

*The Economics of Land Use*



## Final Report

# City of Santa Barbara Lower Cost Overnight Accommodations Study

Prepared for:

City of Santa Barbara

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# 1. INTRODUCTION AND BACKGROUND

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This study of Lower Cost Overnight Accommodations (LCOA) in the City of Santa Barbara (City) has been prepared by Economic & Planning Systems, Inc. (EPS). The City retained EPS to evaluate the supply of LCOA and inform related policy options, consistent with California Coastal Commission (CCC) regulations and guidance relating to the preservation and production of LCOA units in the Coastal Zone. This study is intended to guide the City's approach to the preservation and production of LCOAs in the Coastal Zone and support implementation of the City's Coastal Land Use Plan (LUP).

This introductory chapter is followed by an overview of the definitions of LCOA and the current supply of such units in the City (**Chapter 2**). The final chapter (**Chapter 3**) describes potential policies to preserve and produce LCOA units and recommends an approach, collaboratively developed by EPS and the City, most appropriate for the City of Santa Barbara.

The report is supported by three appendices. **Appendix A** is a detailed inventory analysis of the City's LCOA conducted by EPS. **Appendix B** details the methodology and implementation steps that the City can use to establish a LCOA mitigation in-lieu fee program—a policy approach highly-promoted by the CCC and utilized in other coastal cities. **Appendix C** provides details on Coastal Development Permit (CDP) conditions and LUP policies in other coastal cities that have addressed the protection and production of LCOA units.

## Policy Context

Many coastal communities in California face high demand for and an increasingly limited supply of LCOA. Overnight room rates have increased significantly over the years, making overnight stays prohibitively expensive for many Californians and visitors to the State. This is particularly apparent in popular destinations like Santa Barbara County, where the average daily rate (ADR) for hotel rooms has grown at an average annual rate of about six percent over the last five years, and particularly in the beach coast area, where ADRs consistently command a nearly 40 percent premium over the rest of the County.<sup>1</sup>

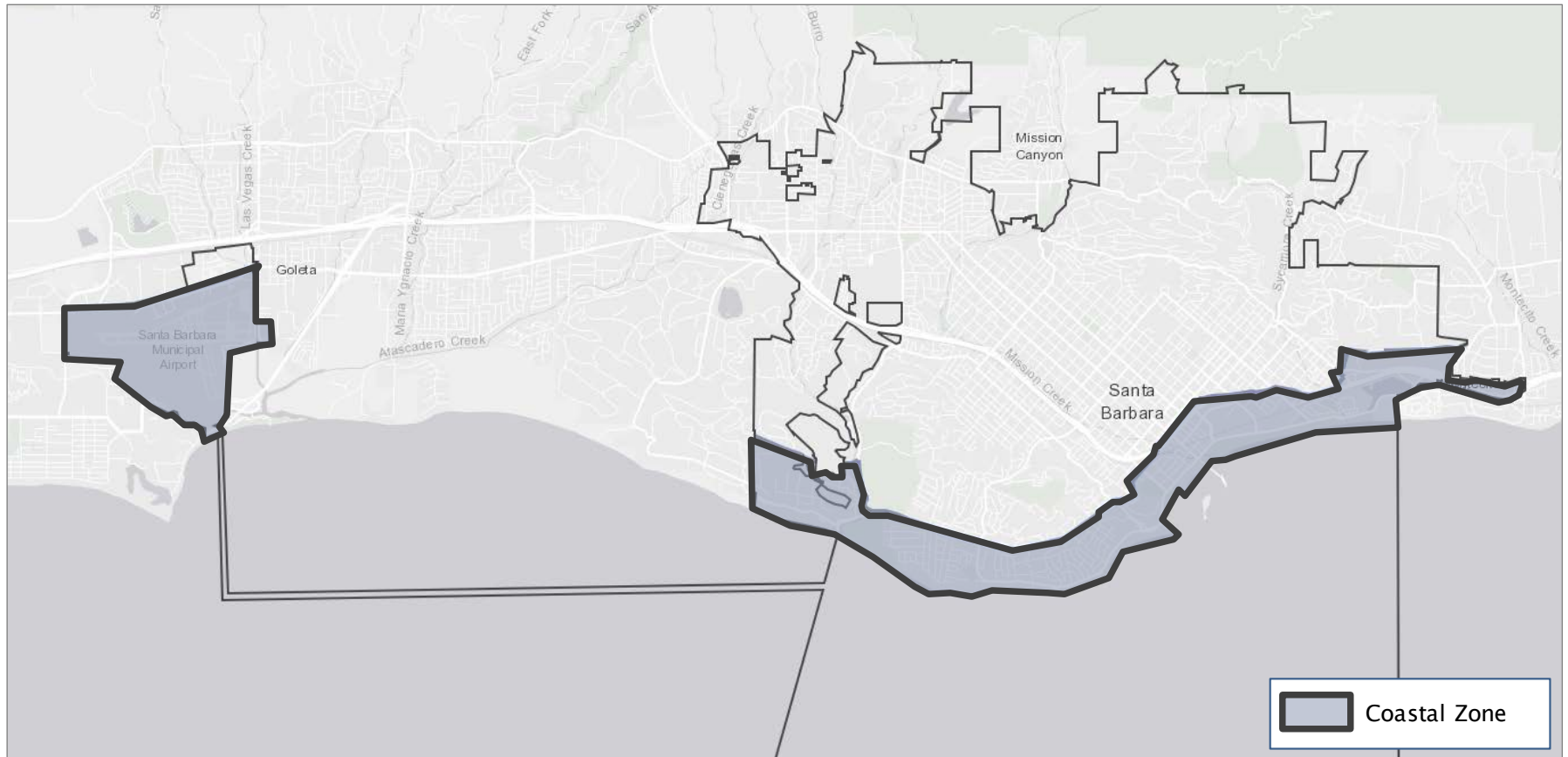
The CCC has expressed a growing concern that the lack of LCOA in the Coastal Zone statewide is limiting access to the coast. The California Coastal Act (CCA) addresses this concern in Section 30213: "Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred." All local governments with jurisdiction within the Coastal Zone, including the City of Santa Barbara, are required to prepare a Local Coastal Program (LCP), which implements the provisions and policies of the Coastal Act at the local level and serves as the standard of review for development permitting in the Coastal Zone. To become effective, a jurisdiction's LCP must be certified by the CCC and found consistent with the CCA. The City's LCP contains a Coastal LUP that was certified by the CCC in 2019 and an Implementation Plan (IP) that was originally certified in 1986.

