



PLANNING COMMISSION
AGENDA REPORT

DATE: February 9, 2024

AGENDA OF: February 15, 2024

ITEM NO: CP21-0051 302, 310, 314, 322, 324, 326, 328
Front Street

RECOMMENDATION: **That the Planning Commission acknowledge the environmental determination and recommend that the City Council approve the Coastal Permit, Non-Residential Demolition Authorization Permit, Design Permit, Boundary Line Adjustment, Special Use Permit, Administrative Use Permit, Additional Height Request, a Revocable License for an Outdoor Extension Area, and Heritage Tree Removal Permit to construct a 232-room hotel and associated facilities, and make a finding that the sale of the exempt surplus properties is consistent with the General Plan in accordance with the Surplus Lands Act, based on the Findings and Conditions of Approval listed in the attached Draft Resolution (Attachment 1).**

PROJECT DATA:

Property Owner: Courtright Trust/City of Santa Cruz

APNs: 005-151-29, -34, -35, -43 -48, -51

Representatives: SCFS Venture LLC, Stephen Chan

Application Type: Coastal Permit, Non-Residential Demolition Authorization Permit, Design Permit, Boundary Line Adjustment, Special Use Permit, Administrative Use Permit, Revocable License for an Outdoor Extension Area, and a Heritage Tree Removal Permit, to demolish a commercial building, combine six parcels, and construct a six-story, 232-room hotel with ground floor retail, banquet and conference space, restaurant and bar on property located within the CBD (Central Business District)/CZ-O (Coastal Zone Overlay)/SP-O (Shoreline Protection Overlay); F-P (Floodplain)/FP-O (Floodplain Overlay) zone district and within the Front Street/Riverfront subarea of the Downtown Plan. The project requires approval of a Section 408 Permit from the United States Army Corps of Engineers to allow for the placement of fill between the levee and the proposed building to allow for the development of an outdoor extension area adjacent to the Riverway

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path. The project also includes a finding that the sale of the exempt surplus properties is consistent with the General Plan in accordance with the Surplus Lands Act.

Zoning: CBD (Central Business District), CZ-O (Coastal Zone Overlay); SP-O (Shoreline Protection Overlay); F-P (Floodplain) and FP-O (Floodplain Overlay)

Project Consistency: Consistent with zoning regulations with approval of a Coastal Permit, Nonresidential Demolition Authorization Permit, Design Permit, Boundary Line Adjustment, Special Use Permit, Revocable License for an Outdoor Extension Area, and a Heritage Tree Removal Permit

General Plan: Regional Visitor Commercial (RVC)
Project Consistency: Consistent with General Plan designation

Land Use
- existing: Commercial structure (*Santa Cruz Community Credit Union*) and grade level parking
- proposed: 232 room hotel with amenities, ballroom, retail, restaurant, bar, cafe
- in area: Mixed-use, commercial retail

Lot Area: 0.83 acres (36,242 square feet)

Environmental Determination: Categorical Exemption, 15332, In-Fill Development Projects

Planning Staff: Ryan Bane, Senior Planner

PROJECT DESCRIPTION/BACKGROUND

The project involves six parcels located at the northeast corner of Front and Laurel Streets, bordered by Front Street to the west, commercial uses to the north, Laurel Street to the south and the San Lorenzo River to the east, with a proposal to demolish a commercial building and construct a new six-story hotel with 232 rooms, three floors of underground parking, ground floor retail, banquet and conference space, a restaurant, bar, café, and associated hotel amenities such as a gym, spa, and rooftop pool/bar. Three of the parcels are owned by the applicants and contain the building and parking lot occupied by the *Santa Cruz Community Credit Union*. The other three parcels are owned by the City of Santa Cruz (City), with the project contingent upon the acquisition of a 4,407 square foot parcel (APN 005-151-48) and a portion of a 4,623 square foot parcel (APN 005-151-48) along Laurel Street. The third parcel (APN 005-151-34) would remain owned by the city but would contain a 50-foot-wide public paseo (Maple Street Passageway) connecting Front Street to the Riverwalk to be designed, constructed, and maintained by the hotel.

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The applicant proposes to demolish the commercial building on site, combine the five lots into one, and construct a hotel building consisting of three levels of underground parking to house 214 parking spaces with six stories above ground. The building's first floor consists of a porte cochere entrance for valet service, a main hotel lobby entry, bike parking, hotel administrative offices, as well as a commercial retail space and café/coffee bar. The second floor includes the main hotel lobby, bar, restaurant, meeting rooms, and banquet ballroom. This floor is also at the same level as the Riverwalk and serves as the ground floor facing the river. Levels three through six contain hotel rooms, with a portion of the third and fourth floor containing a spa and fitness room. The rooftop will host a pool area consisting of three pools, lounge seating, a bar, bathrooms, and mechanical equipment rooms. The project requests to take advantage of increased building height in the Downtown Plan's Additional Height Zone B, which would allow a building to exceed the 50-foot height limit up to 70-feet tall. Measured from average grade, the top of the parapet measures 65'-10", falling within the 70-foot height limit. In accordance with the recently approved Downtown Plan Amendments which permit structures associated with rooftop amenities to extend no more than 15 feet above the allowable height limit (70 feet in this case, meaning the structures could extend to a maximum of 85 feet), the proposed roof top pool bar structure and various shade structures extend to 75 feet in height.

The project proposes to fill the City-owned property between the east side of the new building and the levee and create a publicly accessible outdoor extension area connecting the east side of the development to the Riverwalk. Filling this area will separately require a Section 408 Permit from the Army Corps of Engineers. The proposed extension area includes amenities such as an outdoor dining patio adjacent to the proposed restaurant and bar space, as well as an events lawn adjacent to the banquet/ballroom connecting this space to the adjacent Riverwalk.

The project site is located within the CBD (Central Business District)/CZ-O (Coastal Zone Overlay)/SP-O (Shoreline Protection Overlay)/F-P (Floodplain)/FP-O (Floodplain Overlay) zone district and within the Front Street/Riverfront subarea of the Downtown Plan where hotel, restaurant, and retail are principally permitted uses. The project requires the following approvals:

- **Nonresidential Demolition Authorization Permit** to demolish the existing commercial building on the site;
- **Heritage Tree Removal Permit** to remove eleven heritage trees (because this is in the Coastal Zone, this permit is encompassed by the Coastal Permit);
- **Boundary Line Adjustment** to combine the existing lots;
- **Coastal Permit** for development within the CZ-O (Coastal Zone Overlay) and SP-O (Shoreline Protection Overlay) districts;
- **Special Use Permit** to allow the development of the outdoor extension area within the Floodplain Zone District;
- **Administrative Use Permit** to allow a low-risk alcohol outlet to permit the service of alcohol as part of a bona fide restaurant (bar proposed in the main hotel lobby, a rooftop bar adjacent to the pool area, a bar for the restaurant, and a bar that will be affiliated with the banquet/ballroom for hosted events.)

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- **Design Permit** for new construction in the Downtown Plan area, for the outdoor extension area within the Floodplain Zone District, and to allow an increase in building height in the Downtown Plan's Additional Height Zone B;
- **Revocable License for an Outdoor Extension Area** to allow the publicly accessible outdoor area proposed atop the levee fill between the building and the Riverwalk; and

While the permits listed above would mostly be heard by the City Zoning Administrator or Planning Commission, the additional height request in Additional Height Zone B in the Downtown Plan requires a recommendation by the Planning Commission and approval by the City Council. Zoning Ordinance section 24.04.150 states that when a project requires more than one permit, and the approval of those permits normally rests with more than one decision making body, the body with the highest authority shall take action on all permits concurrently.

Downtown Plan Amendments. The Downtown Plan is a dynamic document that is updated from time to time to reflect the changing needs of the City. The last two updates to the Downtown Plan were in 2017, when additional height allowances and other changes were incorporated, and in 2020, when changes to various use regulations were approved, primarily relating to personal services, tattoo parlors, and alcohol sales. Continuing that regular update cycle, Planning and Community Development staff and Parks and Recreation staff compiled a series of proposed Downtown Plan Amendments related to the following topics that were presented to the Planning Commission in September 2023 and to the City Council in October 2023:

- Streamlining processes to minimize unnecessary delays,
- Updating standards that have proven to be problematic,
- Ensuring consistency throughout the many sections of the plan, and
- Updating the plan to address recent State law changes.

