



Information Item

Date: June 21, 2013

To: Mayor and City Council

From: David Martin, Director of Planning and Community Development
Department

Subject: 1001 3rd Street (Palihouse Hotel)

Introduction

This Information Item is to clarify the status of the Palihouse Hotel located at 1001 3rd Street. City staff and the Council have received numerous inquiries from concerned residents. This item is intended to address the legal use of the property, parking, valet parking, preferential parking, and food and alcohol service questions.

Background

The property at 1001 3rd Street was built in 1927 as a 38-unit apartment building and it has been commonly known as the Embassy Hotel and Apartments. The property is located in the R3 (Multiple Family) Zoning District. It is unclear exactly when the property began functioning with hotel guest units. However, a Settlement Agreement in December of 2000 between the property owners and the City of Santa Monica determined that 19 units were operating as hotel units and 19 units were rent controlled apartments. Subsequently, in another Settlement Agreement entered into on May 10, 2011, the remaining 19 rent controlled units were authorized for conversion into hotel units, with certain rent control conditions, thereby enabling the full conversion of the building to a hotel use. Additionally, in 2003 the building was designated as a City Landmark.

Sometime in 2012 the hotel was sold. On December 4, 2012, a business license application was filed by the new owner. With the change of ownership, the hotel was renamed Palihouse. Since the change of ownership, renovations have been in process and a Conditional Use Permit (CUP) application has been filed requesting approval to obtain a Type-66 alcohol license to authorize in-room mini bars and a Type-71 alcohol license to allow service in the hotel lobby to hotel patrons and their guests. The CUP application is currently pending.

Discussion

Permit History

The scope of work for the renovations to the hotel have been limited to interior renovations such as resurfacing of tile work, new carpeting, painting, lighting fixtures, and new kitchen appliances in the larger hotel rooms. Additionally, new televisions and furniture have been installed in the hotel rooms. Many of the interior improvements have not needed building permits. However, Combination Building Permit (13CBP0363) was issued on May 7, 2013 to allow for the installation of two utility sinks, a coffee maker, and a floor sink in the 1st floor lobby. Additional work requiring a building permit has been identified and the owners are aware of the permit requirements. Building and Safety and Code Compliance staff members continue to conduct inspections to ensure requisite permits are obtained and to identify any violations. Code Compliance staff is scheduled to meet with concerned residents on June 25, 2013 to provide them with an update on the status of their concerns.

Other improvements such as landscape renovations and maintenance and installation of new canvas awnings on the building have been authorized through a Certificate of Appropriateness (C of A) application, since external alterations are subject to Landmarks Commission approval. Accordingly, C of A 13CA-006 has been reviewed and approved on March 4, 2013 to authorize these changes. Additionally, a total of five

lighting fixtures on the exterior of the building have been replaced and will require review and approval and the necessary building permits.

Parking

There is no on-site parking for the hotel due to the age of the structure and lack of parking standards when the building was constructed. For this reason, the owner hired a valet parking company to park hotel patron's vehicles and applied for a Valet Parking Permit on June 10, 2013 to allow guests to leave their car with a parking attendant in-lieu of self-parking. For purposes of the valet permit, parking spaces have been secured in an existing surface parking lot at 1148 5th Street. The owner is seeking to lease additional parking spaces in the vicinity, but has not secured additional spaces at this time. Additionally, opportunities to maximize the amount of cars that could be reasonably parked at 1148 5th Street are also being analyzed.

Two short-term metered spaces have historically been maintained on 3rd Street to support the hotel guests' need to load and unload. These spaces were recently converted to valet parking through a City-approved Valet Parking Permit. The valet parking operator agreement is set forth in Santa Monica Municipal Code (SMMC) Section 6.122.060 with additional regulations agreed to as part of the application.

