections 13252(a)-(b).

- 2. INDEMNIFICATION BY PERMITTEE.** Liability for Costs and Attorneys' Fees. By acceptance of this permit, the Applicant/Permittee agrees to reimburse the Coastal Commission in full for all Coastal Commission costs and attorneys' fees – including: (1) those charged by the Office of the Attorney General, and (2) any court costs and attorneys' fees that the Coastal Commission may be required by a court to pay – that the Coastal Commission incurs in connection with the defense of any action brought by a party other than the Applicant/Permittee against the Coastal Commission, its officers, employees, agents, successors and assigns challenging the approval or issuance of this permit. The Coastal Commission retains complete authority to conduct and direct the defense of any such action against the Coastal Commission.
- 3. DEED RESTRICTION.** PRIOR TO ISSUANCE OF THE COASTAL DEVELOPMENT PERMIT, the applicant shall submit to the Executive Director for review and approval documentation demonstrating that the landowner has executed and recorded against the parcel(s) governed by this permit a deed restriction, in a form and content acceptable to the Executive Director: (1) indicating that, pursuant to this permit, the California Coastal Commission has authorized development on the subject property, subject to terms and conditions that restrict the use and enjoyment of that property; and (2) imposing the special conditions of this permit as covenants, conditions and restrictions on the use and enjoyment of the Property. The deed restriction shall include a legal description of the entire parcel or parcels governed by this permit. The deed restriction shall also indicate that, in the event of an extinguishment or termination of the deed restriction for any reason, the terms and conditions of this permit shall continue to restrict the use and enjoyment of the subject property so long as either this permit or the development it authorizes, or any part, modification, or amendment thereof, remains in existence on or with respect to the subject property.
- 4. CONDITIONS IMPOSED BY LOCAL GOVERNMENT.** This action has no effect on conditions imposed by the City of Santa Monica pursuant to an authority other than the Coastal Act, except as provided in the last sentence of this condition. The permittee is responsible for compliance with all terms and conditions of this coastal development permit in addition to any other requirements imposed by other local government permit conditions pursuant to the local government's non-Coastal Act authority. In the event of conflicts between terms and conditions imposed by the local government and those of this coastal development permit, the terms and conditions of this coastal development permit shall prevail. If any part of the proposed project description has not been approved by the local government, the applicant is required to obtain all local approvals prior to commencement of construction.

5. GENERAL OCCUPANCY REQUIREMENT

BY ACCEPTANCE OF THIS PERMIT, the applicant agrees that all hotel facilities shall be open to the general public. No timeshare or other fractional ownership or long-term occupancy of units is permitted without an amendment to this permit. No rooms shall be rented for more than 30 consecutive days or in accordance with any local government limitations on length of hotel stay.

6. TRANSPORTATION DEMAND MANAGEMENT PROGRAM

- A. WITHIN 60 DAYS OF COMMISSION APPROVAL, the applicant shall provide for review and written approval by the Executive Director, a Transportation Demand Management program incorporating the following:
- i. Required distribution of information regarding transit, shared rides and shuttles, bike routes, bike rental and bike paring in all hotel guest rooms, upon guest reservation confirmation, and at the reception desk. The hotel must also provide walking and jogging maps to guests.
 - ii. Six (6) onsite bicycle parking spaces for hotel guests.
 - iii. Assistance to guests for booking shuttle services, bike rentals, “flex cars” and similar alternatives.
 - iv. Free bus tokens (or the equivalent) provided to guests upon request (a minimum of 1 per day per guest).
 - v. On-site showers shall be provided for employees who walk or bike to work.
 - vi. Free transit passes shall be made available to employees, as well as a parking “cash out” program.
 - vii. The applicant and its successors and assigns shall actively encourage employee participation in a Transportation Ride Sharing program and shall offer free-of- charge coordination services.
 - viii. A Parking Implementation Plan outlining how the hotel’s 284 parking spaces shall be provided and maintained onsite to serve the hotel, commercial, restaurant, car rental facility, monthly contract parkers, employees, and to provide or increase electric vehicle charging capacity and ADA requirements. Hotel, restaurant, and public parking shall not be displaced by other parking uses.
 - ix. No commercial, retail, or restaurant tenants shall advertise or otherwise direct guests to park at offsite parking lots.
 - x. All commercial, retail, and restaurant tenants shall offer partial or full reimbursement to 100% of the employees of the development for public transit fare to and from work. As applied to existing leases, this provision shall apply upon any renewal of a lease.
 - xi. The applicant and its successors and assigns shall provide secure bicycle

parking, free of charge, on the property for the public, employees, and visitors.