The Downtown Plan Amendments included a variety of updates, clarifications, corrections, and changes intended to better serve the City, some of which were intended to facilitate the hotel project.

On October 24, 2023, by resolution, the City Council approved the proposed Downtown Amendments and directed staff to prepare an application to submit to the California Coastal Commission (CCC) to approve a Local Coastal Program Amendment for the portions of the Downtown Plan that are located within the Coastal Zone, specifically, Chapter 4 (Development Standards and Design Guidelines). Following adoption of the Downtown Amendments by the City Council, City staff submitted the application to the CCC for review and approval in October of 2023. At their meeting on December 15, 2023, the CCC passed a motion approving the LCP amendment conditional upon the City accepting a modification by the Commission and incorporating the additional language into the Downtown Plan and LCP. The modification requested by the CCC related to the in-lieu fee applied to non-residential projects in the downtown that make a request to exceed the base heights in Additional Height Zones A and B. This language was added by the City Council at the October 24, 2023, hearing with the intention of ensuring that nonresidential projects which are granted additional height reasonably contribute to the City's need for affordable housing. As part of the discussion by the CCC, a question was

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raised as to whether the in-lieu fee assigned (\$5.00 per square foot of gross floor area above the base height) was sufficient. To address it, the CCC modified the language to state that the in-lieu fee would be “a minimum” of \$5.00 a square foot.

On January 23, 2024, the City Council approved the modified language, and on February 9, 2024 the CCC approved the adoption of the Downtown Amendments including the modified language regarding the housing in-lieu fees. Therefore, the amendments to the Downtown Plan are now in effect and are applicable to the subject project.

Community Outreach. The project is considered a significant development project requiring community outreach by the Department of Planning and Community Development Community Outreach Policy for Planning Projects. The project applicant hosted a virtual community meeting on November 16, 2021, after the formal application submittal. Approximately 28 individuals from the community attended the meeting and provided questions and comments regarding tree preservation, transient occupancy tax revenue to the City, hotels being a catalyst and economic engine for downtown businesses, affordable visitor accommodation, parking, water usage, community access to hotel amenities, good design and location, mitigations to protect the San Lorenzo River, and preference for housing instead of a visitor-serving use. With a number of comments regarding a lack of parking on site, the applicants subsequently revised the plans and increased the parking from approximately 16 spaces to 214 spaces.

RESOURCES

- **Archaeological:** The property is located within a sensitive archaeological area. A cultural resource evaluation was conducted in January of 2022 by *Basin Research Associates*, which concluded that both environmental factors and the archival data indicate a low to very low potential for the exposure of significant historic resources and/or unique archaeological sites during ground disturbing construction. Based on a review of pertinent records, maps, and other documents and a field inventory, it was determined that the project will not affect any recorded historic properties or unique archaeological resources and that archaeological monitoring during ground disturbing construction does not appear warranted due to the low sensitivity for exposing significant subsurface cultural resources. A condition of approval requires that work be stopped and that the applicants notify the appropriate authorities should earth-moving work result in discovery of an unanticipated resource.
- **Geotechnical:** A geotechnical investigation prepared by *Rockridge Geotechnical* dated August 19, 2020, found the soils suitable for the hotel development with implementation of recommendations in the report, which have been included as conditions of approval.
- **Transportation Study:** A transportation study prepared by *Fehr Peers* dated August 9, 2023, was reviewed and approved by the Public Works Department. The study includes analysis of traffic generation, intersection operations, street improvements, site access, on-site circulation, parking, and VMT for the purposes of CEQA review. A Traffic Impact Fee (TIF), which is used to fund City transportation-related Capital Improvement

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Projects, will be applied during the Building Permit phase associated with increased vehicular travel volumes projected to be induced by the project. A condition of approval requiring the TIF be paid at Building Permit issuance has been included.

- **Heritage Trees:** An Arborist report prepared by *Kurt Fouts* dated April 13, 2021, inventoried the trees in the project area, including along Front and Laurel Streets and the adjacent Riverwalk. Twenty-four trees were inventoried, including seven street trees and seventeen trees located along the Riverwalk. Most trees inventoried were in good or fair condition. Due to the excavation for the new hotel in addition to the placement of fill between the levee and the proposed building to allow for the development of an outdoor extension area adjacent to the Riverway path, sixteen of the trees are recommended for removal (eleven of which are heritage). Two of the eight trees to be retained are street trees, and six are Riverwalk trees. The City Urban Forester has reviewed the arborist report and agrees with the recommendations. A condition of approval requires the project to follow the report's recommendations and that the trees to be removed must be replaced with new trees at a ratio of either two 24-inch box trees or six 15-gallon trees for each tree to be removed, or by payment of a comparable in-lieu fee as allowed by the City Urban Forester.
- **Bird-Safe Development:** A Bird-Safe Building Design Review was prepared by *Dudek*. The project will incorporate bird-safe strategies consistent with those enumerated in the Downtown Plan, including 1) Avoiding passageways or atriums that trap birds; 2) Using window glazing treatments that create a visual barrier to birds for the majority of glazing within the first 40-feet of ground level façade facing the Riverwalk; 3) Exterior illumination will be thoughtfully designed to minimize light pollution; 4) Use of timers and avoidance of up-lighting and spotlights that would be detrimental to wildlife; and 5) Landscape designed to allow views from the building and to keep birds away from the building façade.
- **Noise:** An environmental noise study for the project was prepared by *Salter Inc.* in March of 2022 and then was updated in November of 2022. The purpose of the study was to determine the noise environment at the proposed site, compare measured data with applicable City and state standards, and provide mitigation measures, as necessary, to meet those standards. In summary, the project will require sound-rated windows to reduce exterior noise intrusion in order to meet the State and local noise standards.

ANALYSIS

Project Site and Surroundings. The 0.83 acres (36,242 square feet) project site consists of six parcels located at the northeast corner of Front and Laurel Streets, bordered by Front Street to the west and the west bank of the San Lorenz River to the east. Mixed-use structures with commercial uses on the ground floor and residential above are located across the street to the west, with commercial uses located to the north and across Laurel Street to the south. The San Lorenzo Riverwalk borders the site to the east.

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The generally flat site is mostly paved and consists of parking lots and a commercial building (*Santa Cruz Community Credit Union*) constructed in 1978 that is proposed for demolition. The San Lorenzo River Levee slopes up to the east of the site with the riverwalk atop the levee. Twenty-four trees were inventoried adjacent to the site, including seven street trees and seventeen trees located along the Riverwalk.

Consistency with General Plan and Downtown Plan. The majority of the project site, where the building is proposed, has a General Plan land use designation of Regional Visitor Commercial (RVC)/Downtown Santa Cruz. The RVC/Downtown Santa Cruz designation emphasizes a mix of uses such as office and retail uses, residential and mixed-use developments, restaurants, and visitor attractions. The proposed use of the parcel as a hotel project is consistent with the intent of the RVC/Downtown Santa Cruz designation. The area of the project on City owned land east of the building to the Riverwalk that is proposed to be filled and landscaped with outdoor amenities has a land use designation of Natural Area. This designation provides for land that should remain in an undeveloped state to provide for habitat protection, public safety, or public

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recreation. While the designation allows a public recreation use on a case-by-case basis, it should also be noted that the Downtown Plan and the San Lorenzo Urban River Plan requires such a use to be developed in this location as described below. The proposal creates a publicly accessible outdoor extension area connecting the development to the Riverwalk in this area consistent with the land use designation. The proposed project is also consistent with many General Plan policies relating to visitor-serving uses, alternative transportation, open space access, and downtown area development as follows:

