



Planning Commission Report

Planning Commission Meeting: September 2, 2020

Agenda Item: 9-A

To: Planning Commission
From: Jing Yeo, City Planning Division Manager
Subject: Miramar Hotel Project Development Agreement 11DEV-003
Local Coastal Program Land Use Plan Amendment
Environmental Impact Report 13ENT-003
Vesting Tentative Tract Map 20ENT-0153

Address: 1133 Ocean Avenue (Miramar Hotel site)
Applicant: Ocean Avenue, LLC

Recommended Action

It is recommended that the Planning Commission:

1. Recommend that the City Council certify the Final Environmental Impact Report prepared for the Miramar Hotel Project;
2. Recommend that the City Council approve an amendment to the 1992 Local Coastal Program Land Use Plan (LUP) for 1133 Ocean Avenue (Miramar project site) and 1127-1129 Second Street (100% affordable housing site) to be consistent with the City's Local Coastal Program Land Use Plan that was adopted by the City Council on October 9, 2018 and pending certification by the California Coastal Commission; and
3. Recommend that the City Council approve Development Agreement 11DEV-003;
4. Recommend that the City Council approve Vesting Tentative Tract Map 20ENT-0153.

Executive Summary

The Applicant, Ocean Avenue LLC, filed a Development Agreement application, Local Coastal Program Land Use Plan Amendment, and preliminary plans in April 2011 (11DEV-003) to comprehensively redevelop the existing Santa Monica Fairmont Miramar Hotel ("Miramar Hotel" or Hotel") that is located on a 4.5 acre site at 1133 Ocean Avenue. As described more fully in the Background section of this report, following receipt of the development agreement application for the originally-proposed project concept, a community meeting was held in June 2011, and the Planning Commission and City Council held preliminary float-up discussions on the Applicant's submittal. In April 2012, the City Council gave direction to staff to proceed with development agreement negotiations, provided comments regarding potential

community benefits, and provided feedback on the overall composition of the project with attention given to the trade-off between different building heights and different massing alternatives for the hotel parcel.

Per Council's direction, City review of the Applicant's updated plan submitted in 2013, which included a significantly taller building located in the center of the site (21-stories and 262' maximum height), was put on hold pending completion of the Downtown Community Plan (DCP). The public review process for the DCP was extensive and sought to engage and broaden community participation to establish the vision for Downtown Santa Monica and to formulate the standards that would guide future Downtown development. In particular, the concept of three Established Large Sites, including the Miramar Hotel property, was the subject of substantial community discussion and debate prior to the Council's adoption of the plan in July 2017.

Following adoption of the DCP, the Applicant submitted a comprehensively revised project design in February 2018, consistent with the standards, pursuant to DCP Section 9.10.080, for seeking discretionary approval for a project on the Miramar Hotel site, one of the three Established Large Sites designated in the DCP with maximum building height (up to 130 feet) and Floor Area Ratio (up to 3.0) and priority community benefits to be negotiated through a development agreement process.

The currently-proposed project would result in approximately 502,157 SF of above-grade floor area (239,873 net new SF compared to the existing hotel) and a 2.6 floor area ratio (FAR). Building heights at the hotel parcel would vary and would range from the existing Palisades Building height of 78 feet to a maximum of 130 feet for the new Ocean Building and would include the following components:

- 312 hotel guest rooms.
- New food/beverage space, meeting/banquet space, and spa/fitness facilities.
- New retail space along Wilshire Boulevard.
- Up to 60 for-sale residential condominium units.
- 14,000 SF publicly-accessible open space at the corner of Wilshire Boulevard and Ocean Avenue.
- Approximately 428 parking spaces in an on-site subterranean garage.
- Preservation of the Landmark Moreton Bay Fig Tree.
- Preservation and rehabilitation of the Landmark Palisades Building.
- Funding and land for a minimum of 42 deed-restricted affordable apartments located in a 100% affordable housing building to be developed by a nonprofit housing provider on property currently owned by the Applicant and used as a surface parking lot at 1127-1129 Second Street.

The 100% affordable housing building on 1127-1129 Second Street would be approved through a separate Administrative Approval process and is approximately 41,250 SF of floor area (maximum 2.75 FAR) with a split four- and five-story design up to 60 feet in height and on-site parking.

As discussed more fully in this report, in addition to the historic preservation and 100% affordable housing components noted above, other negotiated community benefits include public art, an historic preservation interpretive feature, local hiring program, internship program, community meeting space availability, sustainable design features, open space programming, enhanced development impact fee contributions, sustainable water infrastructure contribution, affordable lodging contribution, early childhood initiatives contribution, and an economic equity/opportunity fund contribution.

A Local Coastal Land Use Plan Amendment is proposed to amend the 1992 Land Use Plan (LUP) with development parameters for 1133 Ocean Avenue (Miramar project site) and 1127-1129 Second Street (100% affordable housing site) to be consistent with the City's Local Coastal Program Land Use Plan that was adopted by the City Council on October 9, 2018. The City's adopted 2018 LUP is pending review and certification by the California Coastal Commission. The Amendment to the 1992 LUP may become unnecessary depending on timing of the California Coastal Commission's certification of the 2018 Draft LUP and their review of the Miramar project and the 100% affordable housing building.

The proposed project was analyzed in accordance with the California Environmental Quality Act (CEQA) and this analysis is contained in the project's Final Environmental Impact Report (SCH #2013041091) (FEIR). Staff recommends the Planning Commission consider the analysis and make a recommendation to the City Council on the FEIR along with the Development Agreement, Vesting Tentative Tract Map, and 1992 Local Coastal Program Land Use Plan Amendment.

Key Issues for Consideration

The proposed project, draft development agreement, and negotiated community benefit package reflects extensive work between the applicant team and City staff based on the broad range of community, Planning Commission, and Council input that has been provided through the public process to date, the LUCE's Downtown District policies, and development parameters that were adopted through the DCP's Established Large Site Overlay. The project plans have also been revised in response to substantial City review of numerous aspects of the project including site planning; treatment of historic resources; building design; parking, loading, and access; sustainability features; utilities; resource recovery and recycling infrastructure; and open space area refinements.

There are unique characteristics that have helped define the parameters for the Applicant's proposal to redevelop a long-standing business in the community that includes two Landmark features, an historic setting on a 4.5 acres parcel, and a neighborhood context which is defined by the Downtown District's higher intensity development pattern and mix of uses that transitions to a multi-family neighborhood just

outside of the Downtown District to the north. It is recommended that decision-makers evaluate the project keeping in mind the public discussion that has occurred about the project over the years and the ways in which the project has been revised and shaped as a result. It is also important to consider the City's ongoing work to mitigate the immediate and longer term impacts of COVID-19 on the economy, City revenues, and community needs and priorities – and how this project could provide an opportunity for economic investment in Santa Monica that is consistent with publicly-vetted land use policies and goals set forth in the LUCE and DCP.

In addition to the Development Agreement findings provided in this report, the following issues should be considered by the Planning Commission in its formulation of a recommendation to Council on the proposed project:

- Whether the proposed design, site planning, and mix of uses are appropriate and compatible with the surrounding neighborhood that is characterized by the transition from the higher intensity commercial district to a mix of commercial and multi-family residential properties at the northern edge of the Downtown District.
- Whether the plan enhances and protects the Landmark Moreton Bay Fig Tree, Landmark Palisades Building, and historic setting of the property, consistent with the Secretary of Interior's Standards for the Treatment of Historic Properties.
- Whether the Applicant's proposed project, negotiated community benefits, and mix of uses is consistent with the LUCE's vision, goals, and policies and the DCP's standards for an Established Large Site; supports the City's public objectives for increasing economic investment and City revenue generation to support community services and needs; increases market-rate and affordable housing production; and supports business investment and job creation in Santa Monica.

Background on Landmark Designation

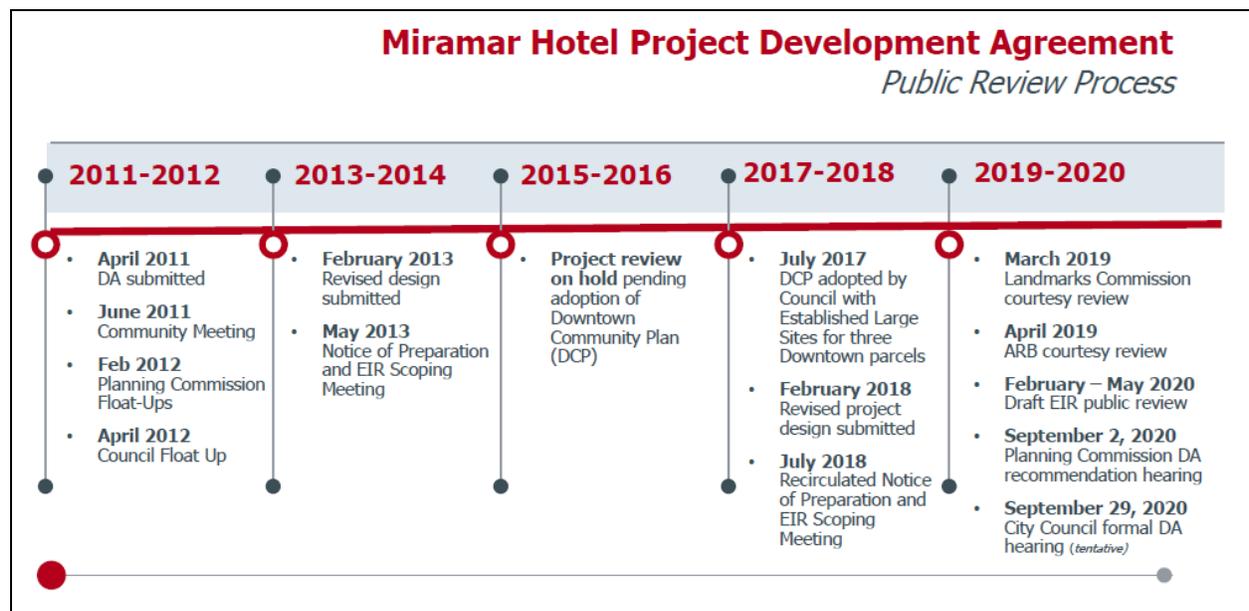
In August 1976, the Landmarks Commission designated as a City Landmark the Moreton Bay Fig Tree that was planted on site circa 1899. In 2013, the property owner, Ocean Avenue LLC, filed an application to formally amend the original Landmark designation. Consistent with this request, the Landmarks Commission amended the original determination by designating the 1924 Renaissance Revival-style Palisades Building as a Landmark and established a Landmark Parcel designation.

Background on Public Review Process

The public review process for the Applicant's proposal included a number of steps to engage community members and policy makers on the Miramar Hotel's concept plan following the submittal of the Development Application in April 2011. A community meeting and smaller discussions with concerned residents were held. Planning Commission and City Council float-up discussions followed in 2012. The City Council gave authorization to proceed with project negotiations and environmental review in April 2012. Public Scoping Meetings were held by the City in 2013 and 2018 to gather community input on the potential impacts areas to study in the project's Environmental

Impact Report (EIR). Finally, courtesy discussions were held to gather feedback on design and preservation were held by the Landmarks Commission and Architectural Review Board in 2019.

In all of these forums, both concerns and support have been expressed for the project. Concerns from residents have been consistently focused on the overall size, density, and scale of the project, in particular, on the north and east sides of the property along California Avenue and Second Street. Commenters have also expressed concern about the location of access driveways on California Avenue and Second Street, neighborhood impacts from the hotel’s existing parking shortage, and future impacts from traffic and construction. Through the public review process, supporters of the project have consistently cited the Miramar Hotel’s long-standing presence and its active role in supporting many local organizations that provide services to the surrounding community. Support has also been expressed for the publicly-accessible open space concept, new subterranean parking, affordable housing, and additional tax revenue generated that would in turn support public services in Santa Monica.



Downtown Community Plan Framework

As a precursor to presenting an overview of the Applicant’s proposed project, this section summarizes the Downtown Community Plan’s policy and regulatory framework that has served as the foundation for City review and Development Agreement negotiations for the project since the applicant’s submittal was revised in 2018 to comply with the adopted DCP. It is important to acknowledge the level of community engagement over the Downtown Community Plan’s development.

There were numerous different forums for outreach and in-depth discussions about the type, quality, and intensity of development that should occur in Santa Monica’s downtown district – and how to strike the right balance between maintaining the

character of the built environment through preservation; prioritizing new housing for all household sizes and income levels; supporting a vibrant mix of commercial and cultural uses; creating more open spaces and a more pedestrian-oriented Downtown District; and supporting safe and efficient mobility throughout Downtown.

