



City of Culver City

Staff Report

File #: 21-603, Version: 1

Item #: PH-1

CC - PUBLIC HEARING: Introduction of an Ordinance Amending Culver City Municipal Code (CCMC), Title 17: Zoning (Zoning Code), Sections 17.220 - Commercial Zoning Districts, 17.320 - Off-Street Parking and Loading, and 17.700 - Definitions, to Establish "Extended Stay Hotel" as a Category of Hotel/Motel Land Uses (P2019-0058-ZCA)

Meeting Date: February 8, 2021

Contact Person/Dept: Michael Allen, Current Planning Manager

William Kavadas, Assistant Planner

Phone Number: (310) 253-5727/(310) 253-5706

Fiscal Impact: Yes No

General Fund: Yes No

Public Hearing: **Action Item:** **Attachments:**

Planning Commission Action Required: Yes **Date:** March 27, 2019

Public Notification: (E-Mail) Meetings and Agendas - City Council (02/04/2021); (Posted) City Website (01/21/2021); Gov Delivery (01/21/2021); (Published) in Culver City News (01/21/2021).

Department Approval: Sol Blumenfeld, Community Development Director (02/01/2021)

RECOMMENDATION:

Staff recommends the City Council introduce an Ordinance amending Culver City Municipal Code (CCMC), Title 17: Zoning (Zoning Code), Sections 17.220 - Commercial Zoning Districts, 17.320 - Off-Street Parking and Loading, and 17.700 - Definitions, to Establish "Extended Stay Hotel" as a Category of Hotel/Motel Land Uses (P2019-0058-ZCA).

PROCEDURES:

1. The Mayor seeks a motion to receive and file the affidavit of mailing and posting of public notice.
2. Mayor calls on staff for a brief staff report and the City Council poses questions to staff as desired.

3. Mayor opens the public hearing and receives comments from the general public.
4. Mayor seeks a motion to close the public hearing after all testimony has been presented.
5. City Council discusses the matter and arrives at its decision.

BACKGROUND:

On March 27, 2019, the Planning Commission recommended approval of the proposed Zoning Code Amendment. Discussion included questions about State transient occupancy tax law, the duration for which it may be collected, and whether there was need for longer term transient stays.

On June 24, 2019, the City Council continued the public hearing on the Zoning Code Amendment and requested additional information regarding State transient occupancy tax law and how long term stay hotels would affect City finances.

On October 14, 2019 and January 13, 2020, the City Council further continued the public hearing on the Zoning Code Amendment.

Since continuation of the item, Staff conducted additional research on effects on the Transient Occupancy Tax and General Fund and included an additional requirement for Conditional Use Permit review for Extended-Stay Hotel projects outlined below.

DISCUSSION:

The extended stay hotel land use category was prepared to respond to the influx of new technology and creative office businesses locating in Culver City, including but not limited to, Apple, Amazon, and HBO. New businesses are attracting employees who are relocating from other metropolitan areas and/or employing some who work on-site for a temporary period. Employees relocating may require local lodging options beyond hotels on an interim basis to facilitate shorter commutes and access to their places of employment. The extended stay hotel operates like both permanent and transient housing by providing the option for longer-term lodging beyond 30 days (the typical stay for a hotel guest) but not more than 365 days.

In addition to addressing the emerging need created by new businesses locating in the city, extended stay hotels may reduce the demand for month-to-month housing rentals and help preserving overall long-term housing supply.

Transient Occupancy Tax:

Per existing CCMC provisions, the City does not collect transient occupancy tax on stays of longer than 30 days. Per California Revenue and Taxation Code Section 7280, the legislative body of a city may levy a tax on the privilege of occupying a room, or rooms, or other living space for transient lodging unless the occupancy is for a period of more than 30 days. Notwithstanding state law, Culver City, as a charter city, could amend the CCMC to extend transient occupancy tax beyond the existing

30-day time limit, based on existing case law. However, extension of the transient occupancy tax beyond 30 days would be considered a new tax, which may only be established with a voter approved ballot measure.

Extended stay hotel uses offers longer term lodging options to those seeking to stay in Culver City for longer than 30 days. Transient occupancy tax will still be levied on any stay of 30 days or less, but any extended stay hotel user who would occupy a room for more than 30 consecutive days would not be subject to transient occupancy tax for any amount of time longer than 30 consecutive days.