- **Community Design CD1.1.4** *Identify and emphasize distinguishing natural features that strengthen Santa Cruz's visual image (i.e., open space, Monterey Bay).*
- **Community Design CD1.4.2** *Consider visual access to nearby natural areas as part of developmental review.*
- **Community Design CD1.5.1** *Enhance the prominence of the San Lorenzo River as a natural feature that provides structure, orientation, and recreational enjoyment by including it in surrounding area and management plans.*
- **Community Design CD1.5.2** *Provide incentives for new development adjacent to the San Lorenzo River that includes patios overlooking the river, enhanced connections to the levee trails, and other design features that connect the built environment to the river.*
- **Community Design CD3.1.1** *Strengthen the linkage between Downtown, the Beach Area, and San Lorenzo River through amendments to corresponding Area Plans and the Zoning Ordinance.*
- **Community Design CD3.1.2** *Maintain, update, and implement the City's San Lorenzo Urban River Plan.*
- **Community Design CD3.3.1** *Develop incentives to encourage the assembly of small parcels through Area Plan amendments and Zoning Ordinance changes.*
- **Community Design CD4.1.1** *Support compact mixed-use development Downtown, along primary transportation corridors, and in employment centers.*
- **Community Design CD4.1.1** *Where possible, site buildings at the street frontage and place parking areas away from street corners and to the rear of buildings.*
- **Community Design CD4.2.3** *Underground utilities when major road improvement or reconstruction is proposed, if possible.*
- **Community Design CD4.3.6** *Implement streetscape and other landscaping plans in the City's Area and Specific Plans.*
- **Community Design CD5.2.1** *Encourage buildings to be oriented towards sidewalks, public plazas, walkways, or rivers and to include features such as public benches and natural seating areas.*
- **Community Design CD5.2.2** *Encourage the incorporation of public benches and natural seating areas along public walkways and in public plazas and parks.*
- **Community Design CD5.2.4** *Ensure that new and revised design guidelines encourage the use of pedestrian-scaled fenestration, awnings, entrances, landscaping, and other amenities.*
- **Land Use LU1.1.2** *Create incentives for the consolidation of underdeveloped parcels relative to development potential.*

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- **Land Use LU1.2.1** *Environmental review for specific projects shall be accompanied by sufficient technical data and reviewed by appropriate departments.*
- **Land Use LU2.3.1** *Protect, maintain, and enhance publicly accessible coastal and open space areas.*
- **Land Use LU3.11.2** *Ensure appropriate land uses and development standards that do not adversely impact adjacent open spaces.*
- **Mobility M1.1.1** *Create walkable, transit-oriented activity centers throughout the city.*
- **Mobility M1.1.2** *Connect activity centers with pedestrian and bicycle paths.*
- **Mobility M2.1.2** *Encourage use of alternative modes of transportation.*
- **Mobility Development Policy M1.3** - *Create pedestrian-friendly frontage and streetscapes and attractive pedestrian-oriented areas.*
- **Mobility M4.1.6** *Enhance the pedestrian orientation of the Downtown Central Business District.*
- **Mobility M4.1.7** *Require the site and building design facilitate pedestrian activity.*
- **Mobility M4.1.9** *Require landscaping in the development, replacement, and repair of sidewalks, including the placement of trees on private property and/or in tree wells on sidewalks.*
- **Economic Development ED1.1.2** – *Support the development and expansion of businesses that make a balanced contribution to the cultural, environmental, and economic health of the city.*
- **Economic Development ED1.1.3** - *Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.*
- **Economic Development ED 1.1.6** - *Revitalize the RiverFront area.*
- **Economic Development ED 1.5.1** - *Encourage the development of facilities that would accommodate conferences and conference-goers in conjunction with existing or new hotel development.*
- **Economic Development ED 1.5.2** - *Attract a top-end, full-service hotel to expand and improve the year-round conference segment of the tourism market.*
- **Economic Development ED1.7.2** - *Diversify the range of visitor attractions in Santa Cruz, particularly those that draw on the city’s unique natural and cultural assets.*
- **Economic Development ED 5.5.1** - *Enhance Downtown as a welcoming and inviting destination for residents, visitors, and businesses.*
- **Economic Development ED 5.5.3** - *Retain existing businesses and attract new ones to downtown Santa Cruz.*
- **Economic Development ED 5.5.4** - *Create a distinctive and active pedestrian environment downtown.*
- **Economic Development ED5.1.1** *Provide for the development of supporting land uses adjacent to retail shopping areas, while assuring protection of existing residential neighborhoods.*
- **Economic Development ED5.3.1** *Provide for attractive commercial development (including more intensive and higher quality ground floor retail) along commercial corridors provided the uses are compatible with or transition easily to adjacent residential areas.*

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- **Economic Development ED5.5.5** *Allow for the extension of café and retail uses within the public right-of-way, subject to design standards and management guidelines.*
- **Hazards, Safety, Noise HZ6.4.8** *Minimize the alteration of natural floodplains, stream channels, and natural protective barriers that accommodate or channel floodwaters.*
- **Parks, Recreation, and Open Space PR1.6.1** *Maintain and enhance access for vehicles, transit, bicycles, and pedestrians.*
- **Parks, Recreation, and Open Space PR4.1.3** *Maintain and enhance the recreational value of the San Lorenzo River walkway and the East and West Cliff Drive pathways*
- **Natural Resources and Conservation NRC1.1.2** *Where consistent with riparian and wetland protection, provide actual or visual access of a low-impact nature*
- **Natural Resources and Conservation NRC1.1.1** *Require setbacks and implementation of standards and guidelines for development and improvements within the city and adjacent to creeks and wetlands as set forth in the Citywide Creeks and Wetlands Management Plan.*
- **Natural Resources and Conservation NRC1.3.1** *Conserve creek, riparian, and wetland resources in accordance with the adopted City-wide Creeks and Wetlands Management Plan and the San Lorenzo River Plan.*

San Lorenzo Urban River Plan. The San Lorenzo Urban River Plan (SLURP) provides a framework to implement the community’s vision to enhance habitat, safety, and aesthetics along the San Lorenzo River. The project’s proposed building design and open space improvements adjacent to the Riverwalk are consistent with the following SLURP goals and policies:

- Improve the scenic and recreational value of the Riverfront
- Improve public access and pedestrian/bicycle movement to and along the River
- Improve the urban and neighborhood interface with the San Lorenzo River, Branciforte Creek, and Jessie Street Marsh
- Incorporate the San Lorenzo River, Branciforte Creek, and Jessie Street Marsh into the surrounding urban fabric of downtown and neighborhoods.
- Front Street – Significant Riverfront Areas (SRFA)-1: Require new development projects to incorporate design features that encourage active engagement with the Riverwalk such as: filling adjacent to the Riverwalk and landscaping, providing direct physical access to the Riverwalk, including appropriate active commercial and/or residential uses adjacent to the Riverwalk or providing a combination of these and/or other design features that support the resource enhancement and river engagement policies of the San Lorenzo River Plan.
- SRFA-3: Maintain the ten-foot setback area between residential and commercial uses adjacent to the levee trail from the western edge of the trail. The area between the property line and the Riverwalk shall be filled to raise the adjacent ground-level use to a similar or higher elevation as the Riverwalk. The public lands between the Riverwalk and the private property may incorporate publicly accessible commercial or residential amenities, such as outdoor public seating. Trees planted as part of the San Lorenzo Flood Control Improvement Project should be maintained and incorporated into new development where feasible and where not in conflict with the required fill or publicly accessible amenities.

Downtown Plan Consistency

The project is consistent with the goals and policies for development in the Downtown Plan as discussed below. In addition, the attached Downtown Plan Development Standards Consistency Analysis provides detailed information on the project's consistency with the development standards and guidelines in the Downtown Plan.

Downtown Plan: First Principles and Planning Principles and Strategies. The First Principles of the Downtown Plan provide overarching goals for development in this area. The project is consistent with applicable goals as summarized here:

- Form and Character. New buildings should be allowed to develop individual character while retaining qualities of the historic townscape. Issues of articulation, materials, signage, setbacks, scale, massing, form, bulk, solar access, and height are critical.
- Building Height should maintain the scale and character of the existing downtown, with explicit criteria for additional height within the additional height zones.
- Significant new housing opportunities should be targeted throughout the downtown, including along the San Lorenzo riverfront.
- Accessibility is emphasized to ensure participation in commercial, governmental, residential, social and cultural activities.
- A strong network of open spaces that creates a socially active and pedestrian-oriented downtown core should be emphasized.
- Pedestrian, bicycle, and transit access to the downtown should be enhanced.

The Downtown Plan's Planning Principles and Strategies expand upon the First Principles and provide basic strategies and recommendations for the downtown. These principles and strategies seek to connect new development along the Front Street/Riverfront Corridor with the San Lorenzo River in terms of building orientation, building design, and active ground level commercial uses that take advantage of the riverfront, and enhancement of public access at the river as a recreational resource. In addition, the principles and strategies further emphasize visitor-serving uses in this location to support the commercial uses in the downtown.