In addition to the valet parking spaces, The Palihouse, as a hotel operator of a City-designated historic landmark, is entitled to purchase guest parking permits as a result of the hotel fronting on a preferential parking district. Palihouse is eligible to purchase one guest permit per room based on Section 3.08.070(d) of the Municipal Code addressing Preferential Parking Permits stating:

Guest Permits. The owner or owner's agent of a commercial property which is a City-designated historic landmark and which provides overnight accommodations on residentially-zoned property within a preferential parking zone may obtain one guest permit for preferential parking per guest unit. Such permits shall be in lieu of an exemption of the property's frontage from preferential parking regulations.

This section of the code was added in response to a settlement agreement in 2003 with the prior hotel operator, Embassy Hotel and Apartments, after an adverse determination by the Coastal Commission.

Complaints

Several complaints have been filed by nearby residents. The complaints are related to activities associated with the change of ownership, physical renovations, and parking. Primarily they are focused on construction activities, work without permits, noise disruptions associated with the valet parking, claims that the hotel is not permitted to operate in the R3 Zoning District, concerns about the service of alcohol, and claims that a full service kitchen has been constructed to allow a public restaurant to operate. City staff is reviewing these complaints and is monitoring the construction and on-going operations closely.

Initially there was some confusion concerning whether permits were required to be obtained for some of the interior renovations. Work requiring a permit is currently authorized through permit 13CBP0363. Furthermore, the work that has been completed is legal. Additional work requiring a building permit has been identified and the owners are aware of the permit requirements.

Concerns related to the valet parking permit have been expressed ranging from general noise concerns to claims that valet parking is not permitted as an incidental business to a hotel in the R3 Zoning District. First, the valet parking operations are governed under SMMC Section 6.122.060 with additional regulations agreed to as part of the application and any violation of the conditions of this permit could be cause for revocation. Staff is closely monitoring this situation and will ensure compliance. Second, valet parking is considered to be an associated activity for a hotel, not an incidental business to a hotel, and therefore it has been common practice to allow valet parking for hotels citywide.

Questions regarding the legality of the hotel itself have also been raised. Specifically, that R3 Zoning does not permit hotels. The R3 zoning rules do however recognize

hotels as permitted uses as long as they were in existence as of January 1, 1995. Furthermore, the status of this building as a hotel was confirmed in the 2000 and 2011 Settlement Agreements related to this site.

Lastly, concerns related to the construction of a new kitchen to enable a full service public restaurant are unfounded. The building has had a food service area of approximately 470 square feet in the basement for several years which contains appliances to aid in the preparation of food for hotel patrons only, via in-room service and in the hotel lobby lounge. There is not a commercial grade oven or venting system. The public is not permitted to visit the hotel unless they are guests of a hotel patron. Staff has discussed with the hotel operators that service to the public is not permitted, since a public restaurant associated with the hotel is not permitted. Food service for guests is an ancillary function common to any hotel and therefore is permitted. Since this nuance is an important distinction, staff met with the hotel operators to inform them clearly of the limitations. The hotel operators understand this point and do not disagree.

The operator has filed a Conditional Use Permit application requesting approval to sell alcohol to hotel patrons. Alcohol service would be limited to hotel patrons and their guests only and would only be authorized in the hotel rooms and lobby lounge areas, if approved. The application has yet to be reviewed by staff and is anticipated to be heard by the Planning Commission before the end of 2013.

Summary

The Palihouse is a legal hotel operating within the R3 Zoning District. Food service for patrons is authorized, as food service is customarily associated with hotels of this nature. Any service of alcohol would require the approval of a Conditional Use Permit by the Planning Commission. This issue is scheduled for hearing this year. A full analysis will be provided when the CUP is brought forward to public hearing. Issues related to construction without permits have been rectified and the requisite building permits are in the process of being obtained. Lastly, issues concerning valet parking and preferential

parking have also been addressed. Specifically, the proper valet parking permit has been obtained and the hotel, as a city-designated historic landmark, is legally entitled to have one preferential parking permit per guest unit. The City will closely monitor the valet parking operation to ensure that it conforms to the permitted approval.

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