Established Large Sites Overlay

The DCP identifies three sites in the Downtown that, given parcel size and development standards, could potentially provide significant community benefits associated with circulation, open space, preservation, affordable housing, and cultural facilities that would otherwise not be anticipated from smaller projects. These significant enhancements are identified as part of an overall strategy for potential economic and functional improvements to address anticipated future needs in the Downtown. If a standard mixed-use housing project were proposed on the project site and developed in compliance with the DCP’s Tier 2 standards, the maximum allowable height for the project would be 50’ and a maximum FAR of 2.75. However, the DCP established a codified, rigorous public process for projects on three Established Large Sites to request consideration up to an absolute height limit of 130 feet with additional floor area, subject to a Development Agreement; requirements for additional environmental review; and submittal of a detailed account of how the project meets the community benefit priorities set forth in the DCP:

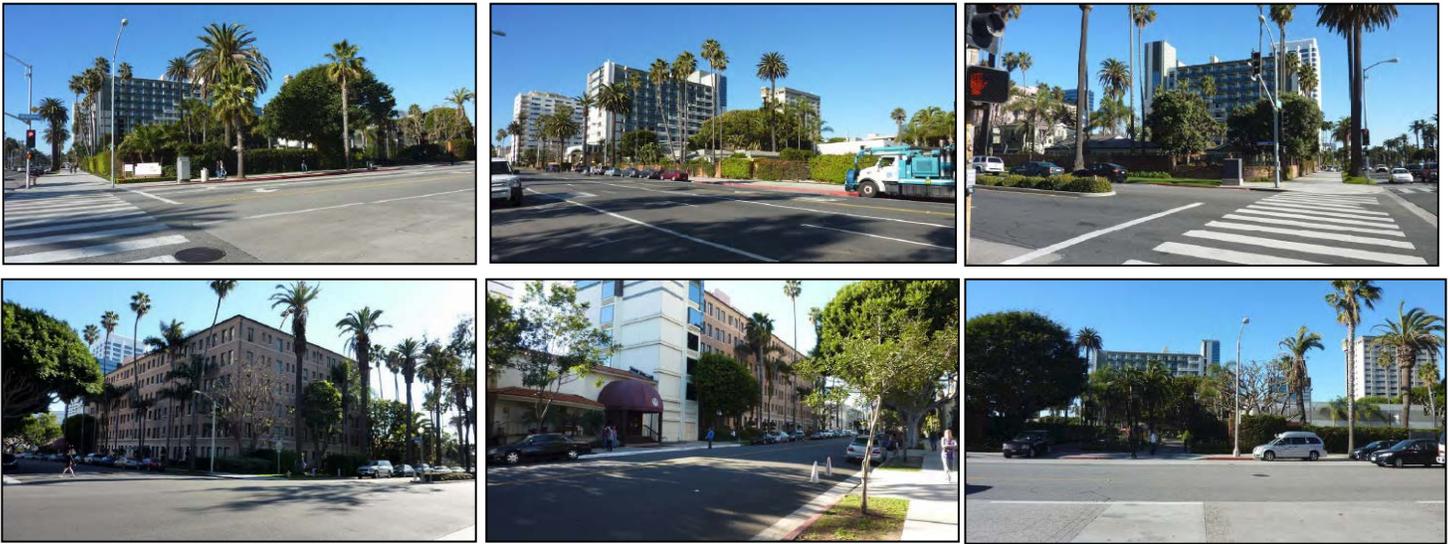
1. Publicly Accessible Open Space	4. Cultural Institutions
2. Affordable Housing	5. Historic Preservation
3. Mobility and Circulation	

The DCP also requires conformance with site-specific development standards for each of the three Established Large Sites if an applicant proposes a Development Agreement for a project over the DCP’s Tier 2 standards. More discussion about the project’s consistency with DCP development parameters and priority community benefits is provided later in this report.

Site Information

Parcel Area (SF):	191,664 SF (Hotel Parcel) / 15,000 SF (2 nd Street Parcel)

<p>Zoning District / LUCE:</p>	<p>2017 Downtown Community Plan: Hotel Parcel: Ocean Transition District & Established Large Sites Overlay 2nd Street Parcel: Wilshire Transition 2010 LUCE: Downtown Core</p>
<p>Adjacent Zoning & Uses:</p>	<p>North: R3 District; multi-family residential South: Ocean Transition & Bayside Conservation Districts; commercial East: R3 & Wilshire Transition Districts; commercial and residential West: Open Space District; Palisades Park</p>



*Wilshire Blvd/Ocean Ave corner (upper left) Ocean Ave (upper middle) Ocean Ave/California Ave corner (upper right)
Palisades Building at California Ave/2nd St (lower left) – 2nd St mid-block (lower middle) – Wilshire Blvd (lower right)*



The 4.5 acre Miramar Hotel property encompasses a full city block and is bounded by California Avenue to the north, Wilshire Boulevard to the south, 2nd Street to the east, and Ocean Avenue to the west. The existing Hotel operates as a 301 guest room hotel with restaurant, spa, and meeting/banquet facilities totaling 262,284 SF and includes the following components:

- [A] Palisades Building: Landmark Renaissance Revival-style six-story plus basement L-shaped building (~78') (1924)
- [B] Ocean Tower: 10-story building (~105') 12-story elevator tower (~135') (1959)
- [C] Administration Building: two-story building that contains meeting/banquet space and back-of-house functions (1939 & 1959);
- [D] Bungalow: one-story building that serves as a food/beverage venue on the west side of parcel (1938)
- [E] North Bungalows: series of one- and two-story buildings located at the corner of Ocean Avenue and along California Avenue (1938 & 1946)
- [F] Moreton Bay Fig Tree: Landmark tree planted circa 1899
- [G] Surface Parking Lots: 103 parking spaces
- [H] Surface Parking Lot at 1127-1129 2nd Street: 64 spaces

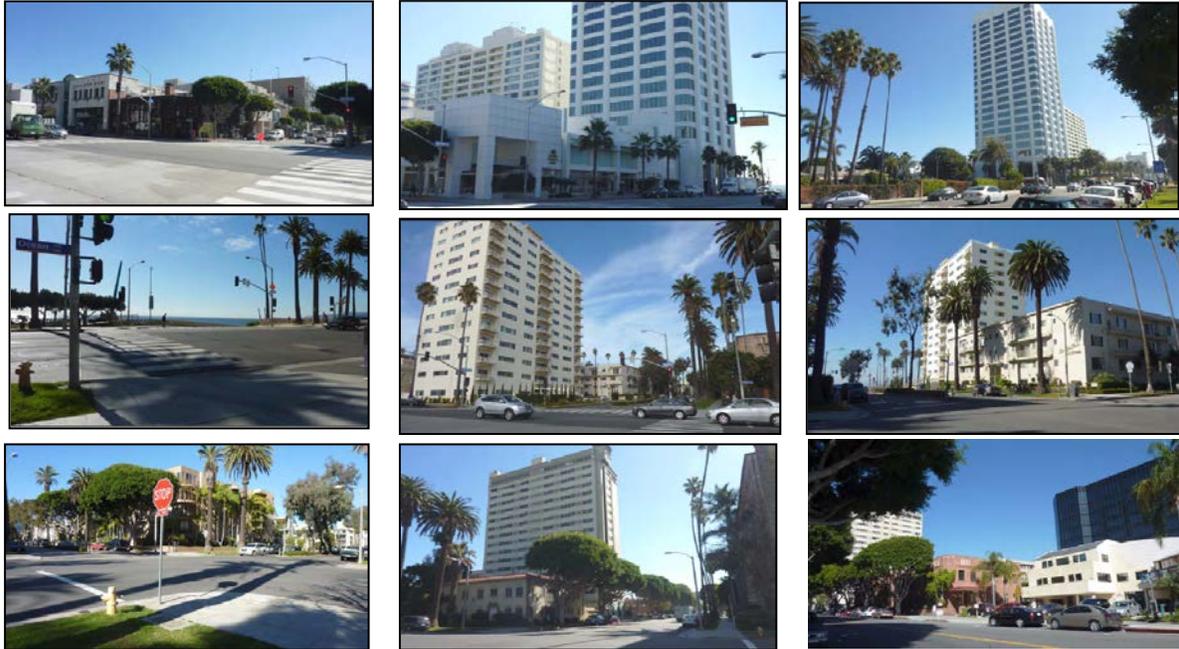


Aerial view of Miramar Hotel

Neighborhood Context

There are a variety of uses in the neighborhood surrounding the Miramar Hotel including offices, restaurants, and retail to the south and east along Wilshire Boulevard; offices, surface parking, a hotel, and multi-family residential buildings along 2nd Street;

offices and multi-family residential along 3rd Street directly east of the site; multi-family residential buildings along California Avenue; and Palisades Park to the west along Ocean Avenue. The existing development pattern in the immediate area includes commercial and residential buildings ranging from 20-40 feet in height and a number of substantially taller commercial and residential buildings ranging in height from 130-280 feet.



The Miramar Hotel's surrounding neighborhood

Project Description and Analysis

The following is a summary of several of the Applicant's key objectives that have remained as guiding principles as the project's overall massing strategy and architectural concept have been reevaluated in response to feedback from community members and various Boards and Commissions during the public review process.

- Upgrade the Hotel and improve its overall functionality in terms of guest amenities, sustainable design, and back-of-house operations to meet today's hospitality standards for a world-class hotel.
- Preserve and highlight historic features of the site, including the Landmark Moreton Bay Fig Tree planted in 1899 and the Landmark Palisades Building built in 1924.
- Unify the design of all Hotel new buildings; integrate historic and new architecture on the site; use landscape design to create unity between the variety of functions and spaces on the property.
- Focus on pedestrian-oriented design in order to 'open up' the Hotel site and Landmark features to the surrounding streets and to pedestrians; improve the

site's orientation toward the ocean and establish a stronger visual connection to Palisades Park and the north end of Downtown.

- Provide publicly-accessible open space to anchor the corner of Wilshire Boulevard and Ocean Avenue that would replace surface parking currently located along the property's Wilshire Boulevard frontage.
- Provide sufficient on-site subterranean parking to eliminate the Hotel's current parking shortfall and minimize parking impacts on nearby residential areas.

Summary of Project Components

The following is a summary of the proposed floor area allocation and mix of uses for the project:

<u>Project Components</u>	<u>Current Hotel</u>	<u>Proposed</u>
Guest rooms	301	312
Food/Beverage space (SF)	7,379	11,335
Meeting space (SF)	18,040	13,000
Retail (SF)	1,235	6,600
Spa (SF)	5,569	12,500
Market rate residential units	n/a	up to 60
Affordable residential units (project's base requirement is 15 units)	n/a	Minimum 42
Total above-grade floor area	262,284	502,157
Floor Area Ratio (FAR) (DCP maximum is 3.0 FAR)	1.4	2.6
Maximum building heights & SF (feet) (DCP maximum is 130')		
- Palisades Building (existing to remain)	78' / 6 stories	78' / 6 stories
- Ocean Building (replaces Ocean Tower)	105' and 135'	27'-9" to 130' / 2-10 stories
- California Building	n/a	79' / 7 stories
Parking spaces		
- Vehicles (DCP has no parking minimum)	167	428
- EVCS and EV Capable spaces per SMMC Chapter 4 (subset of total parking spaces)		43 EVCS 26 EV Ready 182 Conduit/Raceway Ready
- Bicycles (short & long-term)	~30	342
Open space area on Hotel Parcel (DCP 50% of parcel area with minimum 25% at ground level)	~ 36%	~ 51% at the ground level

Different Components of City Review

Since substantially redesigning the project following Council float up in 2012 and then the adoption of 2017 DCP, the project has undergone significant study and revision by the Applicant team and staff has conducted numerous types of review at different stages of the process since the original project was submitted in 2011.

Staff's role to date has been to guide the discussion about the overall project parameters and program, the massing strategy employed for the site, the overall design concept, treatment of historic resources, and the open space concept. In the past 18 months, in particular, staff's role has shifted to coordinating all aspects of the City's technical review, including circulation/mobility, parking layout, vehicle trip reduction measures/accommodations, utilities, sustainable design, resource recovery and recycling facilities, public works/right-of-way, urban forest review, and leading and coordinating development agreement negotiations.

The following sections provide a snapshot of some of the key issues that staff and the Applicant team have worked through on the site plan in preparation for Planning Commission and Council hearings on the Development Agreement.