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<sup>1</sup> CBRE 2018 Travel Outlook Santa Barbara County Lodging Forecast

In January 2014, the City was awarded a grant from the CCC to comprehensively update the LUP, and embarked on a five-year extensive consultation process with CCC staff to ensure that the Draft Coastal LUP is in alignment with the CCA and the local priorities of the City. During that consultation process, it was determined that additional study and resources were needed to address the LCOA issue, given the particularly challenging conditions in Santa Barbara. These include a Coastal Zone area that is largely developed, has relatively high property values, and where nearly a third of the land area is designated as Open Space. A map of the City's Coastal Zone is shown in **Figure 1**. Given these challenges, the City was awarded an additional grant from the CCC to draft a LCOA study and determine a pathway forward.

**Figure 1 Map of Coastal Zone**



Source: CCC Mapping Unit, Economic & Planning Systems

## 2. OVERVIEW OF SANTA BARBARA LCOAS

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This chapter defines LCOA for the purposes of this analysis, consistent with CCC guidance. It also provides an overview of the City's overnight accommodations and the LCOA inventory based on the CCC definition. A more detailed inventory analysis can be found in **Appendix A**.

### Defining LCOAs

In order to establish policies related to the preservation and production of LCOA, it is necessary to first define what they are. The CCC generally divides overnight accommodations into three cost categories—"lower," "moderate," and "higher" cost. In a report produced for one of its recent public workshops on the topic of LCOA, dated October 26, 2016, the Commission provided guidance on the cost categories generally associated with different types of accommodations:

- *"Campgrounds, cabins and hostels are typically lower cost by their nature."* Previous CCC workshop reports also state that these types of accommodations should generally be defined as lower cost accommodations.
- *"Short term vacation rentals can provide a lower cost option, especially for larger groups or families, but because it is difficult to find data on short term vacation rentals, it is not clear how large a role they play in providing lower cost accommodations."* While the Commission expresses general support for the provision of short-term vacation rentals in the coastal zone, it does not provide further guidance on how to define the cost category of these accommodations
- *"Hotels are by their nature more expensive than hostels, campgrounds and most cabins. Thus, the Commission's determination of the rate of a lower cost hotel cannot be used to represent the definition of all lower cost overnight accommodations."* This statement underlines that the calculation of a lower-cost threshold, as defined below, is only directly applicable to the analysis of the average daily rates (ADR) of hotel and motel rooms.