The project implements the First Principles and the Planning Principles and Strategies in several ways. The proposed building has its own unique character while still maintaining consistency with the design standards and guidelines within the Downtown Plan. The building height is consistent with Additional Height Zone B. The project provides a visitor-serving hotel which will in turn support other local businesses such as restaurants and retail in the downtown. The project's design creates a strong linkage to the river by having the restaurant, bar, and banquet uses on the east side of the building orientated toward the Riverwalk. Finally, the site layout enhances pedestrian and bicycle usage with an outdoor stairway and new accessible pathways connecting Front Street and the Riverwalk as part of the Maple Street Passageway.

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Downtown Plan: Additional Height Request. The Downtown Plan has two Additional Height Zones intended to promote the intensification of areas currently occupied by service uses into developments that foster activity and a sense of stewardship. The project is located in Additional Height Zone B, which includes the properties between Front Street and the San Lorenzo River from Soquel Avenue to Laurel Street. This additional height zone allows an increase in building height from 50 to 70 feet with a recommendation from the Planning Commission and approval by City Council, and only when specific criteria are met. This application includes a request to increase the building height to 70 feet. In addition to meeting specific development criteria detailed in the attached Downtown Plan Development Standards Consistency Analysis, a project requesting additional height in Additional Height Zone B must implement several overarching City objectives. The proposal meets those objectives as follows:

- i. *The additional height will help to achieve the First Principles of the Downtown Plan (e.g. form, scale, housing, accessibility and open space).*

The additional height to 70 feet allows the building to retain a form that provides architectural articulation as well as provide publicly accessible open space and access from Front Street to the Riverwalk via the Maple Alley Passageway. The additional height allows for 116 more hotel rooms than would be created under a project that met only the base height, providing more visitor-serving accommodations and positive economic benefits to the downtown.

- ii. *The additional height will contribute to an improved social and economic environment;*

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The Additional Height Request brings the building height to 70 feet and adds 116 more hotel rooms than would be accommodated within the 50-foot building base height. The result is a project that provides not only additional hotel rooms, but generates significant Transit Occupancy Tax, important conference/meeting room space, as well as restaurant and retail space in a location adjacent to the Riverwalk and walkable to many businesses in the downtown, generating economic and social activity in both of these areas.

- iii. *The form of the development promotes the appearance of a grouping of buildings rather than large monolithic building masses;*

The building follows a development standard for Additional Height Zone B that requires a building façade break with a length of at least 15 feet and depth of at least 10 feet along the Front Street elevation, as well as required setbacks. The project meets the performance criteria in the Additional Height Zone B section which are intended to promote the appearance of multiple building rhythms at ground, middle and upper levels to promote the appearance of a grouping of buildings rather than large monolithic building masses.

- iv. *The development receiving additional height will physically and/or financially contribute its fair share (through an Improvement District, Development Agreement or similar mechanisms) to the implementation of internal pedestrian connections between Front Street and the Riverwalk;*

The parcel furthest north (APN 005-151-34) will remain owned by the City but will be improved with a 50-foot wide public paseo (Maple Street Passageway) connecting Front Street to the Riverwalk to be designed, constructed, and maintained by the hotel.

- v. *The additional height will help to meaningfully achieve one or more of the following key community objectives, including but not limited to: Economic Development Contributions to the Downtown, Affordable Housing, Day Care Center, exceed Green Building minimums, Incubator Space for Small Business, Public Access Easements, Public Right-of-way Improvements, Publicly Accessible Open Space, Structured or Shared Parking, and Transportation Demand Management concepts.*

The Additional Height Request brings the building height to 70 feet and adds 116 more hotel rooms than would be accommodated within the 50-foot building base height. The result is a project that provides not only additional hotel rooms, but important conference/meeting room space, as well as restaurant and retail space in a location adjacent to the Riverwalk and walkable to many businesses in the downtown, generating economic and social activity in both of these areas. In addition, the project contributes a 50-foot wide public paseo (Maple Street Passageway) connecting Front Street to the Riverwalk which will be designed, constructed and maintained by the hotel. Compliance with Criteria vii. below will result in the contribution of funds toward the City's Affordable Housing Trust Fund.

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- vi. *Clear demonstration of the public benefit relating to two principal objectives: high-quality public access between Front Street and the river, and the appropriate treatment of the riverfront edge along the Riverwalk.*

The parcel furthest north (APN 005-151-34) will remain owned by the City but will be improved with a 50-foot wide public paseo (Maple Street Passageway) connecting Front Street to the Riverwalk to be designed, constructed, and maintained by the hotel. The proposed extension area includes amenities such as an outdoor dining patio adjacent to the proposed restaurant and bar space, as well as an events lawn adjacent to the banquet/ballroom connecting this space to the adjacent Riverwalk.

- vii. *Affordable Housing Public Benefit Fee For Non-Residential Projects. An application for additional height is voluntary. Because an applicant requesting additional height is receiving a benefit in the form of increased height and intensity, and to ensure that non-residential projects which are granted additional height reasonably contribute to the City's need for affordable housing, non-residential projects that are granted additional height shall be required to pay an in-lieu public benefit fee. The in-lieu public benefit fee shall be a minimum of \$5.00 per square foot of gross floor area occurring above the 50-foot Base Height limit (i.e., the additional gross floor area occurring within the project on levels that exceed the 50-foot Base Height limit). The fee shall be paid prior to occupancy of the project. All fees provided collected under this section shall be deposited in the City of Santa Cruz's affordable housing trust fund.*

With the hotel qualifying as a Non-Residential project and requesting additional height, the project will be required to pay an in-lieu public benefit fee of at least \$5.00 per square foot of gross floor area occurring about the 50-foot base height. With an estimated 45,500 square feet of gross floor area above the 50-foot base height, the minimum fee would be approximately \$227,500 (\$5.00/square foot) which will be required to be paid into the City's affordable housing trust fund prior to occupancy of the hotel. As the in lieu fee requirement as amended by the CCC is open ended (i.e. making use of the phrase "at least \$5.00 per square foot"), City staff has been working with Coastal Commission staff and the applicant to determine an amount that is feasible given the economics of the project, which also includes considerations related to the Coastal Act's low cost visitor accommodations requirements (see below discussion). As such, Condition No. 29 which requires the applicant to pay the minimum in lieu fee of \$5.00 per square foot may be refined in advance of the City Council meeting. The condition would not reduce to any amount less than \$5 per square foot.

Additional Height Zone B Performance Criteria. In addition to meeting the Front Street/Riverfront Corridor Development Standards and Design Guidelines, the project meets the performance criteria in the Additional Height Zone B section which are intended to promote the appearance of multiple building rhythms at ground, middle and upper levels to promote the

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appearance of a grouping of buildings rather than large monolithic building masses. The project meets the listed performance criteria and the details are called out on the plans (A2.01, A4.01, A4.02, A5.01).



Rooftop Amenities. The Downtown Plan calls for rooftops to be fully designed and creatively integrated into the function of the building. Because the Plan contemplates that rooftops provide opportunities for usable residential or commercial spaces, community gardens, other common or community amenities including rooftop bars and pools, shade structures, and associated access facilities, rooftop improvements are permitted to:

- Extend no more than 15 feet above the otherwise maximum allowable height limit (70-feet in this case);
- Shall be setback at least 15 feet from the edge of the roof, provided that they are found to better achieve stated Plan and community objectives;
- Are architecturally integrated into the building design; and
- Structures above the height limit are limited to not more than 50% of the gross rooftop area.

Such variations are to be minor in nature and must receive a recommendation from the Planning Commission, with final approval by the City Council.

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The project has designed a rooftop amenity area that includes three separate pools, lounge area, as well as a bar, food prep kitchen and bathrooms. As proposed, the rooftop bar, food prep, and bathroom structures meet the requirements set forth in the Downtown Plan, including height, setback, coverage and integrated design. The shade structures as shown on the above rendering do not fully comply with the 15-foot setback requirement and will need to be moved inward several feet as part of the building permit plan check review. In accordance with the requirement stated above:

- The proposed roof top pool bar structure and various shade structures extend to no higher than 75-feet in height, falling within the 85-foot maximum allowed per the Downtown Plan (15-feet above the maximum allowable 70-foot height limit);
- The roof top bar, food prep, and bathroom structures are setback approximately 20-feet to meet the 15-foot setback from the edge of the roof. The shade structures as shown on the above rendering do not fully comply with the 15-foot setback requirement and will need to be moved inward several feet as part of the building permit plan check review;
- The roof structures are architecturally integrated into the building design, incorporating the same materials and architecture; and
- The rooftop bar and shade structures total approximately 2,500 square feet, or about 11% of the gross rooftop area, falling well within the 50% permitted.