Site Planning, Design Concept, Treatment of Historic Resources

From an historic and urban design perspective, the Miramar Hotel's 4.5 acre site has provided both the opportunity to imagine how fundamental changes could improve the hotel property while also highlighting the need to think about how to most effectively address neighborhood concerns about a full city block development proposal. That process began during the 2012 Council float up discussion when different alternative massing strategies were presented conceptually for consideration and feedback. The strength and cohesiveness of the project's overall site planning, development of the design concept and architectural expression has continued to be studied and feedback has been sought through the public review process and via conceptual/courtesy presentations at the ARB and Landmarks Commission. Areas of focus have included the following and have been incorporated into the design set:

- The Applicant's plan balances the maximum 130' per the DCP while still maintaining 51% of the parcel as ground level open space and providing more visual permeability into and from the property through the curved architectural design concept that is expressed in the new Ocean Building's form.



- The Wilshire Boulevard elevation and the pedestrian experience on the south side of the property has been studied and the design concept has been developed further. Additional refinements will be made during design review.
- The site plan complies with the DCP's Building Frontage line of 20' for 2nd Street & Ocean Avenue and 18' for Wilshire Boulevard. While not regulated by the DCP along California Avenue, the project also incorporates an appropriate Building Frontage Line setback for the new California Building. All ground level setbacks are shown on Sheet A-48 of the plan set.
- The articulation & massing of the 2nd Street building at upper floors has been evaluated and the modifications to the balconies have been implemented to better address the relationship between the Ocean Building and the historic Palisades Building and to soften the perceived mass of the 2nd Street elevation.
- The visual relationship between the historic Palisades Building and the new construction has been improved with more study of building connection points (hyphens).
- The changes to the massing and design of the California Building with the input of staff and the Landmarks Commission in its courtesy review capacity has created a more defined visual identity at that important corner of the site while at the same time establishing a stronger visual relationship with the historic Palisades Building versus the curved forms of the Ocean Building.

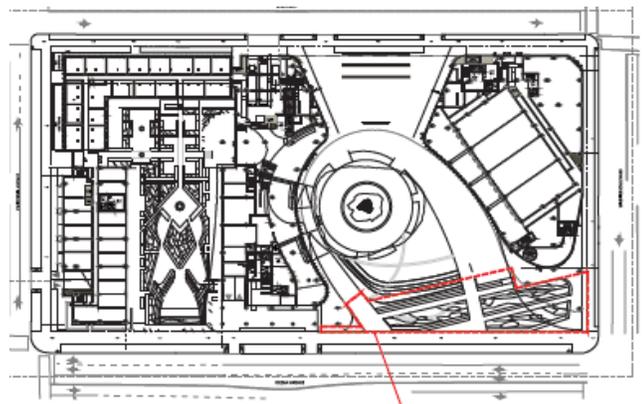
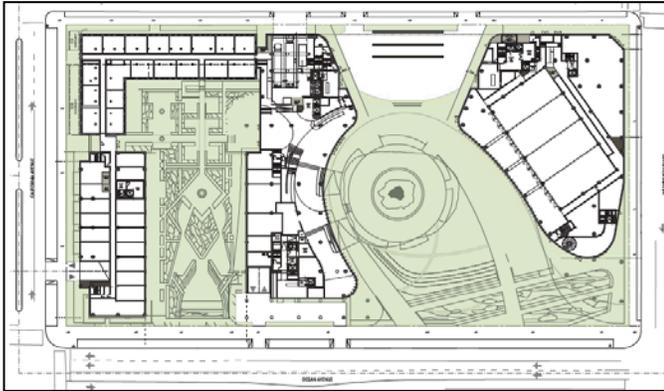


Historic Palisades Building & New California Building

Open Space Design

- The landscape design and open space plan for the central Miramar Gardens and the intersection of Wilshire Boulevard and Ocean Avenue has been studied to identify ways to highlight the presence of the Landmark Moreton Bay Fig Tree as viewed from different locations on and adjacent to the parcel.
- Preliminary seating, landscape and consideration a significant work of art, and other programmatic elements can most successfully address this important

corner from an urban design perspective and will provides visual and physical cues to invite the public into the site. Development agreement negotiations for the 14,000 SF publicly-accessible space have been informed by this study.



PUBLICLY ACCESSIBLE
OPEN SPACE: 14,000 SF

Open Space Plans and Images

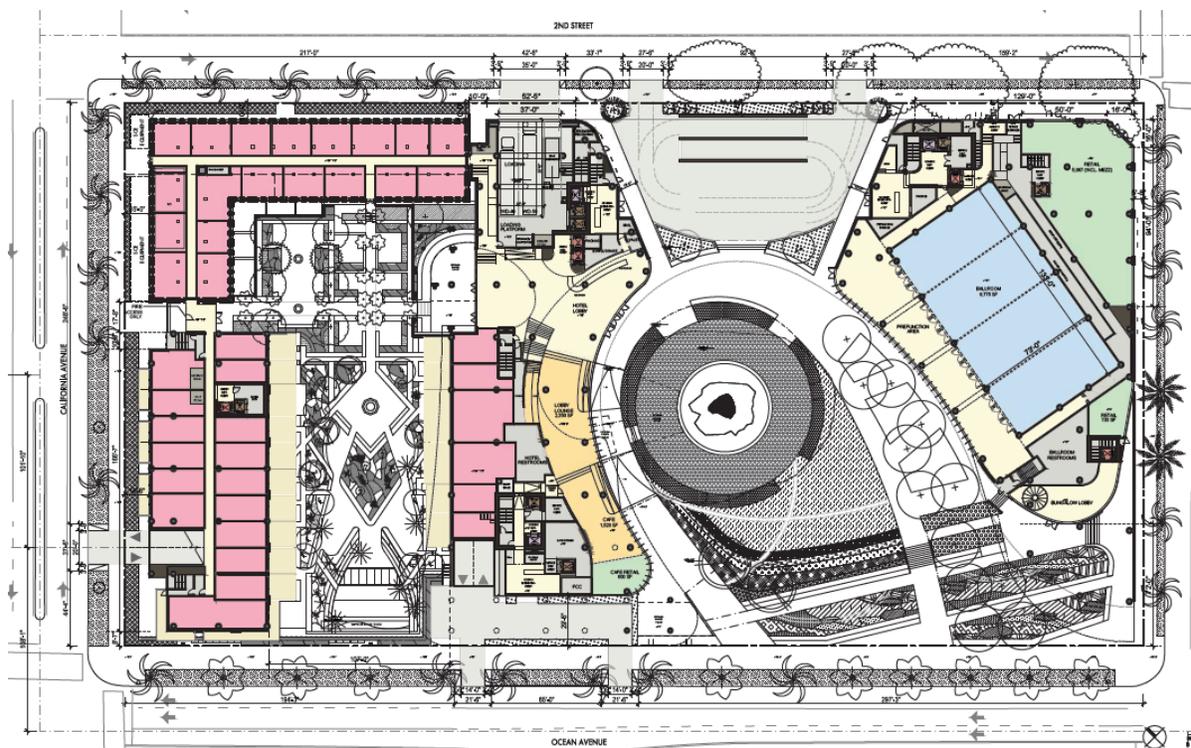
Access, Circulation, Vehicle & Bicycle Parking, Transportation Demand Management

The proposed project incorporates a three-level subterranean garage at the property with approximately 428 parking spaces to serve all user groups. The subterranean garage would not extend under the Moreton Bay Fig Tree. City review of the circulation plan for the project has been focused on the locations and functionality of the different access points provided for pedestrians, bicycles, and different user groups of the subterranean garage (e.g., employees, hotel guests, residents).

The site plan reflects work between City staff and the Applicant on the dimensions and functionality of the arrival court along 2nd Street to ensure that the layout of driveways, aisles, sidewalks, and its overall capacity provides the most efficient and safe point of entry for hotel guests, condominium residents, and visitors to the property who will all utilize the valet service. This entry court would serve as the primary vehicle entrance/exit point to the main subterranean garage. All vehicle drop-off and return associated with the valet operation would be accommodated internally on the site and

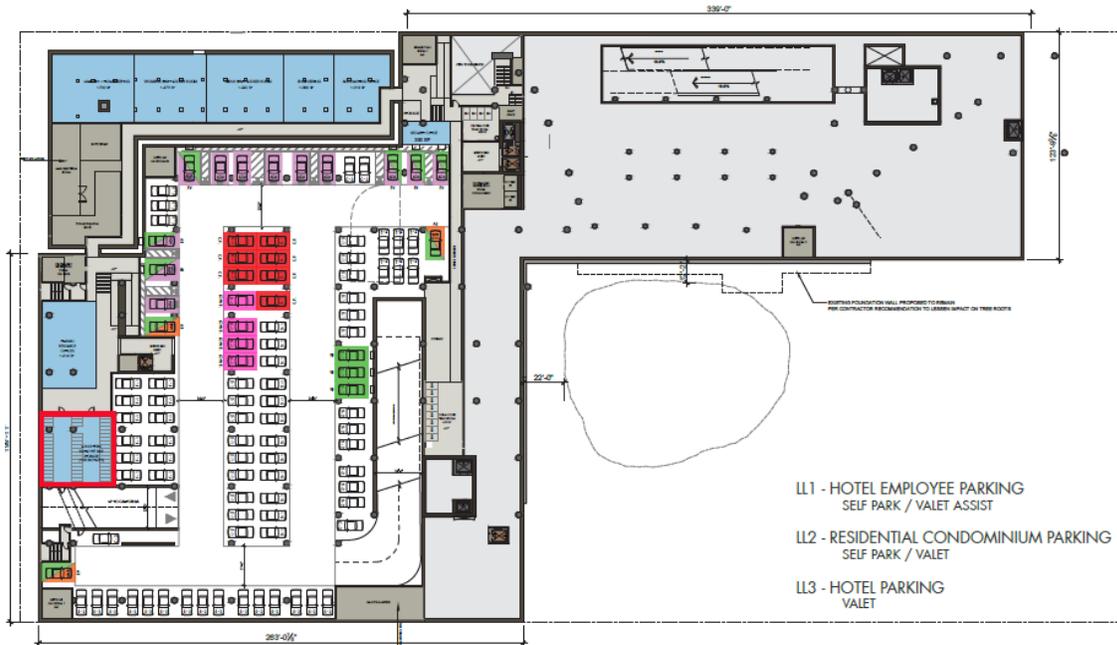
not require a valet driver to exit on to 2nd Street in order to park a vehicle in the garage or return it to a patron. A total of 324 bicycle parking spaces (both long-term and short-term) will be provided in locations both at grade and in the subterranean garage for employees, hotel guests, and visitors.

The second subterranean garage access point would be located at the California Building and accessed from California Avenue for hotel employees only. Finally, the existing recessed passenger drop-off area would be reconfigured along Ocean Avenue, to serve as access to the subterranean garage for residents of the Miramar project. This Ocean Avenue driveway was reviewed by staff and revised in order to limit the width of the driveways to improve and protect existing and future pedestrian and bicycle flows along Ocean Avenue.



There have been inquiries from community members who would prefer to shift the employee-only garage access point to 2nd Street or shift the entry court on 2nd Street to a new location on Wilshire Boulevard. Based on a variety of factors related to vehicle trip distribution and long-standing policies that support the enhancement of the pedestrian environment on the north end of Wilshire Boulevard by eliminating vehicle/pedestrian conflict points and the City's interest in maintaining parking entrances off of the boulevards and on alleys, staff has not supported a shift in the garage access plan for the Miramar project. In addition, a Wilshire Boulevard garage entrance would not be consistent with the project's subterranean garage plan which was revised through the review process to eliminate excavation on the south section of the parcel in order to provide better protection for the Landmark Moreton Bay Fig Tree.