The definition of the cost categories is based on a series of per unit ADR thresholds. Establishing these thresholds provides an understanding of the "affordability" of a city's accommodation supply, and also a target ADR per unit that can be utilized in formulating LCOA mitigation policies. In the same October 26, 2016 report cited above, the CCC recommended that local governments determine the "lower-cost" threshold ADR per unit using an approach called the "simplified Robinson" methodology. Using this methodology, the lower-cost threshold would be the lower of either:

(1) 125 percent of the statewide annual ADR for all surveyed hotels and motels as determined by Smith Travel Research (STR) or

(2) The ADR for the local area for the "economy" segment of hotels and motels as determined by STR.

The CCC report also provides guidance on defining "moderate" and "higher" cost accommodations. Moderate-cost accommodations are those with ADRs per unit that fall between

the lower-cost threshold and 125% of the statewide ADR per unit. “Higher” cost accommodations are those units with ADRs above the moderate-cost threshold.

The following section establishes the “lower,” “moderate,” and “higher” cost thresholds for Santa Barbara and provides summary statistics on the City’s inventory in each of these tiers.

## Overview of Santa Barbara LCOA Inventory

### Cost Thresholds for Santa Barbara

Using STR data, EPS found that the statewide ADR in the surveyed months between April 2017 and March 2018 was \$162. Applying the first calculation described in the “simplified Robinson” methodology results in an ADR of \$202.50 ( $\$162 \times 125$  percent). Continuing with the methodology, the next step in determining the City’s lower-cost threshold is to compare this ADR to the ADR of economy hotels in Santa Barbara.

STR categorizes participating hotels and motels into four tiered classes: budget, economy, mid-price, and upscale. Within Santa Barbara, STR classifies only four establishments as “economy”.<sup>2</sup> Due to the small sample size and related privacy limitations, STR was unable to release its data on ADRs for the economy class subset in the City. As an alternative approach, EPS surveyed online room listings for the same four economy establishments, and calculated their weighted ADR,<sup>3</sup> which came out to \$167. Since \$167 is lower than the \$202.50 statewide rate, it was used to define the lower-cost threshold for the Santa Barbara Coastal Zone.

Using the methodology provided by the CCC for the other cost categories, EPS found that moderate cost accommodations in the Santa Barbara Coastal Zone are those with ADRs between \$167 and \$202.50 per unit, while higher cost accommodations are units with ADRs higher than \$202.50.

The detailed inventory of units in the Coastal Zone shows that there are approximately 74 units in the City’s Coastal Zone that can be defined as lower-cost. There are also approximately 101 moderate-cost units and 1,696 higher-cost units in the Coastal Zone. The full list of overnight accommodations in the Coastal Zone and Inland Area are included in **Appendix A**.

### Inventory Results

As a basis for analyzing the availability of LCOA, EPS worked with the City to develop an inventory of existing overnight accommodations within the Coastal Zone and related areas. The overnight accommodation inventory included three areas: 1) City Coastal Zone; 2) City Inland Area; and 3) Santa Barbara County Coastal Zone. The inventory was expanded beyond just the City’s narrow Coastal Zone boundary to account for inland accommodations, including

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<sup>2</sup> It should be noted that not all hotels participate in STR surveys. In Santa Barbara specifically, STR surveys 29 hotels. However, as detailed in the City’s LCP, there are 37 hotels and motels either existing or under development. Establishments that participate in STR surveys also tend to be larger hotels under a corporate flag.

<sup>3</sup> The weighted average takes into account the number of rooms for each establishment, therefore giving more “weight” to larger establishments in calculating in the average room rate. This provides a more precise assessment of the average cost of economy rooms in the City.

campgrounds and other lower cost overnight accommodations, from which it is easy to access the coast.

**Figure 2** summarizes the ADR for each accommodation category for the inventory within each of the three geographic areas. The ADR for each category was weighted by total number of units. Overall, the annual ADR for all accommodations in the city's Coastal Zone is \$413, which is 255 percent higher than the statewide ADR. Only two categories within the City Coastal Zone fall within the lower-cost definition: recreational vehicles (RV) and boat slips (categorized as "other"). The Coastal Zone ADR is heavily affected by its high number of hotel and motel rooms. Furthermore, a number of the more expensive hotels in this inventory have more units, which means they are more heavily weighted in the ADR calculation. For example, the Fess Parker (Doubletree Resort), for example, has 360 rooms and averages \$729 per night.