In addition to the rooftop amenities, the roof houses a number of screened mechanical penthouses, elevator and stair housing, and solar panels that are permitted to exceed height in accordance with Zoning Code Section 24.12.150. It should be noted that these structures and mechanical equipment are not limited by the rooftop amenity requirements stated above.

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Downtown Plan: Front St/Riverfront Uses. The Front Street/Riverfront subarea of the Downtown Plan encourages active ground level commercial uses facing Front Street and the Riverwalk. In addition to the main hotel lobby entrance, the proposal includes a retail space adjacent to both Front Street and the Maple Street Passageway as well as a café at the corner of Front and Laurel Streets.



The Riverfront side of the building has been designed to create a strong linkage to the river by having the restaurant, bar and banquet uses on the east side of the building orientated toward the Riverwalk. The site layout enhances pedestrian and bicycle usage with an outdoor stairway and new accessible pathways connecting Front Street and the Riverwalk as part of the Maple Street Passageway.



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Nonresidential Demolition Authorization Permit

The primary commercial building on the site (*Santa Cruz Community Credit Union*) is proposed for demolition. Based on City of Santa Cruz Building Permit records, the original structure was constructed in 1978. Pursuant to the Nonresidential Demolition Authorization Permit ordinance, the purpose of this permit is to evaluate requests for demolition of nonresidential structures fifty years of age or older, and of undetermined age, to ensure that those which may have historic value are not demolished. The structure is less than fifty years in age and staff has evaluated the structure and determined that that the property is not listed on the California Register of Historic Resources, the National Register of Historic Places, or the City of Santa Cruz Historic Building Survey. The building is not the work of a prominent architect or builder, does not possess architectural interest nor significance, and is not eligible for listing in any of the aforementioned registers.

Boundary Adjustment

The project site is comprised of five lots which the project consolidates into one lot through a sequential lot line adjustment. Lot line adjustment can be done with four or fewer parcels, so the consolidation of five parcels into two can be done sequentially through two lot line adjustments that each involve no more than four lots. The merger includes combining three privately-owned properties totaling 23,131 square feet (APNs 005-151-51, -29, 43), along with two City-owned parcels totaling 9,030 square feet (APN 005-151-35, -48). The resulting lot is required to meet the minimum lot size, and development on the new lot must meet the setback and floor area ratio (FAR) standards for the CBD zone district and the Downtown Plan. The resultant lot meets the minimum 5,000 square foot lot size, and the new development, with a FAR of 4.77, falls within the 5.0 FAR allowed in the RVC General Plan designation.

Coastal Permit

The proposed project requires a Coastal Permit because it is located within the Coastal Zone Overlay (CZ-O) district, with portions located within the Shoreline Protection Overlay (SP-O) District. The Coastal Permit also covers, fulfills all requirements of, and is approved in lieu of a formal Heritage Tree Removal Permit. The proposed project is consistent with the policies of the Local Coastal Program, including but not limited to the following policies:

- 2.4.6 Provide for the development of supporting land uses adjacent to retail shopping areas (e.g., motels/hotels around visitor-shopping areas, and residences and offices around resident-serving shopping areas), while assuring protection of existing residential neighborhoods. (See policies under L 2.9, ED 2.3, ED 5.2)
- 5.3.5 Ensure that visitor-serving facilities are arranged and developed in a compact, integrated manner to reduce automobile circulation and emphasize pedestrian movement. (See policy ED 5.3)
- 5.2 Encourage upgrades of existing hotel facilities and attract quality hotel and conference facilities in locations and scale appropriate to the City's character to enhance

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the quality of visitor-serving areas and promote development of the conference tourism market. (See policy ED 2.4.6)

- 2.7.2 Improve the character and quality of visitor-serving commercial areas to encourage more off-season and overnight visits. (See policies under goal ED 5)
- 7.6 Improve the San Lorenzo River levee to provide an additional community “linear park” resource which serves as improved access to Downtown in accordance with river design concept plans. (P. 278)
- T-5 Access and pathways in the Front Street corridor should be designed to draw people out of the downtown to the River.
- SRFA –7 Ensure that any parcel consolidation strategy provides for public access from the Front Street sidewalk to the levee. Maintain the ten-foot step back requirement between buildings included in the Downtown Recovery Plan for any development. Encourage pedestrian traffic through creative inviting design and incorporate water features, gardens, paving, and stairways up the levee as design features.
- 3.6 In pedestrian areas, require building design to be responsive to the pedestrian environment. These areas include but are not limited to Downtown, South of Laurel, the Beach, wharf, shoreline, and commercial shopping areas.
- 3.7 Require development to incorporate features to promote pedestrian use including new linkages to the pedestrian system. (See policy C 2.2.6)
- 2.6.3 Prioritize development of high-density mixed residential and commercial development in the City's Downtown Central Business District, North River Street, and South of Laurel areas over undeveloped lands at the periphery of the City. (See policies under CD 1.1, H 1.3.1.1, and H 1.3.1.3).
- 5.2.1 Encourage the development of facilities that would help accommodate conference users in conjunction with existing hotels or new hotel development.
- 5.2.2 Investigate the attraction of a top-end, full-service hotel to expand and improve the year-round conference segment of the tourism market.

Coastal Act Section 30213 states: *Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.*

The commission shall not: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities.

The term “low cost visitor and recreational facilities” can apply to both physical public access, which is abundant in the City (i.e., the Boardwalk, West Cliff Drive Path, Small Craft Harbor, Wharf and Monterey Bay Marine Sanctuary Exploration Center), as well as visitor serving accommodations. Interestingly most of the LCP policies addressing visitor accommodations, as listed above, seek to upgrade existing hotel facilities and attract quality hotel and conference facilities, though Policy ED5.2.3 seeks to ensure “the retention of moderately-priced

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accommodations.” Aside from the very specific development standards addressing pedestrian connectivity in the Downtown Plan, none of the LCP policies or implementing ordinances include specific objective standards articulating how the Coastal Act low-cost visitor facilities policy can be implemented through conditions of approval. Nevertheless, the applicant and City recognize the importance of low-cost visitor serving amenities and have sought to address the issue, as detailed below, through incorporation of additional conditions of approval.

In addition to the numerous public access enhancements such as the Maple Alley Passageway, Riverwalk improvements, and the outdoor extension areas, the applicants, who have worked closely with City and Coastal Commission staff, are proposing to address this Coastal Act and LCP policy with the following measures (Attachment 11), which have been memorialized in the recommended conditions of approval:

- Prior to final occupancy the applicant shall provide a one-time financial contribution to the Santa Cruz Hostel Society in the amount of \$15,000.
- Prior to occupancy the applicant shall provide the Boys and Girls Clubs of Santa Cruz County with a one-time contribution in the amount of \$25,000 to assist with revitalization of its indoor swimming pool at the Downtown Santa Cruz club house.
- Tower viewers for visitors shall be provided on site to view the river habitat.
- The hotel shall provide bike rentals that are free of charge to the public for the first 90 minutes.
- The hotel shall provide free public Wifi access at the Paseo and Riverwalk within the vicinity of the hotel.
- The hotel shall provide no fewer than three family suites with bunk beds to accommodate families of four or five without the need to book multiple rooms.
- The hotel owner shall provide no fewer than three community days per year for local non-profit organizations to have access to the hotel’s rooftop facilities or conference facilities for community uses, such as fundraisers or events, at cost (e.g., Boys and Girls Club of Santa Cruz County, Nueva Vista Community Resources, and similar organizations).
- Amenities, such as the restrooms, bar, and restaurant services will remain publicly accessible during operating hours.

The Local Coastal Program encourages the expansion of visitor-serving accommodations in the Coastal Zone and will draw visitors to the downtown and nearby beach area. As proposed, the project is consistent with applicable policies of the Local Coastal Program, which seek to minimize the impact of development on coastal resources and provide visitor-serving uses in the beach area. That said, the City, Coastal Commission, and applicant are continuing discussions regarding the conditions of approval and their consistency with the LCP and Coastal Act. As mentioned in the above discussion regarding the Affordable Housing Public Benefit Fee, conditions related to the low-cost visitor facilities requirement (Nos. 74-80) could also change prior to the City Council meeting as a result of this collaboration. Staff will provide any updates to the Commission at the hearing.