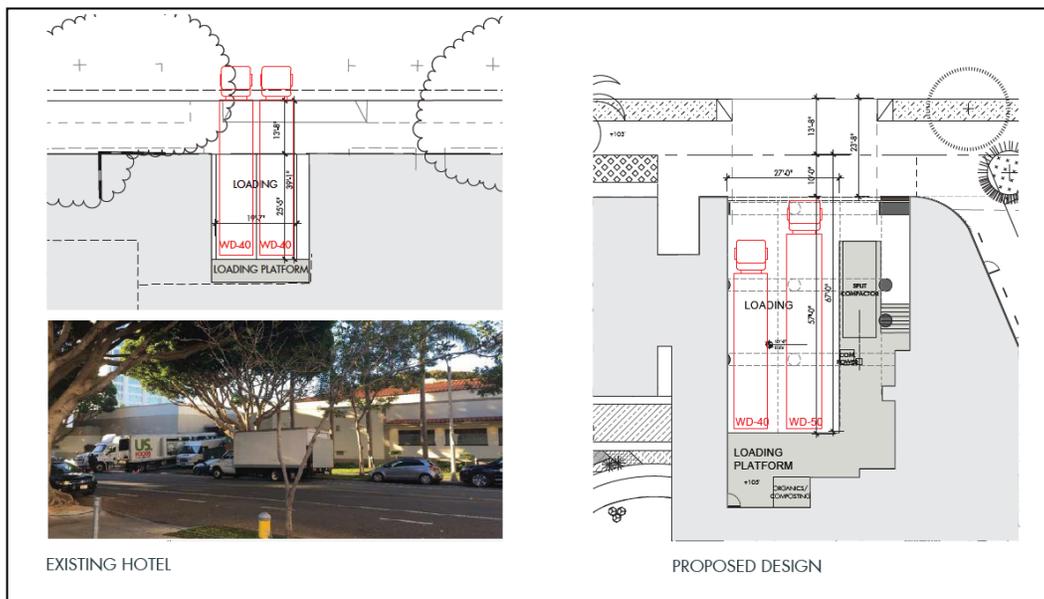
There are numerous pedestrian access points into and from the Hotel; there are also multiple pedestrian access points located at the south and west sides of the open space area and along Ocean Avenue at the west entrance to the Ocean Building. These paths are incorporated in the site plan. The main Hotel lobby is located on the ground floor of the Ocean Building close to 2nd Street and adjacent to the arrival court.



CONCEPTUAL LOWER LEVEL 1 PLAN

The loading dock and service entrance function would remain on 2nd Street. The Applicant has worked closely with City staff to ensure that the new service bays for loading are properly positioned to eliminate the existing condition which can result in trucks parked across the sidewalk on 2nd Street for deliveries. In addition, the applicant will complete a Parking and Loading Operations Plan prior to building permit issuance to mitigate the impact of loading on the community.

Mobility and Public Works Resource Recovery and Recycling staff reviewed the service bays in detail as part of the City review process to ensure that both facilities would function efficiently. In this particular instance, the Miramar Hotel will utilize a private vendor to service a trash compactor system for the hotel facility in order to reduce the footprint of the staging areas and significantly reduce trash/recycling/compost truck trips for pick up at the hotel property.



Transportation Demand Management

The Development Agreement includes the requirement to implement a TDM Program that would reduce single-occupancy vehicle trips and parking demand generated by the proposed project. Measures include, but are not limited to, a transportation information center, a 2.2 average vehicle ridership (AVR) target, unbundled parking, transportation allowances for employees and residents equivalent to 100% of the cost of a monthly regional transit pass, showers and lockers for employees who bike to work, short-term visitor bike parking, long-term resident and commercial bike parking, and active participation in a Transportation Management Organization. The proposed TDM measures are further detailed in Exhibit H of the Development Agreement. The project's TDM Program was specifically negotiated and reviewed taking into consideration the specific proposal by the Applicant to provide employee parking free of charge pursuant to Section 2.9.3 of the Development Agreement in order to significantly reduce or eliminate the ongoing impacts of hotel employees parking in the adjacent residential neighborhood that is due primarily to the current lack of sufficient on-site parking for hotel employees. City staff has agreed to this provision based on a review of the unique and relevant factors for this employer and specific neighborhood conditions.

Sustainable Design Features

As detailed more fully in Sections 2.7 and 2.8 of the Development Agreement, a significant component of the Applicant's proposal is its incorporation of sustainable design features. The Applicant's sustainability plan was originally provided with its 2011 application, however, over the years, and through the process of the City's technical codes having changed to require greater water and energy savings as baseline requirements, the Applicant's proposal has also been modified to respond to those regulatory changes. Office of Sustainability staff has worked closely with the applicant over the years to guide their changing package of energy and water conservation measures. The Applicant's proposal currently includes a number of important conservation requirements, some of which remain above and beyond the City's reach

codes and are identified as community benefits while other components are identified as project features consistent with existing Code requirements. Some of these components include the following:

- 20% water savings compared to the existing hotel's water usage.
- 15% energy savings compared to the existing hotel's energy usage.
- On-site rainwater capture and greywater reuse system constructed for the hotel property for all on-site landscape irrigation.
- 30% below CAL Green baseline for interior water usage.
- Extensive solar infrastructure on new construction.
- SMURRF extension to the hotel parcel for back up water source for on-site landscaping.
- EV infrastructure consistent with new 2020 code requirements.

Alcohol Service

As part of the project, the Applicant is proposing to dispense alcohol consistent with the conditions provided in Exhibit G to the Development Agreement and in the licensed areas shown in Exhibit G-1 to the Development Agreement. Staff's review of the proposal focused on maintaining consistency with the hotel's customary operations, requiring additional measures as necessary, and providing uniform updated conditions applicable to all programmatic elements of the project.

Vesting Tentative Tract Map

As part of the Applicant's proposal to construct up to 60 market rate condominiums, an airspace subdivision is necessary as part of the project and it is recommended that Planning Commission make a recommendation on the vesting map for consideration by Council. The proposed sixty (60) unit condominium project is subject to the regulations and standards as set forth in Article 9 of the Municipal Code.

The proposed subdivision is consistent with the City's General Plan in that a sixty (60) unit condominium subdivision is proposed in an area where mixed use residential uses are encouraged and the proposed density of development is below the limitations established for this land use district in that residential density is not limited in the Downtown District Ocean Transition. The proposed design of the units will also meet the intent of the General Plan by not exceeding 130 feet in height, which is permitted if considered pursuant to development agreement application 11DEV-003. The subject property is relatively flat and does not contain any fish or extensive wildlife habitat. It is located within a neighborhood where the necessary public infrastructure and improvements are currently in place, and developments of similar use, density, and design are prevalent. Pedestrian access to the site is provided from Wilshire Boulevard, Ocean Avenue, 2nd Street, and California Avenue Street. The subject property is not constrained by any public use or access easements that would impede the airspace

subdivision. In general, the proposed airspace subdivision will not compromise the public's health and general welfare. The tract map is included with this report as Attachment C.

General Plan and Downtown Community Plan Consistency

The Miramar Hotel proposal should be reviewed for consistency with the 2010 LUCE, 2017 Downtown Community Plan, and Local Coastal Program, and guidance should also be sought from other City adopted documents including the Bicycle Action Plan, Open Space Element, and Urban Forest Master Plan. The following includes a summary of key goals and policies that are relevant to the proposal.

Vision, Mix of Uses, Development Intensity

The Miramar Hotel is located in the 2010 LUCE's Downtown District and has a Downtown Core General Plan Land Use Designation. Policies in this District are geared primarily toward reinforcing the Downtown as the focus of the City, encouraging a broad mix of uses and new investment in the District that creates dynamic daytime and evening activity, and reinforces the Downtown as the place with the greatest concentration of activity in the City.

As outlined in the LUCE, this broad mix of uses in the Downtown includes retail, hotels, office, high-density residential, and entertainment and cultural uses (Goal D.7, Policy D.7.1). With respect to Downtown residential development, units with a diversity of types, forms, sizes, tenure, and affordability for all income levels are encouraged (Policy D7.7). Policy D1.4 also states that new and expanded hotels and other visitor-serving uses are also to be encouraged.

General LUCE discussion about the Downtown District identifies the intention of transitioning to the residential neighborhoods to the north and east of the District (page 2.6.7) while also recognizing that the Downtown is considered a true urban place where streets are important pedestrian activity spaces, buildings are generally the tallest in the City, and the intensity of development is higher than in the rest of the City (page 1.3.8).

The LUCE's Downtown District also specifically identifies the Miramar Hotel's 4.5 acre property as an opportunity site for investment and a site that could be of exceptional planning and design due to its prominent location and unobstructed ocean views; its proximity to transit; and its ability to accommodate mixed-use development, contribute to the Downtown's pedestrian-oriented environment, and support substantial community benefits (Goal D1.5).

DCP Goal LU1 supports the Downtown Community Plan area as a high quality, mixed-use district offering opportunities for housing for people across the income spectrum, jobs, arts and culture, local-serving retail and community/visitor gathering places.

The proposed project is consistent with these LUCE and DCP goals and policies based on the project's mix of uses comprised of new lodging, meeting/banquet facilities, spa and fitness space, retail; provision of up to 60 market-rate housing units, a minimum of

42 deed-restricted affordable housing units, and a full range of community benefits, publicly-accessible open space on the parcel; protection of historic resources; and a development plan that includes buildings of heights ranging from two to 10 stories and a maximum height of 130' while still providing 51% ground level open space on the parcel.

Urban Form and Design

With respect to urban form and design in the Downtown District, the LUCE provides guidance addressing neighborhood compatibility, pedestrian-oriented design, historic preservation, and improving connections to the open spaces just west of the District. Specifically, Policy D10.2 highlights the need for new development along the east side of Ocean Avenue to provide landscaping and open space to create a visual connection to Palisades Park.

LUCE Policy D8.5 supports building forms that respond to residential adjacency through creation of a prescribed building envelope for new commercial or mixed-use buildings adjacent to residential districts that include setbacks to maintain the residential development's access to light and air.

The importance of further enhancing the Downtown's pedestrian-oriented environment is stated in LUCE Policy D8.3, which calls for designing buildings with a variety of heights, architectural elements, and shapes to create visual interest along the street, and in Policy D8.7 which encourages mixed-use development to have active ground floor uses that face the boulevard with residential or office uses located on the upper floors.

Finally, given the Downtown's significant role in the City's history and the array of buildings that exemplify this history, LUCE Policy D7.5 supports exploration of options for the adaptive reuse or retention of historic resources and requires new buildings constructed in proximity to existing historic resources to respect the context and character-defining features of the historic resource.

The proposed project's urban design and building massing strategy are consistent with these LUCE goals and policies. Through continued study, the project has been comprehensively modified to more clearly address the project's relationship to each adjacent street and its neighborhood context, and comply with DCP development parameters that were established to build in requirements for pedestrian orientation, open space, and context appropriate scale.

Transportation and Circulation

There are a number of LUCE and DCP circulation goals and policies that are relevant to the Miramar Hotel proposal. These goals and policies support the integration of land use and transportation by addressing vehicle trip reduction, parking availability, multi-modal network improvements within transit-oriented districts such as Downtown.

- Encourage major employers to provide covered and secure bicycle parking and shower and locker facilities for their bicycle commuters, or to assist in funding bicycle transit centers in nearby locations in order to help create a complete network of high-quality bicycle facilities in the City (Goal T9 and Policy T10.2).
- Provide adequate parking in residential and commercial neighborhoods by creating new parking only as necessary based on demand studies, sharing and better managing existing parking resources, and encouraging new projects to improve residents' opportunities to find parking (Goal T22, Goal T23).
- Create an integrated transportation and land use program that seeks to limit total peak period vehicle trips with a Santa Monica origin or destination to 2009 levels by imposing appropriate TDM program requirements; implementing land use policies that focus development potential in locations best served by transit; and requiring community benefits incentives so that new development will contribute toward improving surrounding neighborhoods (Goal T19, Policies T19.1 and T19.6).
- Leverage the economic, environmental and social value of the Expo Line terminus by providing additional mixed-use development opportunities on nearby sites; also provide affordable housing, local employment, and robust community benefits emphasizing a walkable district through design and the application of extensive TDM measures (DCP Policy LU5.1).

Sustainability and Climate Change, Housing, and Community Enrichment

There are a series of LUCE and DCP goals and policies addressing sustainability and climate change, housing, and community enrichment that would provide guidance for the Miramar Hotel proposal. In summary, these LUCE policies emphasize integration of land use and transportation by focusing development near transit and creating complete neighborhoods; support construction of affordable and workforce housing; and development of programs and amenities that support community culture, art, and recreation:

- Implement the Vehicle Miles Traveled (VMT) reduction policies of the LUCE that focus new growth in mixed-use, transit-oriented districts; focus new growth along existing corridors and nodes; support the creation of walkable neighborhoods; and support a wide range of pedestrian, bicycle, and transit improvements in the City (Sustainability and Climate Change Policy S2.1)
- Improve the environmental performance of buildings with respect to energy, water, and other sustainability standards (Sustainability and Climate Change Goal S5).
- Set project standards requiring designers and developers to consider and integrate sustainable practices on site, infrastructure and building design beginning early in the design process, and throughout the project's life cycle (DCP LU5.3).