- xii. The applicant and its successors and assigns shall implement a publicity program, the contents of which are subject to the review and approval of the Executive Director, which indicates how the future hotel employees and tenant employees of the development will be made aware of the provisions of this special condition. The publicity program shall be implemented within 30 days upon written approval of the Transportation Demand Management Program by the Executive Director.
 - xiii. The applicant and its successors and assigns will maintain a Transportation Information Center, which will provide information to employees, visitors and hotel guests about local public transit services and bicycle facilities.
- B. The permittee shall implement the transportation demand management program upon its approval in writing by the Executive Director. Any proposed changes, including but not limited to, change in the number of parking spaces or assigned spaces, hotel rooms, or operation of the hotel, or change in use, including retail space shall be submitted to the Executive Director. No such change shall occur without an amendment to this permit unless the Executive Director determines that no amendment is legally necessary, pursuant to the requirements of the Coastal Act and the California Code of Regulations.
- C. Within 30 days of the Executive Director's written approval of the Transportation Demand Management Program, the applicant shall submit proof to the Executive Director that the program has been executed in accordance with the special conditions of this permit. Proof of such implementation shall include photographs of the parking lot, the valet area, and the Transportation Information Center, a legally executed contract with any valet parking company or equivalent operating on site, and any other items that may provide evidence that the parking requirements of this CDP are fully implemented upon approval by the Executive Director.

7. LOWER-COST OVERNIGHT ACCOMMODATIONS MITIGATION FEE

WITHIN 60 DAYS OF COMMISSION APPROVAL, the applicant shall pay a mitigation fee for 25% of the higher cost rooms developed in excess of the total number of lower-cost rooms lost, totaling \$2,300,000. The Executive Director may extend this deadline for good cause, or if the Executive Director determines that any deadlines should be extended if additional time would benefit the success of the obligations of this permit.

- A. The applicant shall submit the in-lieu fee required to offset the impacts to lower-cost overnight visitor-serving facilities caused by the development: \$2,300,000. The required total in-lieu fee shall be deposited into one or more interest-bearing account(s), to be established and managed by one or more of the following entities approved by the Executive Director of the Coastal Commission: the California Department of Parks and Recreation (State Parks), the Mountains Recreation and Conservation Authority (MRCA), the State Coastal Conservancy,

Hostelling International USA, or a similar entity approved by the Executive Director. The purpose of the account shall be to establish lower-cost overnight visitor accommodations, such as lower cost hotel and motel rooms, hostel beds, tent campsites, cabins or campground units, at appropriate locations within the coastal area of Santa Monica or the greater Los Angeles County coastal area, or a similar project to promote access to the coast.

- B. Except for in lieu fees transferred to the State Coastal Conservancy pursuant to subsection C below, the entire fee and accrued interest shall be used for the above stated purpose, in consultation with the Executive Director, within ten years of the fee being deposited into the account. All development funded by this account will require review and approval by the Executive Director of the Coastal Commission and a coastal development permit if in the coastal zone. If any portion of the fee remains ten years after it is deposited, it shall be donated to one or more of the State Park units or non-profit entities providing lower-cost visitor-serving amenities in a Southern California coastal zone jurisdiction or other organization acceptable to the Executive Director. The Executive Director may extend the aforementioned deadline to expend the funds for good cause if the recipient of the funds requests an extension of the deadline in writing prior to expiration of the deadline.
- C. Prior to expenditure of any funds contained in this account, the Executive Director shall review and approve, in writing, the proposed use of the funds as being consistent with the intent and purpose of this condition. In addition, prior to the Executive Director's approval of expenditure, the entity accepting the in-lieu fee funds required by this condition shall enter into a memorandum of understanding (MOU) with the Commission (except for the State Coastal Conservancy and State Parks, which are already party to existing MOUs (see subsections D and E, below)), which shall include, but not be limited to, the following: 1) a description of how the funds will be used to create lower-cost accommodations in the coastal zone; 2) a requirement that the entity accepting the funds must maintain operations of the accommodations at a lower-cost rate; 3) the terms provided in subsections A and B of this condition; and 4) an agreement that the entity accepting the funds will obtain all necessary regulatory permits and approvals, including but not limited to, a coastal development permit for development of the lower-cost accommodations required by this condition.
- D. If the in-lieu fee is transferred to the State Coastal Conservancy, the funds shall be used pursuant to the existing MOU between the Coastal Commission and the Conservancy, dated August 2018, and for the purposes described in subsection A, above. In addition, at least thirty days prior to the transfer of the funds, the Permittee shall provide the Conservancy with any documentation necessary to the Conservancy, including information needed to effectuate transfer of the Funds to the Conservancy, unless the Permittee receives a waiver of this requirement in writing from the Conservancy's Executive Officer. The terms in subsection B shall not apply to the State Coastal Conservancy.