The City currently licenses 27 legal short-term vacation rental (STVR) units—seven in the Coastal Zone and 20 in the Inland Area. The ADR for the STVRs in the Coastal Zone is \$293, and the ADR for the STVRs in the Inland Area is \$365. Based on EPS's inventory, none of these units can be categorized as lower-cost. While there are a number of additional factors that could be taken into account regarding the affordability of STVRs, including their capacity and in-unit amenities, taking these factors into account would not provide an "apples to apples" comparison to hotels and motels in determining the units' cost categorization. However, given that the sample size of STVRs in Santa Barbara is small, it cannot be definitely stated that such units in the City are likely to be LCOA options.

The accommodations located in the Countywide Coastal Zone, inclusive of those in the City Coastal Zone, average \$411 per night for all accommodation types. The ADR for the Hotel and Motels category specifically is substantially higher in the County Coastal Zone (\$521 per night) and City Coastal Zone (\$427 per night) than in the County and City overall (\$220 and \$302 per night, respectively). This difference reflects the price premium for a coastal location; a premium further underlined by calculating the ADR for Hotels and Motels in the City's Inland Area, which is just \$284 per night.



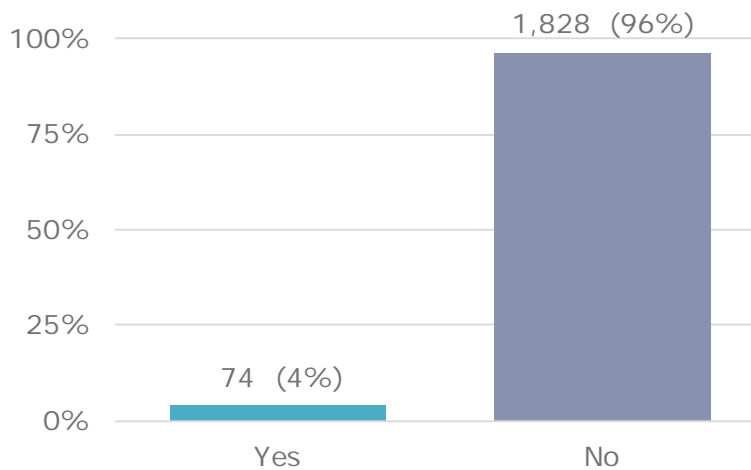
**Figure 2 Summary of Coastal Zone Inventory**

	Number of Units	Capacity	Percent of Total Capacity	Avg. Cost per Night	Cost per Night as Pct. of Average for (Year-Round)			Cost per Night as Pct. of Average for (Peak)		
					City [1]	County [2]	State [3]	City [1]	County [2]	State [3]
<b>City Coastal Zone</b>										
Hotels & Motels	1,801	5,698	93%	\$427	169%	226%	264%	141%	194%	253%
Hostel	31	70	1%	\$335	133%	177%	207%	111%	152%	198%
RV	33	198	3%	\$65	26%	34%	40%	22%	30%	38%
STVR	7	36	1%	\$293	116%	155%	181%	97%	133%	174%
Other	<u>30</u>	<u>120</u>	<u>2%</u>	<u>\$33</u>	<u>13%</u>	<u>17%</u>	<u>20%</u>	<u>11%</u>	<u>15%</u>	<u>20%</u>
<b>Coastal Zone</b>	<b>1,902</b>	<b>6,122</b>	<b>100%</b>	<b>\$413</b>	<b>164%</b>	<b>218%</b>	<b>255%</b>	<b>137%</b>	<b>188%</b>	<b>244%</b>
<b>City Inland Area [4]</b>										
Hotels & Motels	1,195	N/A	N/A	\$284	113%	150%	175%	94%	129%	168%
Hostel	8	N/A	N/A	\$100	40%	53%	62%	33%	45%	59%
Campsite	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
RV	0	0	0	N/A	N/A	N/A	N/A	N/A	N/A	N/A
STVR	20	N/A	N/A	\$365	145%	193%	226%	121%	166%	216%
Other	<u>0</u>	<u>0</u>	<u>0</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>
<b>Inland Area</b>	<b>1,223</b>	<b>N/A</b>	<b>N/A</b>	<b>\$283</b>	<b>112%</b>	<b>150%</b>	<b>175%</b>	<b>94%</b>	<b>129%</b>	<b>168%</b>
<b>Countywide Coastal Zone</b>										
Hotels & Motels	3,141	10,020	57%	\$521	207%	276%	322%	172%	237%	308%
Hostel	31	70	0%	\$335	133%	177%	207%	111%	152%	198%
Campsite	804	6,520	37%	\$42	N/A	N/A	N/A	N/A	N/A	N/A
RV	113	838	5%	\$107	43%	57%	66%	36%	49%	64%
STVR [5]	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Other	<u>30</u>	<u>120</u>	<u>1%</u>	<u>\$33</u>	<u>13%</u>	<u>17%</u>	<u>20%</u>	<u>11%</u>	<u>15%</u>	<u>20%</u>
<b>Coastal Zone</b>	<b>4,119</b>	<b>17,568</b>	<b>100%</b>	<b>\$411</b>	<b>163%</b>	<b>217%</b>	<b>254%</b>	<b>136%</b>	<b>187%</b>	<b>243%</b>