- Require compliance with the Affordable Housing Production Program and seek additional opportunities to increase the percentage of affordable housing as a component of for-sale and mixed-use housing projects (Housing Policy H1.2).
- Incentivize additional affordable housing and workforce housing as a community benefit along the boulevards and in the districts (Housing Policy H1.7 and H2.2).
- Encourage a range of housing options in the Downtown, including the addition of ownership housing to enhance the district as a stable residential neighborhood and to capitalize on the Expo Light Rail line (Housing Policy H4.4).
- Expand the amount, quality, diversity, and interconnectivity of parks, open space, and recreational facilities throughout the City, in particular, outdoor gathering places such as paseos, plazas, and outdoor dining areas in activity centers, along boulevards, and near new transit stations (Community Enrichment Goal CE1 and Policy CE1.1)
- Encourage and facilitate the installation of high quality art in public locations or areas visible to the public that enhance the community landscape (Community Enrichment Policy CE4.3).

The proposed project has incorporated a wide range of sustainable design features and commitments into its design and operations. These include energy and water usage reductions, implementation of a TDM Program, inclusion of an on-site system for rainwater and greywater capture and use for project landscaping, and EV vehicle charging infrastructure. The project will also provide a minimum of 42 deed-restricted affordable housing units, a significant work of art in the publicly-accessible open space area on the parcel. All of project components are consistent with LUCE and DCP goals and policies as outline above.

Downtown Community Plan Development Parameters

As discussed in the Background section of this report, the Downtown Community Plan was adopted by the Council in July 2017 to implement the LUCE's detailed vision, goals, and policies for Santa Monica's expanded Downtown District. DCP development standards and project requirements implement and align with the LUCE and comprehensively address housing, jobs, mobility, historic preservation, public open space, infrastructure, and art and culture into the plan framework.

If a standard mixed-use housing project were proposed on the site and developed in compliance with the DCP's Tier 2 standards, the maximum allowable height for the project would be 50' and a maximum FAR of 2.75. However, the DCP established a codified, rigorous public process for projects on the three Established Large Sites to request consideration up to a height limit of 130 feet, subject to a Development Agreement; requirements for additional environmental review; and submittal of a detailed account of how the project meets the community benefit priorities set forth in the DCP.

The following five priority community benefits are subject to negotiations regarding the specific level and type of benefit to be provided. Miramar Hotel Project site priority benefits specified by DCP are in bold and are presented in greater detail in Section 2.8 of the draft Development Agreement and the section of this report that provides an overview of negotiated community benefits.

1. **Publicly Accessible Open Space**
2. **Affordable Housing**
3. Mobility and Circulation
4. Cultural Institutions
5. **Historic Preservation**

The DCP also requires conformance with site-specific development standards for each of the three Established Large Sites if an applicant proposes a Development Agreement for a project over the DCP's Tier 2 standards. For the Miramar Hotel Project, the plan specifies the following:

1. Maximum building height: 130'
 - *No building heights are proposed over 130'*
2. Maximum floor area ratio (FAR): 3.0
 - *Project Floor Area Ratio is 2.6*
3. Minimum open space: 50% of total parcel area comprised of 25% located at the ground floor and 25% without a regulated location
 - *51% open space provided at the ground level; additional open space provided on upper levels in excess of requirement*

1992 Local Coastal Program Land Use Plan Amendment

An amendment to the City's 1992 Local Coastal Program Land Use Plan (LUP) is necessary at this time. Although the City Council adopted an updated Local Coastal Program Land Use Plan on October 9, 2018, that Land Use Plan has been formally submitted and is currently pending review and certification by the California Coastal Commission. A revised Local Coastal Program Implementation Plan with zoning development standards for the City's Coastal Zone is still pending preparation and would be presented for Council review and approval following the Coastal Commission's action on the City's pending LUP application.

At this time, the 1992 Partially-Certified Land Use Plan needs to be amended to be consistent with the 2017 Downtown Community Plan and Council-adopted 2018 LUP. More specifically, the 1992 LUP land use designation applicable to the Hotel Parcel (Subarea 3B – Ocean Avenue North of the Pier) was at the time consistent with the City's 1984 General Plan Oceanfront District's maximum 2.75 FAR and 45' building height. The 1992 LUP and use designation applicable to the 2nd Street Parcel was consistent with the City's 1984 General Plan Medium Density Residential that allowed

up to one unit per 1,500 SF of parcel area and a maximum of two-stories and 30' in building height.

The proposed amendments to the 1992 Partially-Certified Local Coastal Plan Land Use Plan may become unnecessary depending on timing of the California Coastal Commission's certification of the City's 2018 Draft LUP and their review of the Miramar project and the 100% affordable housing building.

Partially-Certified 1992 LUP	Council-Adopted 2018 LUP & 2017 DCP	Proposed Amendments to Partially-Certified 1992 LUP
<p>The Hotel Parcel is located in the 1992 Partially-Certified LUP's subarea 3B (Ocean Avenue North of the Pier).</p> <p>The 1992 Partially-Certified LUP Policy 67 provides a maximum height of 45 feet and FAR of 2.0 for the Hotel Parcel.</p>	<p>2018 LUP: The Hotel Parcel is located in the Downtown District with a 130' maximum height and 4.0 FAR</p> <p>2017 DCP: The Hotel Parcel is located in the Downtown District and Established Large Site Overlay with a maximum building height of 130' and 3.0 FAR</p>	<p>Policy 67. Development standards shall not exceed 3 stories 45 feet, 2.0 F.A.R. on Ocean Avenue <u>except between Wilshire Boulevard and California Avenue east to Second Street where the development standards shall not exceed 130 feet and 2.6 F.A.R, well within the maximum 3.0 FAR for this site in the City's Downtown Community Plan and Local Coastal Program Update Land Use Plan, Final Draft, October 2018.</u></p>
<p>The LUP Policy 68 of the 1992 Partially-Certified LUP only allows for medium density residential in the area north of Wilshire Boulevard to the north side of Montana Avenue where the 2nd Street Parcel is located.</p>	<p>2018 LUP and 2017 DCP: The 2nd Street Parcel is located in the Wilshire Transition Zone (WT) and permits 100% affordable housing projects as a use at maximum extend of the development standards.</p>	<p>Policy 68. The residential area north of Wilshire Boulevard to the north side of Montana Avenue shall contain medium density residential <u>except that the property located at 1127-1129 Second Street may include a 100% Affordable Housing project developed at the maximum development standards included in Policy #69.</u> East of Ocean Avenue between the north side of Montana and the Northern City limits, the area shall consist of single family residential, and along San Vicente up to the coastal zone boundary low density residential.</p>
<p>The 1992 Partially-Certified LUP development standards for Subarea 4, which are included in Policy 69, do not reflect the current mixed-use commercial zoning designation and standards for the 2nd Street Parcel.</p>	<p>2018 LUP and 2017 DCP: The 2nd Street Parcel is located in the Wilshire Transition Zone (WT) and permits 100% affordable housing projects shall not exceed 2.75 FAR and 60'.</p>	<p>Policy 69. Development in the single-family residential areas shall not exceed two stories, 28 feet in height and one dwelling unit per parcel. Development in the low-density multiple-family residential areas shall not exceed two stories, 30 feet in height and a unit density of one dwelling unit per 1,500 square feet of parcel area. Development in the medium-density multiple-family residential areas shall not exceed three stories, 35 feet with a flat roof, 40 feet with a pitched roof and a unit density of one dwelling unit per 1,250 square feet of parcel area. <u>Notwithstanding the foregoing, development of a 100% Affordable Housing Project at 1127-1129</u></p>

		<p><u>Second Street shall not exceed 60 feet, 2.75 FAR (and the development standards for medium-density multiple family residential areas shall not apply).</u></p> <p>Development in the high-density multiple-family residential areas shall not exceed four stories, 45 feet in height with a unit density of one dwelling units per 900 square feet of parcel area.</p>
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Development Agreement Overview

A development agreement is a contract between the City and a developer that authorizes the type and amount of development that may occur within a specific period of time. Development agreements provide developers with guaranteed development rights in exchange for community benefits. A development agreement must comply with the General Plan but can establish different development standards than provided by zoning regulations.

A development agreement can provide greater latitude to advance local planning policies compared to the Development Review Permit process. While a development agreement is an alternative to the standard development approval process, in practice it is similar to other public review processes where the City Council makes the final decision with the exception that the City Council has more discretion in imposing conditions and requirements on the proposed project since development agreements are negotiated contracts. The proposed Development Agreement is included as Attachment B.

Community Benefits

The following discussion presents a summary of each community benefit category that has been negotiated by the City and Applicant based on Council-identified priorities, and other feedback received from both the Planning Commission and community during the public review process. Section 2.8 of the Development Agreement sets forth the negotiated community benefits for the Miramar project. The Applicant focused its initial community benefit proposal on the three priority community benefits identified for its Established Large Site designation: affordable housing, historic preservation, and publicly-accessible open space. The Applicant also incorporated other priority community benefit categories outlined in Chapter 2 of the DCP for other types of projects subject to negotiation, including sustainability/water and energy conservation, local hiring, and additional fees.

The Development Agreement includes a negotiated community benefits package that includes a total monetary contribution of \$4.4M; the cost of the 100% affordable housing project, including the land value, of \$27.4M to \$40.25M; and the cost assigned to other community benefits, where possible, to conservatively monetize the value of the benefit.

Table 2 below summarizes the total value of the community benefits package between \$48.9M to \$61.7M depending on whether public financing is secured by the non-profit housing provider for the 100% affordable housing project. Other community benefits categories are described in further detail below.

1) 100% Affordable Housing Project - Land Donation and Construction Funding

Affordable housing is one of the three Downtown Community Plan priority community benefits for the Established Large Site overlay on the Miramar Hotel property. Accordingly, the Applicant proposes to satisfy the project's minimum 15-unit affordable housing obligation (per the Affordable Housing Production Program) and provide a significant community benefit by donating the 1127-1129 2nd Street parcel to a non-profit housing provider prior to the issuance of the building permit for the Hotel Project and provide additional financing for constructing the minimum 42-unit 100% affordable housing project. The 15,000 SF 2nd Street parcel has an estimated \$12.75M land value.

The Applicant has worked in collaboration with Community Corporation of Santa Monica (CCSM) to develop this affordable housing component for the Development Agreement project. CCSM will seek construction financing through the California Tax Credit Allocation Committee ("TCAC"), via Low Income Housing Tax Credits. Consistent with how the Applicant's obligation is structured in the Development Agreement, the Applicant's total cost for the off-site affordable housing project is dependent on the amount of TCAC financing secured by CCSM. The Applicant estimates total financing (including land costs) would range from \$27.45M to \$40.25M.

More specifically, the Applicant's obligation would be approximately \$27.45M assuming a 4% TCAC tax credit allocation. The Applicant's obligation would be approximately \$40.25M if TCAC tax credit financing is not obtained. It is important to note that there would be a significant reduction in the Applicant's gap funding obligation if 9% TCAC tax credits are obtained. Pursuant to the Agreement, the Applicant shall provide any gap financing needed, at terms agreed to between the Applicant and CCSM, to cover the difference between (i) any commercial and/or tax credit financing available, if any, for the 100% Affordable Housing Project and (ii) the total cost to complete construction of the 100% Affordable Housing Project.

The minimum 42 off-site 100% affordable housing project would be owned and operated by Community Corporation of Santa Monica. However, per DA Section 2.8.1(a), the Applicant proposes to fund on-site resident services annually once the project is completed and also provide a 100% transportation allowance for qualifying residents who live at the 2nd Street affordable housing building.

The Applicant's proposal to include a 42-unit 100% affordable housing project with a considerable percentage of two and three bedroom units (62% of the units) is consistent with what CCSM describes as the most desirable units in their portfolio with longer waitlists for these larger/family sized units. The proposal for 42 units is based on the Applicant's work with CCSM on identifying a project with income/rent levels and a unit mix that are competitive for tax credits in addition to balancing quality of life factors in

the developable envelope established by the DCP for the 2nd Street parcel (maximum 2.75 FAR and 60' in height).

The minimum 42-unit affordable housing building would equate to 70% of the total number of condominium units proposed on the Hotel Parcel (currently 60 units). Also, 26% of the deed-restricted affordable units would be three-bedroom units which would expand deed-restricted family living options in the Downtown. Based on the number of affordable units, unit composition, and the amenities that would be available for residents, staff is supportive of the Applicant funding 42 affordable housing units at the 2nd Street parcel.