- E. If the in-lieu fee is transferred to State Parks, the funds shall be used pursuant to the existing MOU between the Coastal Commission and State Parks, dated December 2017, and for the purposes described in subsection A, above. As required by the existing MOU, a Project Specific Agreement shall be developed and executed by both agencies prior to the use of any funds.

8. PROVISION OF ON-SITE AFFORDABLE ACCOMMODATIONS.

BY ACCEPTANCE OF THIS PERMIT, THE APPLICANT AGREES to operate the hotel consistent with its proposal to provide affordable accommodations on-site to the general public consisting of 72 moderate-cost rooms for the life of the development, as described below. Micro-hotel rooms may be used as some of the 72 moderate-cost rooms.

- A. WITHIN 30 DAYS OF COMMISSION ACTION, the applicant shall provide 72 rooms within the existing hotel at an affordable rate, but no more than the rates proposed by the applicant in its project description of \$150 per room per night adjusted for changes in the Consumer Price Index (CPI) starting in January 2009, and to be adjusted in the future according to CPI not more than once per year, with written notice to the Executive Director.
- B. WITHIN 30 DAYS OF ISSUANCE OF THIS PERMIT, the applicant shall provide revised plans, for the Executive Director's review and written approval, specifying which rooms shall be used to provide affordable accommodations both before and following the opening of the Micro-Hotel. The applicant shall also provide, for the Executive Director's review and written approval, rules and procedures describing how the applicant will provide the affordable accommodations, a list of room numbers that will be used for this purpose, how they will be reserved, and how reservations will be made by community organizations and outdoor education programs for the purposes of participating in the youth lodging program described in subsection C of Special Condition 9. The rules must also state:
 - i. The rates shall not be adjusted seasonally.
 - ii. No resort fees shall be assessed for the 72 moderate-cost rooms.
 - iii. The rate the hotel charges on any given day for an occupant of one of the moderate-cost rooms to park a vehicle at the hotel shall not exceed the rate charged by the City of Santa Monica on that day to park a vehicle in the closest Municipal Structure (Municipal Structure #8).
- C. The permittee shall undertake development in accordance with the applicant's proposal, the approved revised plans, and approved rules and procedures, unless the Commission amends this permit or the Executive Director provides a written determination that no amendment is legally required.

9. ON-SITE MICRO-HOTEL AND YOUTH LODGING PROGRAM

PRIOR TO COMMENCEMENT OF CONSTRUCTION OF THE MICRO-HOTEL, the applicant shall provide for review and written approval by the Executive Director:

- A. Stamped plans for the onsite Micro-hotel by the City of Santa Monica with an approval in concept that substantially conforms to the plans submitted to the Commission entitled Shore-Hotel Annex dated August 28, 2019. The applicant must inform the Executive Director of any changes to the plans required by the City of Santa Monica, and may be required to apply for an amendment to this Coastal Development Permit for any material changes.
- B. The program elements necessary to accomplish the reservation of the micro-hotel for the proposed programmatic use and a detailed summary of the overnight youth lodging program referenced in subsection C of this condition.
- C. The permittees shall undertake development in conformance with the approved final plans unless the Commission amends this permit or the Executive Director provides a written determination that no amendment is legally required.
- D. BY ACCEPTANCE OF THIS PERMIT, THE PERMITTEE AGREES THAT:
 - i. The Micro-hotel shall be constructed and a certificate of occupancy shall be issued by January 29, 2027. The Executive Director may extend this deadline for good cause, or if the Executive Director determines that any deadlines should be extended if additional time would benefit the success of the obligations of this permit. The Executive Director will not approve more than one 1-year extension to this deadline without a material amendment to this permit. The Applicant shall diligently pursue the approvals by the City of Santa Monica, and agrees not to withdraw or impede final action on the application in any way.
 - ii. A minimum of 34 beds in 14 rooms shall be made available to community organizations and outdoor educational programs to bring underserved youth for overnight stays specifically for the overnight youth lodging program at no cost to the students/children for a minimum of 12 nights per year to be divided equally across the seasons, and the program shall commence immediately upon the issuance of the certificate of occupancy and shall continue for the life of the development.