[1] Citywide average Year (April 2017-March 2018): \$252, Peak (June 2017-September 2017): \$302; Smith Travel Research for hotels and motels only  
 [2] Countywide average Year (April 2017-March 2018): \$189, Peak (June 2017-September 2017): \$220; Smith Travel Research for hotels and motels only  
 [3] Statewide average Year (April 2017-March 2018): \$162, Peak (June 2017-September 2017): \$169; Smith Travel Research for hotels and motels only  
 [4] Capacity for inland area not documented in this study.  
 [5] Short-term vacation rentals for countywide coastal zone not documented in this study.  
 Sources: City of Santa Barbara, California Coastal Commission, Smith Travel Research, Accommodation websites.

As stated above, of the 1,902 accommodations units in the City's Coastal Zone, only 75 units, or 4 percent of the Coastal Zone inventory, are LCOA, shown in **Figure 3**.

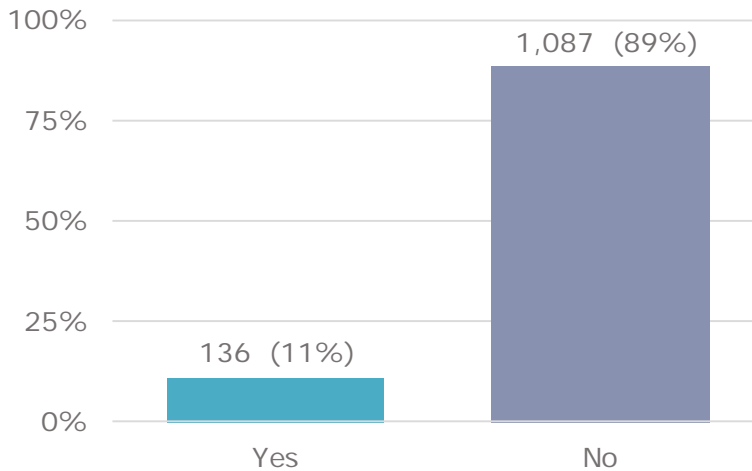
**Figure 3 LCOA Units in the City of Santa Barbara Coastal Zone**



Source: STR; Economic & Planning Systems

Given the particularly limiting geography of the Santa Barbara coast, EPS discussed with City staff and CCC staff the merits of including the Inland Area inventory in the consideration of LCOA supply. Although not within the Coastal LUP jurisdiction, these options can still serve the needs of public access the coast. The Downtown and Waterfront shuttle service, local bus lines, bike facilities, and other options allow visitors to choose lower cost options inland and still have coastal access. **Figure 4** shows that of the 1,223 units in the City's Inland Area, 136, or about 11 percent of the Inland Area inventory, are LCOA.

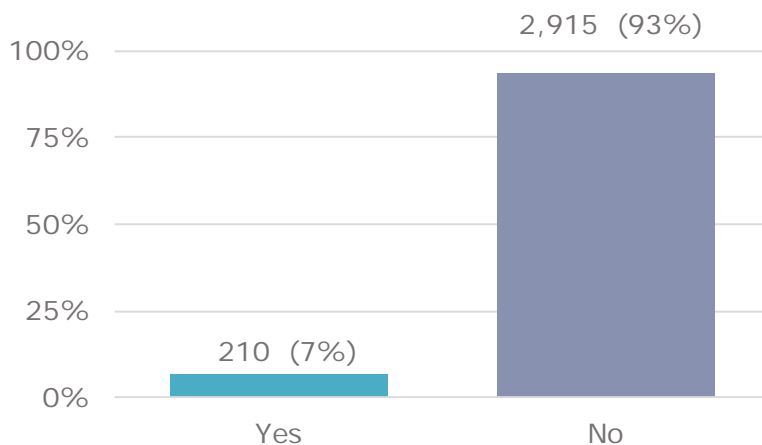
**Figure 4 LCOA Units in the City of Santa Barbara Inland Area**



Source: STR; Economic & Planning Systems

From a Citywide perspective, including both the Coastal Zone and the Inland Area, the accommodations inventory is 3,125 units, of which 210, or 7 percent, are LCOA, as shown in **Figure 5**. In comparison, approximately 26 percent of the statewide Coastal Zone's inventory (64,781 units including hotels, motels, and RV/campsites) are LCOA.