Use Provisions:

Extended stay hotel uses may house occupants from 30 days up to 365 days. As discussed in the June 24, 2019 City Council staff report (Attachment No. 2), a conditional use permit review process is recommended for extended stay hotel uses so that Planning Commission can ensure individual projects are providing adequate amenities for longer-term transient guests, while also ensuring transient occupancy tax income to the general fund is adequately maintained. However, staff recommends allowing existing single room occupancy (SRO) buildings in Commercial Neighborhood (CN) Zones that already function similar to extended stay facilities, to convert to extended stay hotels without conditional use permit. At the current time, Culver City has one recognized SRO Building in a CN Zone at 5630 Sawtelle Boulevard. 5630 Sawtelle Boulevard is an existing legal nonconforming extended stay/SRO. The existing facility functions similar to an extended stay hotel use, which does not provide permanent housing but allows for longer term visits. Staff recommends “grandfathering” this location without the requirement of a Conditional Use Permit (CUP), since the facility is already operating in this capacity, without incident, and has benefitted the neighborhood.

Zoning Code Amendment:

Staff recommends updating Chapter 17.700 to define “Hotel or Motel (Extended Stay)” as follows:

Hotel or Motel (Extended Stay). Facilities with one or more guest rooms or suites, provided with or without kitchen facilities, rented to general public for long term lodging purposes of greater than 30 consecutive days but less than 365 consecutive days; except that such facilities may be leased by businesses for corporate use for periods of 365 consecutive days or greater, so long as each guest room or suite is vacated by the guest within 365 consecutive days. Hotel or Motel (Extended Stay) typically includes a variety of services in addition to lodging, such as restaurants, meeting facilities, personal services, and similar traveler-related uses. Also includes accessory guest facilities such as swimming pools, tennis courts, indoor athletic/fitness facilities, and accessory retail uses.

Staff also recommends modifying the definition for Hotel or Motel to reference extended stay options as follows:

Hotel or Motel. Facilities with guest rooms or suites, provided with or without kitchen facilities, rented to the general public for transient lodging (less than 30 days). Hotels provide access to most guest rooms from an interior walkway, and typically include a variety of services in addition to lodging; for example, restaurants, meeting facilities, personal services, etc. Motels provide

access to most guest rooms from an exterior walkway. Also includes accessory guest facilities such as swimming pools, tennis courts, indoor athletic/fitness facilities, and accessory retail uses. [For stays of longer than 30 consecutive days up to 365 consecutive days see "Hotel or Motel \(Extended Stay\)".](#)

Provided in Exhibit A to Attachment 1, Table 2-5 of Chapter 17.220 would be modified to include a footnote stating that all extended stay hotels or motels will require a conditional use permit except existing SRO uses in CN Zones as discussed above. Table 3-3B of Chapter 17.320 will be modified to add Extended Stay Hotel/Motel to the parking requirements, though parking requirements for hotel and motel land uses will remain as existing. In addition, footnotes have been added to clarify and reference TOT requirements as set forth in CCMC Section 11.02.100, et seq.

PUBLIC COMMENT:

Staff received no public comment prior to the finalization of agenda packets.

ENVIRONMENTAL DETERMINATION:

The project is considered exempt from CEQA pursuant to CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that the activity to amend the Zoning Code will have a significant effect on the environment. The proposed Zoning Code Amendment, to allow occupancy of transient lodging for longer than 30 days, by itself does not result in any physical changes nor any significant effects on the environment. A CEQA finding, consistent with the above, is included in the proposed Ordinance.

FISCAL ANALYSIS

CCMC Section 11.02.105 requires the collection of a transient occupancy tax on hotel/motel stays of 30 days or less. Stays of longer than 30 days are not subject to the transient occupancy tax. Allowing stays of greater than 30 days would reduce the transient occupancy tax revenue collected. It is difficult to determine the potential reduction in TOT tax revenue without knowing the number of hotel rooms that will be used as extended stays and the rate of those rooms at the time of the stay. The current TOT tax rate is 14%.

ATTACHMENTS

1. 2021-02-08_ATT - Proposed City Council Ordinance and Exhibit A - Zoning Code Amendments
2. 2021-02-08_ATT - Planning Commission Staff Report dated March 27, 2019 (without attachments)
3. 2021-02-08_ATT - Planning Commission Resolution No. P2019-P003
4. 2021-02-08_ATT - Approved Planning Commission Minutes of March 27, 2019
5. 2021-02-08_ATT - City Council Staff Report of June 24, 2020 (without attachments)

6. 2021-02-08_ATT - Approved City Council Minutes of June 24, 2019

MOTION

That the City Council:

Introduce the proposed Ordinance, amending Zoning Code Text Amendment P2019-0058-ZCA, establishing "Extended Stay Hotel" as a category of hotel/motel land uses.