Design Permit

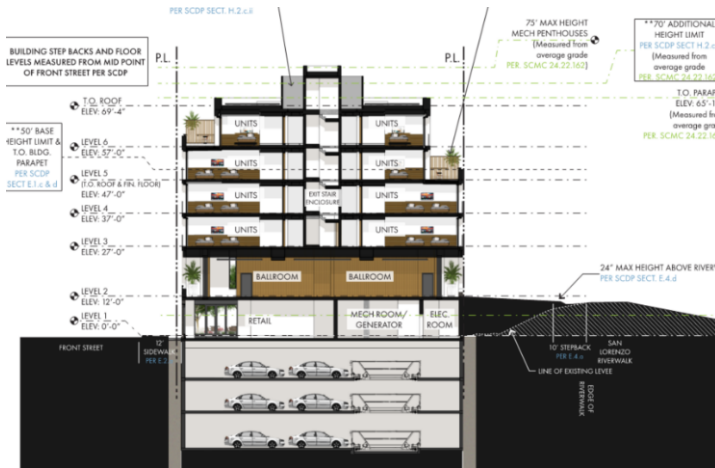
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Site Layout. The site is generally flat with approximately 370 feet of frontage along Front Street and 125 feet along Laurel Street. The San Lorenzo River Levee slopes up to the east of the site with the riverwalk atop the levee. The project proposes to fill the City-owned property between the



east side of the new building and the levee and create a publicly accessible outdoor extension area connecting the development to the Riverwalk. Three levels of below grade parking will extend approximately 30-feet below the existing grade, parking 214 cars by way of a valet system that incorporates vehicle lifts and shuttles to park and retrieve vehicles.

Vehicular access to the hotel will be off of Front Street via a porte cochere entrance that will be managed by a full-time valet service. The main hotel lobby

entry is located adjacent to the porte cochere and consists of a grand entry that leads to the second-floor lobby area. The Front Street level also contains bike parking, hotel administrative offices, as well as a commercial retail space that fronts both Front Street and the Maple Alley Passageway that connects Front Street to the Riverwalk. An open café/coffee bar commercial space is proposed next to the lobby entry and faces the Front Street and Laurel Street intersection. Trash enclosure access and utility rooms that face Front Street and interface with the street have been reviewed and approved by the Public Works Department. The second floor includes the main hotel lobby, bar, restaurant, meeting rooms, and banquet ballroom. Approximately 6,775 square feet of banquet/meeting room space is proposed with two ballrooms totaling approximately 3,575 square feet and five meeting rooms totaling approximately 3,200 square feet. These spaces can accommodate meetings and/or banquets with attendance of up to approximately 350 people if fully occupied. This floor is also at the same level as the Riverwalk and serves as the ground floor facing the Riverwalk. Levels three through six contain hotel rooms, with a portion of the third and fourth floor containing a spa and fitness room. The rooftop will host a pool area consisting of three pools, lounge seating, a bar, bathrooms, and mechanical equipment rooms.

Materials. With a fairly contemporary architecture, the design also incorporates more traditional midcentury elements to the design. The hotel combines a brick base with frames of precast concrete or cement plaster above. Exterior materials include wood or wood composite slats and panels, charcoal glazed brick veneer, dark metal canopies, dark aluminum storefront windows and doors, and hedge planters with glass windscreens.

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Parking. City Council Resolution No.NS-30,132 defines the vehicle and bicycle parking requirements for all land uses in the downtown. Hotels are required to provide 0.25 spaces per room. With 232 rooms proposed, a total of 58 spaces are required for the hotel use. The project provides a total of 214 parking spaces, exceeding the requirement. Pursuant to Zoning Code Section 24.12.241, six-percent (13) of the parking spaces will be required to be equipped with an Electric Vehicle Supply Equipment Installed (EVSE) charging station. A condition has been included in the conditions of approval that speaks to this requirement.

The hotel's parking will be an automated parking solution that uses lifts to park and retrieve vehicles. The system works by lifting the vehicle vertically and moving it to a designated parking space in a compact, multi-level parking structure. Depending on length of stay and time of use, cars would be assigned a specific parking space, and the information would be integrated into the hotel's reservation and parking system. Upon arrival, guests would drive their vehicles into the parking facility, where the system would take over and park their vehicle for them. To retrieve their vehicle, guests would simply request it at the control center or on a phone app. During busy times and events, hotel valets will facilitate the flow of vehicles through the arrival and departure process. Technology such as smartphone apps and QR codes will be implemented to direct guests to summon their vehicle from parking storage to reduce wait times and facilitate arrivals and departures. While the type and overall operation of the parking stackers has not been confirmed, on-site attendant valet attendants will facilitate the operation.

Pursuant to Zoning Code Section 24.12.250, the project is required to supply a total of 5 Class 1 and 42 Class 2 bicycle parking spaces. The Project proposes 68 Class 1 and 56 Class 2 bicycle parking spaces, well exceeding the Municipal Code requirements. Bike parking is located within the first floor parking garage as well as provided along the Riverwalk adjacent to the outdoor extension area.

Off-Site Improvements. The project will include the following off-site improvements:

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- A new 12' wide sidewalk on Front Street;
- New 8' wide sidewalk on Laurel Street;
- Four new street lights along the Front Street frontage;
- The Riverwalk (levee pathway) to be improved;
- New street trees with grates to be installed along Front Street;
- Directional curb ramps to be installed at the Front & Laurel intersection; and
- Extension of the Riverwalk (levee pathway) along the Laurel Street frontage from the existing levee to the signalized intersection.

The new wider sidewalks on the east side of Front Street and north side of Laurel Street will provide a safer environment for pedestrians. The proposed Maple Street shared-use path north of project site will provide pedestrian and bicycle access to the San Lorenzo Riverwalk, a multi-use bicycle and pedestrian path to the east. To improve pedestrian visibility and reduce vehicle and pedestrian interactions near the project site, a condition of approval has been recommended that requires the driveway leaving the hotel include an automated warning buzzer and/or sign to alert pedestrians of outgoing vehicles. Street improvements include new curb, gutter and sidewalk along Front Street, the addition of bike boxes to the westbound approach of the Front Street and Laurel Street intersection and southbound Class II bikeways along Front Street.

Maple Alley. Maple Alley provides a direct pedestrian and bike connection between downtown and the Riverwalk. The plaza is a public space with moveable and amphitheater seating to provide space for planned and improvised gatherings adjacent to the hotel retail space. The plaza is connected to the Riverwalk via an accessible pathway and stair through sloped terraces planted with trees and landscaping. At its connection with the Riverwalk, the path widens to provide bike parking and a sculptural seating element with views of the river.



Special Use Permit and Administrative Use Permit

A Special Use Permit (SUP) is required allow the development of the outdoor extension area within the Floodplain Zone District as part of the application. Originally it was thought that the hotel lobby bar and rooftop bar would qualify as a "high -risk" alcohol outlets, but with clarification from the applicants we have determined that the alcohol services proposed as part of the hotel use meet the definition of a "low-risk" alcohol outlet, only requiring an Administrative Use Permit.

Low-Risk Alcohol Outlet. Alcohol service is proposed as part of the hotel use, with a bar proposed in the main hotel lobby, a rooftop bar adjacent to the pool area, a bar for the restaurant, and a bar

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that will be affiliated with the banquet/ballroom for hosted events. Food service will be available at all of these locations which will include the sale of beer, wine, and mixed-drinks and will be open to hotel guests and the public. The proposed hours for the bars are as follows:

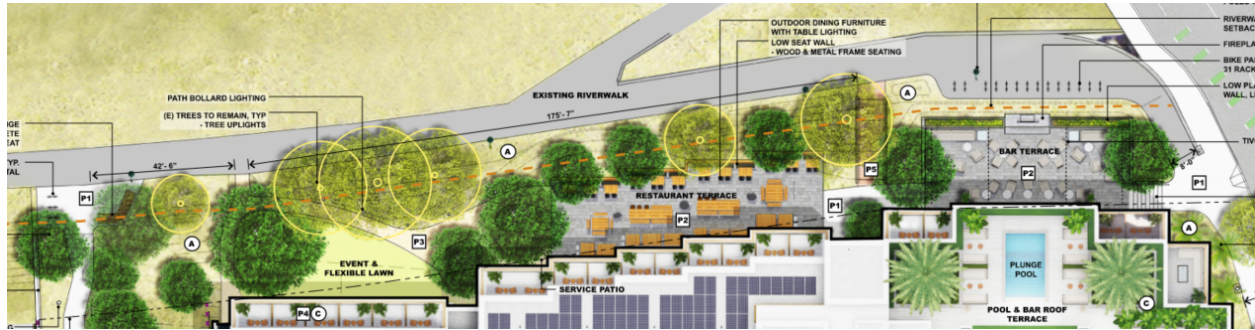
- Hotel Lobby Bar – 4:00pm to midnight
- Rooftop Bar – 2:00pm to 10:00pm
- Restaurant Bar – 11:00am to 11:00pm
- Banquet/Ballroom Bar – Event dependent