**Figure 5 Total LCOA Units in City of Santa Barbara (Coastal Zone and Inland Area)**



Source: STR; Economic & Planning Systems

### 3. LCOA POLICY AND PROGRAMMING

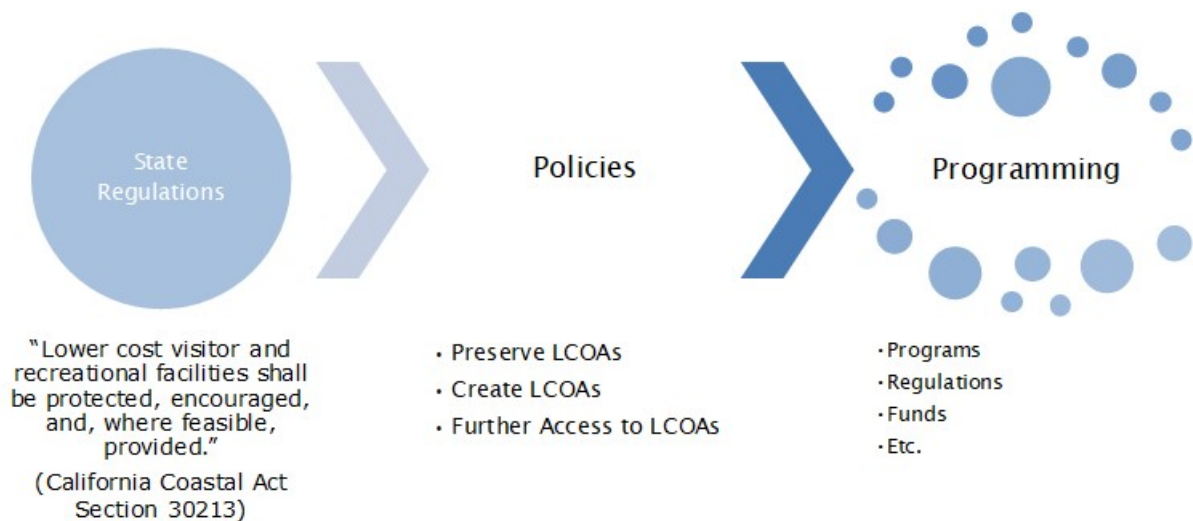
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This chapter provides an overview of potential policy approaches that the City could pursue to address the CCA’s LCOA objectives. It also presents recommendations developed with City input for LCOA policies and related programming efforts that are most appropriate for Santa Barbara. A more detailed discussion of one of these policies—a mitigation in-lieu fee program—is included in **Appendix B**, and additional case study examples of LCOA-related CDP conditions and LCP policies are included in **Appendix C**.

#### Policy Framework

The following diagram (**Figure 6**) illustrates the overall policy framework proposed as part of this study. The policies define the objectives that address state regulations related to LCOA and detail the approach to meeting those objectives. Programming efforts are tools which can be used to implement those policies.

**Figure 6 Diagram of Policy Framework**



The City’s directive from the CCC is to ensure policies are consistent with the CCA regulations, including Section 30213. As such, the City’s primary objectives for LCOA policies are to protect, encourage, and provide LCOA within the confines of the City’s built environment while also protecting and maximizing public access to the coast. That said, LCOAs represent just one type of facility or service to help lower-income members of the public to access and recreate at the coast. Thus, the City’s approach will have this broader perspective in mind.

#### Policies

EPS considered LCOA policies that have been supported by the CCC elsewhere, as well as those that represent new approaches consistent with broader CCC goals. It should be noted that the City’s policy options are limited by State-mandated restriction on price-setting or means-testing. In other words, LCOA policies cannot require that overnight accommodation prices be fixed at a

certain amount, nor can they specify methods which would be used to determine a visitor's need or eligibility for lower cost accommodations.