Table 1. Unit Mix of Proposed 100% Affordable Housing at TCAC Income/Rent Levels

Number of Bedrooms	30%	40%	50%	60%	80%	Total Units*
1-bedroom	2	3	6	5	0	16
2-bedroom	2	3	3	3	4	15
3-bedroom	2	2	4	3	0	11
	6	8	13	11	4	42

Staff reviewed the possibility of additional affordable housing units on the 2nd Street Parcel but received feedback from CCSM that the additional floor necessary to accommodate additional units could affect quality of life for the units given the maximum buildable envelope, the size of the parcel, and surrounding context. Additional units would necessitate an additional floor that would negatively impact the courtyard and access to natural light and air for interior residential units. In addition to the affordable housing project component, as shown on Table 2 below, the Applicant has agreed to pay an Affordable Housing Commercial Linkage fee to the City in the amount of \$720,000 which is a 61% increase over the base fee required for the project as proposed.

2) Historic Preservation – Landmark Moreton Bay Fig Tree & Palisades Building

Historic Preservation is one of the three Downtown Community Plan priority community benefits for the Established Large Site overlay designation for the Miramar Hotel property. Consistent with both LUCE and DCP priorities, the historic Moreton Bay Fig Tree shall be protected and monitored during all times of the Project’s construction and the project shall include enhancements of the Moreton Bay Fig Tree’s surrounding landscape environment to ensure its continued health and longevity. The Palisades Building is a rare example of a Renaissance Revival style building constructed in Santa Monica in 1924 and will be rehabilitated and restored under the terms of the Development Agreement and as a community benefit.

A detailed work plan has been reviewed for consistency with the Secretary of the Interior’s Standards for the Treatment of Historic Properties in order to rehabilitate and protect the Landmark Palisades Building. The scope work is focused on preservation,

restoration, and rehabilitation of its exterior character-defining features and in order to better ensure its long-term preservation, upgrades to the building's structural, plumbing, mechanical and electrical components are included in the work plan. Conservative estimate of non-escalated direct costs for the preservation and rehabilitation of the Palisades Building and Landmark Tree is approximately \$11.6M. A requirement for a performance bond for certain components of the preservation plan will be drafted prior to Council's consideration of the Development Agreement in order to ensure completion of such work items provided that the hotel project has commenced.

3) Historic Preservation Interpretative Feature

In recognition of the historic significance of the Miramar Property, the Applicant will design and install on the project site one or more exhibits (such as, but not limited to, signage, artwork, and/or plaque) incorporating some or all of historic/cultural information, imagery, photographs, plans, postcards, etc., for the purposes of interpreting aspects of the Miramar's history. At least one such exhibit shall be located within the Publicly-Accessible Open Space. The exhibit(s) may be incorporated within other areas/elements of the Project's landscaping/hardscape.

4) Publicly-Accessible Open Space, Prominent Piece of Art, and Programming Plan

Publicly-Accessible Open Space is one of the three Downtown Community Plan priority community benefits for the Established Large Site designation for the Miramar Hotel property. Consistent with both LUCE and DCP priorities, the Applicant has proposed to provide approximately 14,000 square feet of Publicly-Accessible Open Space at the corner of Wilshire Boulevard and Ocean Avenue that will feature an integrated landscape and hardscape design and will be accessible to the public, without charge, each day of the year from 8:00 a.m. to 9:00 p.m., subject to conditions outlined in the Development Agreement.

As part of the community benefit negotiations on the publicly-accessible open space component, the City sought two additional elements to better ensure that the open space at the corner of Wilshire Boulevard and Ocean Avenue would be a significant value to the community with additional features. In addition to requiring more specificity about the proposed art work that would be located in the open space area, a requirement for a Programming Plan has been established via the Development Agreement. Plan requirements are provided in Exhibit M to the Agreement. Key components include the Applicant's obligation to provide programming in the Publicly-Accessible Open Space for the Life of the Project with a minimum number of annual events, including two signature annual events (e.g., holiday-related event, art show, musical performance or other programming with broad community interest) and a minimum of two additional programmed activities/events/classes per month. These could include activities such as showcase events for musicians or other artists, history/educational events/classes, art classes or fairs, fitness classes, or dance events. The Applicant may partner with other organizations to provide the programming provided that community members are not charged a fee to attend these required events.

Building off the Applicant's original proposal to provide a prominent piece of art in the Publicly-Accessible Open Space, the City has required a framework for fabrication, installation, and long-term maintenance of the art. The work of art is required to have a minimum value of \$750,000 and the Applicant will be required to submit an Art Plan that includes parameters and schedule for selecting the artist, community engagement including a community charrette, Arts Commission courtesy presentation, consultation with the City's Cultural Affairs Manager, schedule for fabrication and installation, and a plan for maintenance. The Development Agreement specifies that decisions regarding artist selection and the selection of the work of art will be at the Developer's discretion.

5) Sustainable Design and Features

The negotiated sustainability elements are intended to ensure that the project meets the highest levels of sustainability possible for the project. The Applicant spent significant time on integrating sustainability into the project design at every stage of project development and revisions made in response to the public review process. The following summarizes the project's sustainability elements that have been specifically identified as above-code requirements and therefore a community benefit. The Applicant's overall sustainability proposal includes a range of other design features and measures. Conservative estimate of the monetary value of the Applicant's sustainability community benefits focused only on the \$2.1M value of the on-site water systems for capture and use of rainwater and greywater and the SMURFF line connection detailed more fully in the Development Agreement and described in summary below:

LEED Status

The project will be designed and constructed to achieve a minimum LEED® Platinum certification as established by the LEED® Rating System (v4).

Water Neutrality

The sum of the Project's and the 100% Affordable Housing Project's combined annual Projected Water Demand shall be both (1) at least twenty percent (20%) below the sum of the Property and Second Street Property's combined Existing Average Gallons Per Year (documented in EIR Table 4.20-2) and (2) less than the sum of the Property and Second Street Property's combined average annual Baseline Water Demand. All water neutrality and conservation requirements set forth in Section 2.8 of the Agreement will be achieved through on-site water efficiency measures and not through payments of in-lieu fees or offsets at other properties (except that the Project is satisfying the offset requirements for the 100% Affordable Housing Project).

On-site Capture of Rainwater/Reuse of Greywater

Project landscaping shall be irrigated with greywater, rainwater, recycled water and/or other approved non-potable water supply. Prior to issuance of a building permit for the Hotel Project, Developer shall obtain City approval for the on-site system for capture and storage of rainwater and on-site greywater. The Applicant will also need to construct a connection to the existing SMURRF line at Ocean Avenue to the Project specifically for the purpose of providing a supplemental water source for Project

landscaping irrigation in the event that on-site capture and storage is not sufficient to irrigate on-site landscaping.

Energy Conservation Measures

Except for the energy for the EV Charging Infrastructure, the project will be designed to use at least fifteen percent (15%) less energy than the Property's existing energy usage (baseline established in EIR Tables 4.7-5 and 4.7-6.).

6) Enhanced Impact Fees and Monetary Contributions

The Development Agreement includes augmented impact fees compared to adopted fees that would otherwise be required by the Municipal Code in addition to negotiated contributions to priorities established by the LUCE, DCP, and Council. Table 2 below and the following summarizes the negotiated contributions:

- *Affordable Housing Commercial Linkage Fee Contribution* – In addition to the minimum 42 unit affordable housing building on the 2nd Street Parcel, a monetary contribution in the amount of \$720,000. This contribution amount represents a 63% increase over the base fees calculated per code – an increment of approximately \$280,000.
- *Enhanced Transportation Infrastructure Contribution* – A negotiated monetary contribution in the amount of \$1,400,000. This contribution is a 57% increase over the base fees calculated per code – an increment of approximately \$510,000.
- *Contribution for Early Childhood Initiatives Contribution* – A monetary contribution in the amount of \$1,350,000. The City shall utilize this contribution to support early childhood initiatives including but not limited to infant, toddler and pre-school tuition subsidies; family support and parent engagement strategies; home visitation programs; facility and playground improvements and kindergarten readiness models. The City shall deposit such monies into a separate restricted account to be used exclusively for the early childhood initiatives as described above through guidelines to be established by the City. First priority for receipt of these monies shall be residents of the affordable housing project located at the Project's affordable housing development located on the 2nd Street Parcel or other location as approved and developed pursuant to this Agreement. This total contribution would replace the Child Care Linkage Program ordinance requirements for the project.
- *Parks and Recreation Fee Contribution* – A monetary contribution in the amount of \$250,000. The funds shall be used by the City for parks and recreation projects and programs and would replace the Parks and Recreation Development Impact Fee.

- *Sustainable Water Infrastructure Contribution* – A monetary contribution in the amount of \$100,000. The funds shall be used by the City for Sustainable water infrastructure projects and priorities.
- *Affordable Lodging Contribution* – A monetary contribution in the amount of \$75,000. The funds shall be used by the City to support the creation of lower cost lodging in the City.
- *Economic Equity/Opportunity Fund Contribution* – A monetary contribution in the amount of \$500,000. The City shall utilize this contribution to support economic equity and opportunity initiatives including but not limited to seed funding for economic opportunity initiatives to support local entrepreneurs from disadvantaged communities, investments in community partnerships and non-profit organizations that support economic equity and opportunity initiatives, and other initiatives as determined by the City or as developed through current and future community processes. The City shall deposit such monies into a separate restricted account to be used exclusively for the economic equity and opportunity initiatives as described above through guidelines established by the City or through current and future community processes.

7) Local Hiring Program

The Project would include local hiring provisions for construction-related and permanent employment. The Applicant and commercial tenants would be required to follow certain steps to ensure that the greatest opportunity for interviewing local residents and employees is provided. All hiring decisions would continue to remain at the discretion of the Developer and commercial tenants. Through the negotiation process, the concept of *Priority for Targeted Job Applicants* was modified compared to previous development agreements to expand the definition of “First Priority” as follows: “Any resident of a household with no greater than 80% Median Income that resides within the Low and Moderate Income Areas identified in Figure 3-12 of the City of Santa Monica’s 2013-2021 Housing Element or any resident who resides in Santa Monica’s 90404 zip code (Pico Neighborhood).”

8) Internship Program

The Project would include a requirement for an Internship Program whereby the hotel shall make available at least four (4) internships within the Hotel Uses during each school year (which for this purpose includes the following summer) to students who attend a high school in Santa Monica or Santa Monica College. The internships shall be paid at the City’s minimum wage unless a student requests an unpaid internship in order to obtain school credit(s) (or more school credits) for such internship. Outreach and notification requirements have been expanded to include City’s Director of Community Development, Virginia Avenue Park Advisory Board, Virginia Avenue Park Youth Employment Services of the availability of, and selection criteria for, such internships prior to the start of each school year. The guidance regarding internship selection has been revised to state that the Applicant shall select interns in accordance with its normal practice of hiring the most qualified candidate and shall make a good

faith effort to hire residents of the 90404 zip code (Pico Neighborhood) as the first priority and other Santa Monica residents as the second priority when most qualified or equally qualified as other applicants who are not residents of the 90404 zip code or Santa Monica residents.

9) Community Meeting Space

The project would make community meeting space of at least 1,000 SF available to non-profit or other community organizations at a cost consistent with City-owned facilities not less than twelve (12) times per year for the Life of the Project. The cost shall not exceed the rental rates charged for community meeting rooms located in City-owned parks for “Small Rooms” as established by City Council resolution.

10) Subsidized Community Events and/or Hotel Stays

For the Life of the Project, the Applicant shall provide a cumulative annual discount of not less than twenty-five thousand dollars (\$25,000) off prevailing market rates to Santa Monica-based non-profits for special events, including but not limited to room fee waivers, food and beverage discounts, hotel night stays, and/or silent auction items (e.g., gift certificates for hotel stays, food and beverage credits or spa credits). Developer, in its sole discretion, may determine the Santa Monica-based non-profits to which such discounts shall be offered.