The Zoning Code defines a “low-risk alcohol outlet” as a bona fide restaurant, brewpub or microbrewery when operated in conjunction with a bona fide restaurant, bed-and-breakfast inn, conference center, and similar establishments that include food service but do not include live entertainment except incidental live entertainment, or food store where alcoholic beverages are sold. With food service proposed at the previously mentioned hotel locations, they will meet the definition of a “Bona Fide Restaurant” which is “is a retail establishment which is regularly and in a bona fide manner used and kept open for the principal purpose of serving a variety of meals or menu items to patrons for compensation, and which has (1) suitable kitchen facilities on the premises which contain conveniences for cooking and/or preparing an assortment of foods which may be required for ordinary meals and for which the kitchen must be kept in a sanitary condition and must be in compliance with the local department of health regulations; (2) a primary use of sit-down service to patrons; (3) adequate eating arrangements for patrons on the premises; (4) sale of alcoholic beverages as an incidental use and only when served at tables or counters; (5) does not include live entertainment except incidental live entertainment.”

Consistent with the establishment of a Bona Fide Restaurant, the applicant will be applying for a Type 47 license which is issued to restaurants and “authorizes the sale of beer, wine, and distilled spirits for consumption on the licensed premises. Authorizes the sale of beer and wine for consumption off the licensed premises. Must operate and maintain the licensed premises as a bona fide eating place. Must maintain suitable kitchen facilities and must make actual and substantial sales of meals for consumption on the premises. Minors are allowed on the premises. This license type is subject to Responsible Beverage Service (RBS) requirements and requires alcohol servers and managers of alcohol servers to be RBS certified.” The Santa Cruz Police Department has reviewed the project and conditions related to alcohol service have been included in the conditions of approval.

Outdoor Extension Area Improvements. Consistent with Downtown Plan requirements for the project to fill and improve the City-owned land adjacent to the Riverwalk, the CBD zone district encourages the development and maintenance of pedestrian areas adjacent to the Riverwalk with approval of a revocable license for an extension area. An extension area must be consistent with the requirements of the Downtown Plan, the General Plan, and other regulations and must not be detrimental to an adjacent street or people living, working, or visiting in the vicinity. The proposed extension area extends from the eastern property line of the proposed building site east to the Riverwalk south to Laurel Street.

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The proposed extension area is consistent with the development standards in the Downtown Plan, and the extension area is also consistent with several General Plan policies that promote the use of extension areas, vitality of neighborhoods and visitor-serving areas, pedestrian and bicycle friendly development, and emphasize a relationship to the San Lorenzo River as a natural feature. Conditions of approval require the extension area to be managed and maintained in a manner to ensure that it is kept clean, safe, nuisance free, and in accordance with other regulations.



Existing trees along the Riverwalk will be retained wherever possible and the site design provides connections to the hotel's publicly accessible flexible event lawn and the restaurant and bar terraces. Bicycle circulation along the Riverwalk and Laurel Street will be served by a bike parking area at the Laurel Street Bridge.

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Flood Zone Development: F-P and FP-O Districts. The Floodplain Zone District extends over the portion of the project site comprising the City-owned land between the eastern property line and the Riverwalk, where the levee fill and public open space area is proposed. In this zone district, recreational facilities are allowed with approval of a Special Use Permit and a Design Permit. The following table shows how the proposal meets the development standards of the Floodplain Zone District:

Standard	Required	Proposed
Lot width	200 ft. min.	No new lot proposed within FP zoned area; not applicable
Minimum lot area	5 net acres min.	Not new lot proposed within FP zoned area; not applicable
Building: stories	2 max.	No building proposed within FP zoned area; not applicable
Building: height	35 ft. max.	No building proposed within FP zoned area; not applicable
Lowest habitable level of structure	Above high water mark of 100-year storm	No habitable structures proposed within FP zoned area; not applicable
Fill incidental to use	Provide a plan showing uses to which the fill land will be placed, final dimensions of proposed fill, and effects on the capacity of the floodway and flood heights	The site plan shows this area developed as an outdoor public space with pathways, seating, outdoor recreation spaces, and landscaping. The proposed plans show the dimensions of the existing land profile and the proposed

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		level of fill on the exterior side of the levee. Fill will be on the exterior side of the levee and will not affect floodway capacity or flood heights.
Environmental assessment	Required of conditional uses to determine the requirements of the use permit that minimize hazards to public health and safety	The project qualifies for an exemption from CEQA under Class 32 for Infill Development projects. The ACOE Section 408 Permit requires environmental review for consistency with NEPA. A condition of approval requires the project to obtain this permit prior to building permit issuance. Finally, the site project site is located within the A-99 Flood Zone designation in recognition of the significant flood improvements resulting from the San Lorenzo River Flood Control and Environmental Restoration Project, and hazards to public health and safety due to flooding are therefore unlikely.

The entire site is within the Floodplain Overlay Zone District. Development within this district is required to comply with the Floodplain Management Provisions of Zoning Ordinance Chapter 24.14, Part 4. The site is in Federal Emergency Management Agency (FEMA) Flood Zone A99, which is an area protected by a federal flood control system with a one-percent annual chance of flooding where construction has reached specified legal requirements. The City of Santa Cruz has worked to improve the flood capacity of the San Lorenzo River levees over the past twenty years. In 2002, FEMA re-designated much of the downtown and beach area from A-11 to the A-99 Flood Zone designation in recognition of the significant flood improvements resulting from the San Lorenzo River Flood Control and Environmental Restoration Project. As reported in the General Plan EIR, the project increased the height of the river levees and rehabilitated the three downtown bridges (over the San Lorenzo River) to increase flood flow capacity. Under the A-99 designation, new buildings and improvements are not mandated to meet FEMA flood construction requirements and are exempt from the floodplain management requirements of Zoning Ordinance Chapter 24.14, Part 4.

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The City applied to FEMA to update the flood zone designations in the downtown area in late 2023. Under the current submittal, the majority of the project site would be removed from the A-99 designation. Under the current submittal, a portion of the site would be located in the AE flood zone. The timeline for the revision process with FEMA is unknown, and it can often take many years for the map revisions to be adopted, often with additional information requested by FEMA and several cycles of analyses required before the flood zone changes are approved. If the FEMA maps are approved and the flood zone changes in advance of the project proceeding, the project design would need to meet any new standards associated with said map updates.

Surplus Lands General Plan Consistency

As mentioned above, the proposed project includes property currently owned by the City. At a regular City Council meeting held on May 25, 2021, and in accordance with the Surplus Lands Act (the “Act”) (Cal. Govt. Code § 54220, et seq.), the Santa Cruz City Council declared the Subject Parcels as “exempt surplus property,” which is defined by the Act as land that is less than 5,000 square feet in area or that meets other specified criteria.

At the September 14, 2021 City Council Closed Session meeting, the City Council discussed the potential sale, price and terms of two City-owned parcels for the purposes of supporting a proposed hotel development. Council provided direction to staff at the meeting regarding the potential sale including price and terms. Staff anticipates returning to Council for further consideration of the potential sale in upcoming meetings. Section 65402 of the Government Code requires a general plan consistency determination be prepared by the planning agency prior to the sale of public land, and the Planning Commission serves as the City’s planning agency.

While the majority of the project site is privately owned (23,231 square feet), two City-owned parcels are proposed to be sold to be incorporated in the project. The third City-owned parcel (005-151-34) involved in the project will remain owned by the City, but would contain a 50-foot-wide public paseo (Maple Street Passageway) connecting Front Street to the Riverwalk to be designed, constructed, and maintained by the hotel. The 4,623-square-foot, most southerly property consists of mostly landscaping, and the 4,407 square foot northerly parcel is currently surface parking. Both parcels are not being utilized for their highest and best use, and with a public parking garage to be constructed as part of the recently approved library project, new public parking will be available in the nearby vicinity to help with the downtown parking supply.