### **Existing City Policy Approach**

The Coastal Act and the City's Coastal LUP policies protect and encourage lower cost visitor and recreational facilities. New or substantially redeveloped hotel and motel development within the Coastal Zone is required, where feasible, to provide a range of rooms and room prices to serve all income ranges. In addition, removal or conversion of existing lower cost visitor-serving uses and overnight accommodations is prohibited, unless the use is replaced by a facility offering comparable visitor-serving opportunities. Typically, new or redeveloped hotel and motel projects are considered consistent with the Coastal LUP if they propose a range of room sizes at varying rates, competitive with nearby hotels.

### **Existing CCC Policy Approaches**

In identifying the appropriate policy approaches for the City, EPS and City staff reviewed CCC staff reports and recommendations regarding Coastal Development Permits (CDP) and other jurisdictions' LCPs to understand which policies have been supported by the CCC and what sorts of approaches the Commission will consider. Based on this review, EPS and City staff found that the CCC has recognized three main types of LCOA policies, detailed below:

**1) Policies that protect existing LCOAs:** In order to protect existing LCOAs, the CCC staff has suggested an approach in which applications for developments that would eliminate existing LCOAs (through demolition or remodeling to higher cost units) are denied as submitted, and the project is required to mitigate for the loss of LCOA units with new on-site lower cost units or with in-lieu fees. Another option, as suggested by the Coastal Conservancy, is for public agencies to purchase existing LCOA facilities, or facilities that could be repurposed as LCOA, and partner with an operator (likely a non-profit organization) to maintain the facilities as lower-cost.

As detailed in the inventory presented above, there are just 75 existing LCOA units in Santa Barbara's Coastal Zone, of which the City already owns 30 (the Waterfront Boat Guest Slips). For this reason, policies that aim to protect existing LCOA units in the City's Coastal Zone would have limited reach.

**2) Policies that require new hotel development to include LCOA:** The CCC typically requires new higher-cost hotels developed in the coastal zone to set aside a portion of their units as lower-cost (although they allow case-by-case exceptions if local market and economic conditions warrant it or if the applicant provides other substantial public access benefits). The typical requirement is for at least 25 percent of new units in the development to be designated lower-cost, in addition to replacing 100 percent of any LCOA units lost through the new development (if the project includes demolishing existing LCOA units). The LCOA units can be provided on-site or off-site.

In the past, this requirement has not been applied to moderate-cost hotels, although CCC staff made a preliminary recommendation that the Commission require moderate cost hotels to provide lower cost accommodations at a rate proportionate to the proposed room rates.<sup>4</sup>

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<sup>4</sup> CCC Public Workshop: Lower Cost Visitor Serving Accommodations October 26, 2016.

Since neither the City nor the CCC can set room rates for privately owned and operated accommodations, LCOA policies are typically focused on new or substantially remodeled projects. Specifically, local jurisdictions can require hotel developers / operators to set-aside or dedicate (e.g. through deed restriction) a portion of their rooms at lower cost rates, but the lower cost units have to be available to the general public; the proprietor cannot identify low- or moderate-income persons to determine eligibility for booking the lower-cost units. The threshold for lower-cost for an area (as described above) can be compared to anticipated and actual room rates to evaluate if the new development is providing adequate LCOA facilities. In some jurisdictions, such as Morro Bay, CDP conditions have included regular monitoring of the ADRs of on-site lower-cost units, to further verify that lower-cost rates are being maintained.

**3) Policies that require an in-lieu fee to fund development of LCOA:** In place of developing on-site or off-site LCOA units as part of a new hotel development, the CCC has required developers to pay an in-lieu fee to be used towards the construction of new LCOA units. The fee has historically been calculated based on the cost to provide a new hostel bed or campground unit. However, the CCC is reconsidering this approach, for two primary reasons. First, it has become clear that these fees have been insufficient to cover the full cost of developing new accommodations of any type. Second, it is not appropriate from a capacity standpoint to mitigate the loss of a lower-cost hotel room with the development of a hostel bed or campground unit, as these types of accommodations potentially serve different types of visitors.

Specific examples of recent CDP conditions and LCP policies related to provision of LCOA are included in **Appendix C**.

A new mitigation program in the City, whether through on-site, off-site, or in-lieu fee provisions, will only apply to projects that require a CDP, such as the development of a new hotel on a vacant or underutilized lot or when an existing hotel remodels to the extent that constitutes “substantial redevelopment.”