Community Benefits - Enhanced Fees/Contributions	Negotiated Amount	Base Fee per Code	Incremental Enhancement
Affordable Housing Commercial Linkage Fee Contribution	\$720,000	\$440,000	\$280,000
Enhanced Transportation Infrastructure Contribution	\$1,400,000	\$890,000	\$510,000
Sustainable Water Infrastructure Contribution	\$100,000	\$0	\$100,000
Affordable Lodging Contribution	\$75,000	\$0	\$75,000
Parks and Recreation Contribution*	\$250,000	\$880,000	\$0
Early Childhood Initiatives Contribution	\$1,350,000	\$1,350,000	\$0
Economic Equity/Opportunity Fund Contribution	\$500,000	\$0	\$500,000
	\$4,395,000	\$3,560,000	\$1,465,000
Community Benefits - Other Monetized Items**	With 4% TCAC Gap Financing	Without TCAC Financing - Developer's Obligation	
Affordable Housing - 2nd Street Land Value	\$12,750,000	\$12,750,000	
Minimum 42 units - gap financing	\$14,700,000	\$27,500,000	
Affordable Housing - Services (\$10,000/yr @ 55 years)	\$550,000	\$550,000	
Affordable Housing - Transportation Passes @ 55 years)	TBD	TBD	
Publicly-Accessible Open Space - direct costs*	\$752,000	\$752,000	
Public Art - minimum \$750,000 value	\$750,000	\$750,000	
Historic Preservation - direct costs	\$11,600,000	\$11,600,000	
Historic Preservation - Interpretive Feature	TBD	TBD	
Community Support - meeting space/other discounts \$25,000 value @ 55 years	\$1,375,000	\$1,375,000	
Sustainability - on-site capture/reuse water systems	\$2,100,000	\$2,100,000	
	\$44,577,000	\$57,377,000	
Total Value of Community Benefits - Monetized Benefits	\$48,972,000	\$61,772,000	
Other Non-Monetized Community Benefits			
Publicly-Accessible Open Space Programming Plan - annual*	TBD		<p>Note: *Four components of open space community benefit. ** Monetized values do not include soft costs or CPI escalation.</p>
Publicly-Accessible Open Space Land - use of 14,000 SF area*	TBD		
TDM Program	TBD		
Internship Program	TBD		
Local Hiring Program	TBD		

Economic Analysis

The City contracted HR&A Advisors, Inc. to prepare economic analyses for the project consisting of a Fiscal Impact Analysis and Economic Impact Analysis, and a peer review of the Applicant's Financial Feasibility Analysis. The proposed project involves the redevelopment of a longstanding hotel in the City that has and continues to generate tax revenue largely through Transit Occupancy Tax. The economic analyses are intended to provide the Commission with a fuller picture of the project's economic value to the city and its fiscal impacts (both positive and negative) to the city. The following is a summary of those analyses, which are attached to this report in Attachment E. A peer review of the Applicant's confidential Financial Feasibility Analysis will be provided under separate cover.

Economic Impact Analysis

HR&A estimated the net economic impacts of the Project using the most current (2018) version of the widely used IMPLAN input-output model with data specific to the five ZIP Codes that comprise the City's boundaries. The analysis estimated the economic impact of the project in the following areas:

- One-time construction-related economic impacts based on hard construction costs data provided by the developer
 - 3,060 total jobs (3,050 construction jobs on-site)
 - \$418M in total economic output
- Annual operations-related economic impacts based on estimates of hotel operative revenues, on-site retail sales, and household spending from the condo and affordable housing units. HR&A also estimated the economic impacts of the existing hotel in order to estimate the net new impacts resulting from the project's implementation.
 - Approximately 675 total jobs (214 total net new jobs)
 - \$122.6M in annual economic output (\$41.8 additional economic output)

Fiscal Impact Analysis

The project's fiscal impact to the City was evaluated and measured in terms of revenue and cost impacts to the City's General Fund. The fiscal impact is calculated by subtracting the anticipated costs to the City generated by the project from the anticipated revenues (various taxes) generated by the project. HR&A modelled the net fiscal impacts at the first year of stabilized operation (estimated to be 2029) and cumulatively over a 26-year timeline, which includes construction, absorption, and 20 years of stabilized operations. The developer also provided operating cost data for the existing hotel, which was used to establish a comparative baseline for estimating the proposed project's net new fiscal impacts.

- In the first year of stabilized operations, HR&A estimates that the project's net fiscal impact to the City's General Fund would be approximately \$15.4M (\$8.1M net new)

- Across the 26-year cumulative period, it is estimated that the project's net fiscal impact would be approximately \$444.4M (\$218.3M net new)

The increase in annual fiscal impacts is largely due to increased transient occupancy tax and property taxes.

Environmental Analysis

In accordance with the California Environmental Quality Act (CEQA), an Environmental Impact Report (EIR) was prepared to analyze the potential environmental effects of the Miramar Hotel Project. As required by Section 15082 of the CEQA Guidelines, a Notice of Preparation (NOP) was published on commencing May 1, 2013 and ending June 3, 2013. The City conducted a scoping meeting on May 16, 2013 in the Santa Monica Main Library, at 601 Santa Monica Boulevard. However, after the initiation of the environmental review process, the City began the process to prepare a Downtown Community Plan (DCP) in 2013. The Project was put on hold at the end of 2013 pending completion of the DCP and certification of the DCP Final EIR. Although a NOP for the Project was distributed in 2013, in light of the passage of time and the revisions to the Project, the City issued a Recirculated NOP to State, Regional, and local agencies, and members of the public for a 30-day period commencing June 28, 2018 and ending July 30, 2018. The Recirculated NOP included notification that a new public scoping meeting would be held on July 19, 2018 at the Ken Edwards Center at 1527 4th Street to further inform public agencies and other interested parties of the Project and to solicit input regarding the Draft EIR.

On February 24, 2020, a Notice of Completion and Public Availability of the Draft EIR was published, commencing an extended 60-day public comment period for the Draft EIR. The 60-day public comment period (which exceeded the minimum CEQA required 45 days) was to conclude on April 24, 2020. However, in recognition of the COVID19 pandemic, the City extended the Draft EIR comment period for an additional 30 days. The Draft EIR was therefore circulated for a total of 90 days with the public comment period ending on May 24, 2020.

The environmental issues studied in detail in the Draft EIR include:

- Aesthetics/Shadows
- Air Quality
- Construction Effects
- Cultural Resources
- Energy
- Geology and Soils
- Greenhouse Gas Emissions
- Hazards and Hazardous Materials
- Hydrology and Water Quality
- Land Use and Planning
- Noise and Vibration
- Population and Housing

- Fire Protection
- Police Protection
- Transportation and Circulation
- Utilities and Service Systems

Other issue areas such as Agricultural/Forestry Resources, Biological Resources, Mineral Resources, Neighborhood Effects, Recreation, and Solid Waste were determined to be less than significant in the Initial Study (Appendix A of the EIR).

The Final EIR, which was published in August 2020, contains all comments and responses to comments received during the comment period as well as minor changes to the Draft EIR.

Comments on the Draft EIR

The Draft EIR was available for a 90-day public review period, during which a total of 90 comment letters were received. Most of the comment letters were from members of the public and 11 were from commenting agencies or groups/organizations.

Comments were raised regarding the height/scale of the new buildings, traffic and circulation impacts of the project, concerns regarding the existing Moreton Bay Fig Tree and Palisades Building, impacts on private scenic views, and parking. Responses to all comments received are included in the Final EIR.

Significant Impacts

As indicated in Chapter 4.0, Environmental Analyses, of the EIR, for the majority of the environmental topics evaluated, Project impacts would be less than significant or less than significant with implementation of mitigation measures as established in the Mitigation Monitoring Reporting Plan (see Chapter 11 of the Final EIR).

The Project would however have significant unavoidable impacts associated with construction vibration/construction effects (for Second Street Parcel only), transportation impacts on intersections and street segments, and neighborhood effects associated with the significant intersection and street segment impacts.

Alternatives Studied

The selection of alternatives studied in the EIR are based on CEQA requirements as well as consideration of public comments received during the NOP comment period for the Draft EIR. The EIR studied six alternatives to the project, which are intended to reduce the environmental impacts of the projects:

- Alternative 1 – No Project/No Build Alternative
- Alternative 2 – Ocean Avenue Transition Tier 2 Development Alternative
- Alternative 3 – Hotel Only on Hotel Parcel (No Condominiums) Alternative
- Alternative 4 – Reduced Height and Density Alternative
- Alternative 5 – Alternate Massing Alternative
- Alternative 6 – Modified Access Alternative

Alternative 1, No Project/No Build, is required pursuant to Section 15126.6(e) of the CEQA Guidelines and represents a scenario where the Project is not implemented and there are no changes in the physical conditions on the Project Site.

Alternative 2, Ocean Avenue Transition Tier II, includes the amount of development as permitted by the Ocean Transition (OT) development standards established in the DCP.

Alternative 3, Hotel Only on Hotel Parcel (No Condominiums), provides for redevelopment of the hotel with no residential units on the Hotel Parcel.

Alternative 4, Reduced Height Alternative, provides for a maximum height of 84 feet, which represents the previous height limit in the downtown, and an overall reduction in development.

Alternative 5, Alternate Massing, would locate development along Wilshire Boulevard and in the central portion of the Hotel Parcel.

Alternative 6, Modified Access, would provide the hotel and employee vehicular access on 2nd Street and residential vehicular access on Ocean Avenue, with no vehicular access on California Avenue.

Environmentally Superior Alternative

In general, the environmentally superior alternative as defined by CEQA should minimize adverse impacts to the project site and its surrounding environment. Of the alternatives analyzed in the EIR, Alternative 1 (the No Project/No Build Alternative) is considered the environmentally superior alternative because it is the only Alternative that would avoid the Project's significant traffic (intersection and street segment), construction vibration, and historic resource impacts. In addition, Alternative 1, which reflects existing conditions with no change to the environment, would result in less impacts across most of the environmental topics analyzed. Notwithstanding, without redevelopment of the Project Site, Alternative 1 would not improve water quality and reduce demand for water and wastewater services, as would occur under the Project. Also, with no changes to existing conditions on the Project Site, Alternative 1 would not contribute to City efforts to implement the goals and objectives of the DCP nor meet the Project's objectives.

CEQA Guidelines section 15126.6 states that if the environmentally superior alternative is the No Project/No Build Alternative, the EIR shall also identify an environmentally superior alternative from among the other alternatives. The remaining alternatives were reviewed in accordance with the State CEQA Guidelines requirement to identify an environmentally superior Alternative other than the No Project/No Build Alternative. According to Section 15126.6(a) of the State CEQA Guidelines, the purpose of an Alternatives analyses is to identify alternative developments that would feasibly attain most of the basic objectives of the project but that would avoid or substantially lessen any of the significant effects of the project. Other than Alternative 1, none of the remaining alternatives to the Project would avoid the Project's potentially significant and

unavoidable construction vibration impacts (including impacts on an adjacent historical resource), although with reduced excavation and construction under Alternatives 2, 3, and 4 the duration of the impact would be reduced. Further, for these same alternatives, other construction impacts (including noise, air quality and traffic impacts), which are less than significant, would also be reduced in duration due to less construction and excavation relative to the Project. Further, none of the remaining alternatives would totally avoid the Project's significant transportation (intersections and street segment) impacts though such impacts would be incrementally reduced under Alternatives 2, 3, 4, and 6.

The EIR identifies that other than Alternative 1, Alternative 4 is the environmentally superior alternative, as it would reduce have larger more notable trip reductions, resulting in less GHG emissions and mobile source air quality and noise impacts. As compared to the other alternatives analyzed in the EIR, Alternative 4 would be more consistent with relevant City, Regional and Coastal Commission policies and regulations, and would help fulfill a larger range of policies and regulations. Alternative 4 would be consistent with the Land Use Plan of the Local Coastal Program by providing a mix of uses that are consistent with the provisions of Policy 201. At the same time, Alternative 4 would fully implement policies in the 2016 – 204 RTP/SCS, the LUCE, the DCP, and the 2013 – 2021 Housing Element. These policies address a range of uses and multiple needs that pertain to the provision of housing in the Downtown area and the development of Downtown as a mixed-use community with pedestrian and transit availability for City residents. However, as concluded in the EIR, Alternative 4 would not achieve Project objectives and certain City land use goals and policies to the same extent as the Project.

Public Outreach

Hearing notices for the Council's discussion were mailed 14 days prior to the hearing date to all residents and property owners within 1,000 feet of the subject property and also mailed to community members who have previously attended meetings or requested to be placed on the project mailing list.

Alternative Actions

In addition to the recommended action, the Planning Commission could consider the following with respect to the project:

- A1. Continue discussion for analysis of additional options;
- A2. Recommend that the City Council not enter into the Development Agreement.