The parcels being sold are both within the Downtown Plan area where hotels are a principally permitted use, and as discussed above in more detail, the proposed project is consistent with General Plan including the following policies:

- **Economic Development ED1.1.2** – *Support the development and expansion of businesses that make a balanced contribution to the cultural, environmental, and economic health of the city.*

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- **Economic Development ED1.1.3** - *Encourage the development of year-round businesses and visitor activities, resources, and destinations that can also attract and engage local residents.*
- **Economic Development ED 1.1.6** - *Revitalize the RiverFront area.*
- **Economic Development ED 1.5.1** - *Encourage the development of facilities that would accommodate conferences and conference-goers in conjunction with existing or new hotel development.*
- **Economic Development ED 1.5.2** - *Attract a top-end, full-service hotel to expand and improve the year-round conference segment of the tourism market.*
- **Economic Development ED1.7.2** - *Diversify the range of visitor attractions in Santa Cruz, particularly those that draw on the city's unique natural and cultural assets.*
- **Economic Development ED 5.5.1** - *Enhance Downtown as a welcoming and inviting destination for residents, visitors, and businesses.*
- **Economic Development ED 5.5.3** - *Retain existing businesses and attract new ones to downtown Santa Cruz.*

The Downtown Plan speaks to visitor-serving uses that are sustainable and provide economic strength to the region. The first line of “The Community’s Vision” in the Downtown Plan states “Vibrant, vital and active, the central business district constitutes the primary retail, commercial, professional, and employment center for the City of Santa Cruz.” To achieve this, the General Plan contains policies and the Downtown Plan contains regulations that seek to attract more visitors and businesses to the downtown. The hotel will drive economic vitality in the downtown, bringing new visitors and tourists to the downtown, including during the off-peak season, which is critical to supporting downtown retailers, restaurants, and businesses. Adding a hotel to the mix of established businesses and attractions will contribute to the overall success of the downtown. In addition, the hotel development accomplishes many other key principles and strategies of the Downtown Plan, such as enhancing the open space and pedestrian network, creating new open space, celebrating the San Lorenzo River as a major open space, reinforcing the pedestrian-oriented environment with ground-level and Riverwalk-level commercial spaces, seizing the opportunity to intensify development, strengthening downtown as a place of local and regional employment (both directly through jobs on site and indirectly through improved business travel opportunities in proximity to downtown businesses), concentrating commercial development in the downtown, and creating a stronger relationship between downtown and the beach by improving the Riverwalk and paseos that connects the two. Therefore, the City’s sale of the two surplus parcels to support the subject project is consistent with the General Plan and Downtown Plan.

While alternative uses are not proposed at this time, other uses of the two properties being sold would also be consistent with the City’s General Plan and Downtown Plan. The General Plan states that Downtown Santa Cruz “Emphasizes a mix of regional office and retail uses, residential and mixed-use developments, restaurants, and visitor attractions such as entertainment venues. The Downtown Recovery Plan provides detailed requirements for this area.” The Downtown Recovery Plan (now renamed the “Downtown Plan”), in addition to supporting the hotel use that boosts local businesses and promotes economic activity, also supports a range of other uses, such as offices, residential (as a component of mixed-use projects with ground-floor

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commercial), entertainment, and other uses. Future development of the site with alternative uses to the hotel would also be consistent with the General Plan, if they follow the applicable allowable uses and principles from the General Plan and Downtown Plan.

Health in all Policies (HiAP)

HiAP is a collaborative approach to improving the health of all people by incorporating health considerations into decision-making across sectors and policy areas. HiAP is based on 3 pillars: equity, public health, and sustainability. The goal of HiAP is to ensure that all decision-makers are informed about the health, equity, and sustainability impacts of various policy options during the policy development process. The project supports the pillar of equity by providing a range of jobs that cater to diverse backgrounds, by being a visitor-serving use available to all income levels, and by providing various amenities (restaurant/bar/meeting rooms/conference/café/outdoor extension area) that are all open and available to the public at large. The development is on a site that is improved with sidewalks and street trees and that is close to public transportation, commercial goods and services, and recreational areas. Development in this central location encourages a sustainable and healthy lifestyle by promoting alternative forms of transportation by providing key pedestrian and bike connections via the Maple Alley Passageway and Riverwalk which connect the downtown and other neighborhoods along the levee. The hotel will generate significant Transit Occupancy Tax which can be used to further HiAP objectives. Additionally, the applicant has volunteered financial contributions to the Santa Cruz Hostel Society and the Boys and Girls Clubs of Santa Cruz County, as well agreed to offer tower viewers on site to view the river habitat as well as provide bike rentals that are free of charge to the public for the first 90 minutes. Therefore, the project is consistent with the three pillars of the HiAP and is recommended as an efficient use of the land.

ENVIRONMENTAL REVIEW

A CEQA Categorical Exemption Review was prepared by *Dudek* (Attachment 3). The review determined that the project is categorically exempt from environmental review under Article 19 of the California Environmental Quality Act (CEQA) Guidelines, Section 15332, related to infill development. The Class 32 categorical exemption applies to a proposed project fulfilling the following criteria:

- (a) The project is consistent with the applicable general plan designation and all applicable general plan policies as well as with applicable zoning designation and regulations;
- (b) The proposed development occurs within city limits on a project site of no more than five acres substantially surrounded by urban uses;
- (c) The project site has no value as habitat for endangered, rare, or threatened species;
- (d) Approval of the project would not result in any significant effects relating to traffic, noise, air quality, or water quality; and
- (e) The site can be adequately served by all required utilities and public services.

The proposed project complies with all of the foregoing criteria and demonstrates eligibility for implementation of a Class 32 Categorical Exemption as afforded by CEQA. The application

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exhibits consistency with General Plan and zoning designations, policies, and regulations, with a project site comprising of 36,242 square feet (0.83-acre) in size, below the maximum threshold of five (5) acres, located within city limits and surrounded by existing residential and commercial urban uses. As a previously-developed urban infill site, the subject lot holds no value as habitat for endangered, rare, or threatened species, with none known to exist on the site; development of the project would not result in any significant impact relating to traffic, noise, air quality or water quality as supported by the submitted information; and the site can be adequately served by all required utilities and public services. Therefore, the proposal qualifies for the Categorical Exemption found in CEQA Guidelines Section 15332, infill exemption, attached as Exhibit B.

None of the exceptions to the exemptions under Section 15300.2 apply to the project in that the project site is not located in a mapped environmentally sensitive area, the project is not part of a larger project that could result in a cumulative impact, there are no unusual circumstances associated with the project or subject parcel, the project will not result in damage to resources associated with an officially designated scenic highway, the project site is not included on any lists compiled pursuant to Section 65962.5 of the Government Code related to Hazardous Waste Sites, and the project will not result in substantial adverse changes in the significance of a historical resource site in that there are no known historic resources on the property.

SUMMARY

The project meets all the required site area standards and the findings for approval of the Coastal Permit, Non-Residential Demolition Authorization Permit, Design Permit, Boundary Line Adjustment, Special Use Permit, Administrative Use Permit, Revocable License for Outdoor Extension Area, Heritage Tree Removal Permit and Additional Height, as detailed in this report and various attachments. The project implements goals and policies of the General Plan and Downtown Plan to support a new visitor-serving hotel, enhance the vitality of the downtown, revitalize and connect people to the San Lorenzo River, and promote alternative transportation and walkability. Staff recommends approval based on the Findings and Conditions of Approval in the attached draft resolution.

Submitted by:

Approved by:

Ryan Bane
Senior Planner

Lee Butler
Planning & Community Development Director

Attachments:

1. Draft resolution with findings and conditions of approval
2. Project plans
3. CEQA Categorical Exemption Review prepared by *Dudek* dated December 6, 2023
4. Archaeological report by *Basin Research Associates* dated January 2022

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5. Geotechnical Investigation by *Rockridge Geotechnical* dated August 19, 2020
6. Transportation Study prepared by *Fehr Peers* dated August 9, 2023
7. Arborist report by *Kurt Fouts* dated April 13, 2021
8. Cruz Hotel Bird-Safe Building Review
9. Noise Assessment Study by *Salter Inc.* in March of 2022
10. Storm Water Control Plan prepared by *BFK Engineers* dated February 13, 2023
11. Phase II Limited Subsurface Investigation Report prepared by *Environmental Investigations Services, Inc* dated April 13, 2020
12. Correspondence from Stephen Chan (SCFS Venture LLC) to Rainey Graeven (Coastal Commission) 11.13.23 RE: Low-Cost Visitor Facilities