10. MARKETING PLAN AND MONITORING REPORTS

- A. WITHIN 60 DAYS OF COMMISSION ACTION, the applicant shall submit, for review and written approval by the Executive Director, a Marketing and Engagement Plan to market the affordable accommodations, the micro-hotel, and the youth lodging program. The plan shall outline how the applicant will actively promote and publicize availability of the affordable accommodations, micro-hotel, and the youth lodging program at the lower cost rates described in Special Condition No. 8 to underserved communities such as low-income communities, communities of color, and other communities that have been historically

marginalized and face greater barriers to coastal access. The Marketing and Engagement Plan shall identify strategies for both online advertising and offline marketing efforts, which shall include targeted outreach to community organizations focused on underserved communities such as local non-profits, environmental justice groups, labor unions, or recipients of public benefits programs by coordinating with local program administrators. Marketing and media materials shall be distributed beyond the City of Santa Monica to neighboring underserved communities in the greater Los Angeles area and acknowledge the California Coastal Commission's role in providing public access at this location through the posting of marketing materials at relevant transit stops. The Marketing and Engagement Plan shall also include a language access protocol that outlines how materials will be developed to include non-English languages including but not limited to Spanish, tailored to be culturally relevant, and written in plain language to prevent educational and cultural barriers to access to the micro-hotel. The Plan shall also identify additional actions or measures that could be taken to improve access by underserved communities, if necessary as determined by the Executive Director pursuant to Section B(iii) of this condition (for example, including but not limited to a targeted voucher program for guests to obtain the lower cost rate rooms).

- B. BY ACCEPTANCE OF THIS PERMIT, THE PERMITEE AGREES TO submit an annual monitoring report for review and written approval by the Executive Director for the that provides evidence of operation of the affordable accommodations, including the micro-hotel, and the overnight youth lodging program in compliance with all requirements of this permit, including sufficient detail to demonstrate:
- i. The total number of rooms rented daily in the hotel, the number of moderate-cost hotel rooms rented for each day, the room rates for the moderate-cost hotel rooms, the number of micro-hotel rooms rented for each day, the room rates for the micro-hotel rooms, the timing and duration of both such bookings and dates of such rentals, and the total cost (including parking fees and Transient Occupancy Taxes) charged to guests for the reservation of these rooms.
 - ii. Measures on the effectiveness of the Marketing and Engagement Plan in reaching underserved communities and access to the beach and shall include at a minimum, the total number of nights per year in which the overnight youth lodging program is utilized, the names of each organization which has participated in the youth lodging program, the number of students and adults which participated in each stay, and the timing, dates, and duration of each reservation for the program. The Executive Director will issue a written determination as to whether any of the additional actions identified in the Marketing and Engagement Plan must be implemented in order to increase the success of the youth lodging program and to maximize occupancy of the affordable accommodations.

- iii. The Permittee shall be required to make changes to the format (e.g. information provided, etc.) of the monitoring reports as required by the Executive Director to ensure that the information provided in the reports is sufficient to review consistency with the terms and conditions of this permit.
 - iv. Nothing in this condition is intended to limit the authority or ability of the Executive Director to investigate compliance with the terms and conditions of this CDP and take appropriate enforcement action as necessary. The Permittee shall provide, at any time at the request of Executive Director, all evidence necessary to demonstrate compliance with the terms and conditions of this permit, including, but not necessarily limited to the information described in this condition.
 - v. By the first anniversary of approval of this CDP, and by the same date every year thereafter, the permittee shall retain an independent auditing company, approved by the Executive Director, to perform an audit to evaluate compliance with Special Condition 8 of this CDP. The permittee shall ensure that the auditing company provides the Executive Director with a report that satisfies the following criteria. The auditor's report shall be provided to the Executive Director by April 1 of each year and shall evaluate compliance by the permittee during the prior one-year period calendar year. The permittee shall obtain the Executive Director's written approval of the independent auditor at least 3 months before the deadline for each report. The report shall identify the auditor's findings, conclusions and the evidence relied upon, including the sufficiency of both the information required by the CDP to perform the audit and the information made available by the permittee. After five years, the one-year audit period may be extended to two years upon written approval of the Executive Director. The Executive Director may grant such approval if each of the previous audits revealed compliance with the conditions in the auditor's opinion, if confirmed by the Executive Director.
- C. The permittees shall undertake development in conformance with the approved final Marketing and Engagement Plan unless the Commission amends this permit, or the Executive Director provides a written determination that no amendment is legally required. The Executive Director may extend this deadline for good cause if he or she determines that the applicant cannot meet the deadline due to unforeseen circumstances beyond their control, or if the Executive Director determines that any deadlines should be extended if additional time would benefit the success of the obligations of this permit.