DEVELOPMENT AGREEMENT FINDINGS

1. The proposed Development Agreement is consistent with the objectives, policies, general land uses and programs specified in the general plan and any applicable specific plan. The 2010 Land Use and Circulation Element (LUCE) and 2017 Downtown Community Plan (DCP) are the City's applicable general and specific plans. LUCE Goal D1 (Downtown Districts Goal and Policies) seeks to maintain

Downtown's competitive advantage as a premier local and regional shopping, dining, and entertainment destination, and support its evolution in order to respond to changing market conditions. The DCP's Goal LU1 states that the Downtown Community Plan area is a high quality, mixed-use district offering opportunities for housing for people across the income spectrum, jobs, arts and culture, local-serving retail and community/visitor gathering places. The proposed project is consistent with these policies because the proposed mixed-use hotel would create high quality new lodging, retail, dining, publicly-accessible open space with a significant work of art and a historic interpretative feature, and also create new affordable and market-rate housing. Consistent with Goal D7 and Policy D7.1 that seeks to create a balanced mix of uses in the Downtown that reinforces its role as the greatest concentration of activity in the City, the project proposes a variety of uses that support this policy, including new lodging, retail, restaurants, and market-rate and deed-restricted affordable housing. More specifically, the project proposes a new 312 room hotel and 102 residential units of which a minimum of 42 units will be deed-restricted affordable units with a diverse range of affordable housing unit types for households of all sizes within the Downtown, consistent with Policy D7.7. The implementation of a Transportation Demand Management (TDM) Program to reduce vehicle trips in the area and associated parking demand is consistent with LUCE Circulation Policy T19.2 which seeks appropriate TDM requirements for new development. Furthermore, the project is consistent with LUCE's overall land use policies by providing community benefits for the area, including but not limited to, affordable housing, mobility, sustainable water infrastructure programs, affordable lodging, open space, historic preservation, and expanding economic equity and opportunity initiatives in the City.

2. The proposed Development Agreement is compatible with the uses authorized in the district in which the real property is located, in that the subject property is located in the Downtown District that allows multi-family residential uses and a wide range of commercial uses. The proposed Development Agreement is consistent with LUCE Goal D7, Policy D7.1, and DCP Goal LU1.2 which all seek to create a balanced mix of uses in the Downtown that reinforces the area's role as having the greatest concentration of activity in the City. DCP Policy LU1.2 supports accommodating the development of uses that support a 17 hours a day/7 days a week environment that meets the needs of businesses and residents; such uses include retail goods and services, food stores, restaurants and cafés, hotels, health clubs, entertainment and comparable uses. The project proposes full service lodging, food and beverage outlets, spa/fitness, meeting/banquet facilities, and associated commercial retail, restaurant uses. Further, the project proposes 102 residential units with a diverse unit mix, of which a minimum of 42 units will be deed-restricted affordable housing units for households of all sizes within the Downtown, consistent with LUCE Policy D7.7.
3. The proposed Development Agreement is in conformity with the public necessity, public convenience, general welfare, and good land use practices, in that it allows for the redevelopment of an existing, aging hotel property that would benefit from

reinvestment to increase employment, transit occupancy taxes paid to the City, and to create a mixed-use hotel project that is consistent with the Land and Use Circulation Element vision for the area. The proposed project would replace an existing hotel and surface parking lots, preserve historic features on the property, and provide new lodging that will feature retail, spa/fitness, and food and beverage uses in different areas of the hotel that are open to the public. Moreover, the project will provide community benefits including affordable housing, publicly-accessible open space on the parcel, and monetary contributions that would support mobility, construction of affordable housing, parks and recreation, early childhood initiatives, historic preservation, and water infrastructure programs in the City. Further, the project seeks to be consistent with the City's sustainability goals by committing to LEED® Platinum certification with a building designed to achieve 15% less energy than required by California Energy Code, 20% less water than is used by the existing hotel on the parcel, the use of renewable sources for heating the roof-top pool, using non-potable water sources for landscape irrigation, and committing to indoor water use of 30% below CALGreen baseline standards.

4. The proposed Development Agreement will not be detrimental to the health, safety and general welfare, in that the Development Agreement would allow for the redevelopment of an existing hotel property that is consistent with the LUCE and DCP vision for the area. The proposed project will be located in an urbanized area and is consistent with other similar improvements in the area, and does not have the potential to disrupt the urban environment or cause health or safety problems. The proposed project provides 102 new residential units, of which a minimum of 42 will be deed restricted affordable units. The project will feature commercial uses on the ground floor, a variety open spaces on the property, including a 14,000 SF publicly-accessible open space area with a requirement to program the space for community events and will feature public art and a historic interpretive feature. The project will also provide community benefits including the aforementioned deed restricted affordable housing as well as monetary contributions that would support the City's affordable housing development fund, mobility/transportation, water infrastructure programs, affordable lodging, and community economic equity/opportunity initiatives
5. The proposed Development Agreement will not adversely affect the orderly development of the property, in that the Development Agreement is contingent upon the review and approval of a specific site plan consistent with recognized urban design principles that reflect the goals and policies of the City of Santa Monica which were established through a long range planning process and are reflected in the Land Use and Circulation Element of the City's General Plan and the Downtown Community Plan. Further, the project will be subject to a construction mitigation plan that will be reviewed and approved prior issuance of a building permit for the project.
6. It is estimated that the proposed Development Agreement's net fiscal impact to the City's General Fund is estimated at \$15.4M (\$8.1M net new) during the first year of

stabilized operations. Across the 26-year cumulative period that includes 20 years of stabilized operations, it is estimated that the project's net fiscal impact to the City's General Fund would be approximately \$444.4M (\$218.3M net new). This net fiscal impact associated with the revitalized hotel would primarily be a result of the project generating substantial additional Transit Occupancy Tax for the City and commercial uses would generate City business license taxes and sales tax. The project would also provide an estimated total of \$4,395,000 million in monetary contributions that would support the City's affordable housing development fund, mobility/transportation projects, water infrastructure programs, affordable lodging, parks and recreation, and community economic equity/opportunity initiatives.

LOCAL COASTAL PROGRAM LAND USE PLAN TEXT AMENDMENT FINDINGS

1. The proposed amendment is consistent in principle with the goals, objectives, policies, land uses, and programs specified in the adopted Land Use and Circulation Element, Downtown Community Plan, and Local Coastal Program Land Use Plan (LUP). Specifically, the proposed mixed-use hotel project includes lodging, retail, spa/fitness, and food and beverage uses along with market-rate and 100% deed restricted affordable residential units in a manner that protects water quality and does not adversely impact public access to the shoreline and along the coast, and provides visitor-serving using on the east side of Ocean Avenue as outlined by the LUP. Specifically, per New Development Policy 64, the subject property is located on the east side of Ocean Avenue in subarea 3b and shall accommodate new visitor-serving uses including hotels, restaurants, commercial recreational uses, and visitor serving retail uses. Residential uses are may be permitted on upper floors. Further, the proposed project includes a range of community benefits and also incorporates a wide range of sustainable design features and commitments into its design and operations. These include energy and water usage reductions, implementation of a TDM Program, inclusion of an on-site system for rainwater and greywater capture and use for project landscaping, and EV vehicle charging infrastructure. The project will provide a minimum of 42 new deed-restricted affordable housing units and up to 60 market-rate residential units in order to provide more housing opportunities in non-sensitive Coastal Zone areas. The project and a significant work of art in the publicly-accessible open space area on the parcel, The proposed project would redevelop and existing hotel and surface parking lots and provide a hotel project with total of 312 hotel rooms, which would be a net increase of 11 additional hotel rooms compared to the current operating hotel. This project therefore provides more lodging opportunities and new subterranean parking in the City's Coastal Zone. The project also provides an affordable lodging contribution to the City to support the development of more affordable lodging int the City's Coastal Zone. The project also preserves historic features on the property, and provides lodging that will feature retail, spa/fitness, and food and beverage uses in different areas of the hotel that would be open to the public. Moreover, the project will provide community benefits including new affordable housing, publicly-accessible open space on the parcel, and monetary contributions that would support mobility, construction of affordable housing, parks and recreation, early childhood initiatives,

historic preservation, and water infrastructure programs in the City. As such, the proposed project is consistent with the policies applicable to the site as set forth in the both the Local Coastal Land Use Plan that was adopted by the City Council on October 9, 2018 that is pending certification by the California Coastal Commission which is applicable to Downtown District development including the subject property, and, as amended, the partially-certified 1992 Local Coastal Program Land Use Plan.

2. The public health, safety, and general welfare require the adoption of the proposed amendments in that the general welfare of the City is enhanced when the development of a mixed use hotel project includes both market-rate and 100% deed restricted affordable housing that will serve a variety of family sizes and income levels. The proposed project will also increase transient occupancy taxes paid to the City which will in turn support the general welfare by allowing the City to provided needed services and programs to the community.

VESTING TENTATIVE TRACT MAP FINDINGS

1. The proposed map is consistent with applicable general and specific plans as specified in Government Code Section 65451. Specifically, while the subject property is not located in an area governed by a specific plan as specified in Government Code Section 65451, compliance with the City's General Plan is required. For the purpose of subdividing the subject parcel, there are two pertinent policies that must be evaluated with the map; those policies relate to building height and unit density. As noted and shown on the subject map, the project complies with applicable policies, including unit density and height standards for the subject land use designation in that the parcel is located in the Ocean Transition Zone with an Established Large Site Overlay which limits height to 130' and the Floor Area Ratio to 3.0 subject to a Development Agreement. The project does not exceed the 130' building height or the 3.0 FAR. Moreover, the Ocean Transition Zone and Established Large Site Overlay do not contain development standards that regulate maximum unit density.
2. The design or improvement of the proposed subdivision is consistent with applicable general and specific plans. Specifically, compliance with the City's General Plan (2010 LUCE) and Downtown Community Plan is required. As noted and shown on the Vesting Tentative Tract Map, the proposed improvements will not exceed land use designation limits to building height and unit density as set forth in the Downtown Community Plan Ocean Transition Zone and Established Large Site Overlay.
3. The site is physically suitable for the type of development. Specifically, the subject parcel is an approximately 4.5 acre parcel located within an urbanized area adequately served by existing roadways and infrastructure. The property is physically able to accommodate the proposed development.
4. The site is physically suitable for the proposed density of development. Specifically, the subject parcel is a rectangular 4.5 acre parcel located within an urbanized area

adequately served by existing roadways and infrastructure. Moreover the type of development and unit density and floor area ratio is consistent with policies set forth in the City's General Plan and other commercial and mixed-use improvements in the general vicinity.

5. The design of the subdivision or the proposed improvements are not likely to cause substantial environmental damage or substantially and avoidably injure fish or wildlife or their habitat, in that the proposed subdivision is located in an urbanized area that does not contain habitats or would otherwise injure fish and wildlife.
6. The design of the subdivision or the type of improvement is not likely to cause serious public health problems. The proposed subdivision is for a property located in an urbanized area and is consistent with other similar commercial and mixed-use improvements in the area. As noted and shown on the map, the project complies with height and unit density limitations set forth in the General Plan. The subdivision of the parcel does not have the potential to disrupt the urban environment or otherwise cause serious public health problems.
7. The design of the subdivision or the type of improvements will not conflict with easements, acquired by the public at large, for access through or use of, property within the proposed subdivision in that in that the proposed development will not encroach the public pedestrian subway easement located adjacent to the south west corner of the parcel near Wilshire Boulevard and Ocean Avenue property line. Moreover, the subdivision will document and incorporate all easements within the Final Map.
8. The proposed subdivision is consistent with any ordinance or law of the City of Santa Monica. Specifically, the project has demonstrated compliance with applicable unit density and height limitations set forth in the underlying land use designation. Moreover, as conditioned, the project must comply with all applicable provisions of the Zoning Ordinance, which will be comprehensively evaluated during the City's plan check review process, prior to issuance of a building permit.

Attachments

- A. Public Notification
- B. Draft Development Agreement
- C. Vesting Tentative Tract Map
- D. Landmark Designation Findings
- E. HR&A Advisors, Inc. Fiscal Impact Study and Economic Impact Study
- F. Applicant's LLG Parking Demand Study
- G. Applicant's LLG Traffic/Trip Generation Studies
- H. Applicant's Historic Resources Study, Including Chattel Conformance Report
- I. Applicant's Arborist Report
- J. Applicant's Sustainability Overview and LEED Checklist
- K. Applicant's CBRE Fiscal Impact Report
- L. Applicant's Miramar Hotel Project Plans

M. Final Environmental Impact Report and Appendices available online:
<https://www.smgov.net/Departments/PCD/Environmental-Reports/Miramar-Hotel-Project-EIR/>