In the City’s Coastal LUP, there are two thresholds for “substantial redevelopment,” with a stricter standard in areas impacted by coastal erosion, bluff failure, and other coastal hazards. While roughly 80 percent of existing hotels in the City’s Coastal Zone may be impacted by coastal flooding due to sea level rise by the year 2100, coastal flooding is not currently included in the list of coastal hazards that require the stricter standard, and most existing hotels are not anticipated to be impacted by the coastal hazards that do require the stricter standard.

However, the City is currently drafting a Sea Level Rise Adaptation Plan that will evaluate the updated LUP’s policy approach to addressing coastal hazards, and may recommend modifying the thresholds for “substantial redevelopment” in coastal flooding areas. Should that occur, it is likely that a higher number of existing hotels will be subject to a new LCOA mitigation program when remodeling.

### **Other Potential Policy Approaches**

In addition to the three standard CCC policies described above, there are a range of more holistic approaches to support access to the coast. While these approaches have not been vetted as part of the current study effort, they are worth noting, given their likely efficacy in achieving the CCC’s larger policy mandate of enhancing public access. The broad categories include:

**1) Expanding the geography for qualifying LCOAs:** While the CCC only has jurisdiction over the Coastal Zone, the City of Santa Barbara has the option to apply policies across the entire City, including the entirety of the Inland Area, for example. One related approach would be to expand the geographical definition of coastal influence applicable to LCOAs. This would open up opportunities for sites on which to protect LCOAs and mitigate the impact of new moderate- and higher-cost accommodations, and allow for more opportunities for funding new LCOA development. It also recognizes the reality of the broader tourist market in places like Santa Barbara.

**2) Improving physical and programmatic access:** The City may also consider policies that expand access to the coast in ways that are not directly related to creating or preserving LCOA. This could include lowering other costs associated with visiting the coast, making such visits logistically easier, and reducing the overall cost of visiting the area. In considering this approach, the City should be aware that CCC staff have emphasized that LCOA policies must be directly related to supporting access to overnight accommodations. For example, the CCC will not accept a policy that seeks to improve the City's shuttle system unless the shuttle explicitly connects visitors to and from overnight accommodations and the coast.

### **Priority Policy Approaches for Santa Barbara**

While the above sections represent a spectrum of policy options for the City to consider in relation to supporting LCOAs, not every approach fits the context of Santa Barbara. Based on stakeholder input and discussions with City staff, EPS has developed the following priority policy approaches to preserve and protect LCOA in the Coastal Zone:

- Require an in-lieu fee from new hotel projects to fund development of new LCOA units within the vicinity of the City of Santa Barbara or in greater Santa Barbara County. The fee would be charged to all new development of overnight accommodations, whether or not the development eliminates existing LCOA units (but excluding development types that are already defined as lower-cost). The fee level would be determined based on a set of project attributes, to be defined by the City. **Appendix B** provides more detail on other cities' in-lieu fee programs and the recommended methodology and implementation steps for the City to establish its own fee program.
- Invest in improved physical access to the coast for visitors who are staying inland or visiting for the day.
- Invest in and encourage improved programming around coastal access for visitors from a range of locations and representing a range of ages and income levels.

## Programming

The programming efforts to implement the recommended LCOA policies stated above may include, but are not limited to, the following:

- Establish a fee program to provide funding for the development of new LCOA units, public access improvements, and lower cost recreational facilities and programs (see **Appendix B** for specific EPS recommendations on methodological approaches to implementing a fee program).
- Identify appropriate cost index (i.e. Consumer Price Index, Building Cost Index) to use in annual escalation of in-lieu fee.
- Encourage, and provide financial support through the in-lieu fee program, to developers, property owners, not-for-profit organizations, the County, the Coastal Conservancy, and other interested and appropriate entities to buy and/or rehabilitate existing LCOA units and operate them.
- Establish and/or encourage, and provide financial support through the in-lieu fee program, to programs with hoteliers, UCSB, and others that facilitate opportunities for youth and under-represented groups to recreate and/or stay in Santa Barbara, particularly during low season.
- Expand and improve existing free and low-cost transportation options to the coast, including the Downtown and Waterfront shuttle service, local bus lines, and bike facilities. Partner with hotel operators to promote and subsidize use of these options.
- Increase informational and wayfinding infrastructure to facilitate visitor navigation around the City and to the coast.



**APPENDIX A:**  
Inventory of Overnight Accommodations Memorandum





**APPENDIX B:**  
**Lower-Cost Overnight Accommodations Mitigation In-Lieu  
Fee Program Approach**



**APPENDIX C:**  
CDP Conditions and LCP Policies Related to LCOA