

COASTAL CONSERVANCY

Staff Recommendation
November 20, 2025

HILL STREET ARTS HOTEL FEASIBILITY STUDY

Project No. 25-025-01
Project Manager: Rodrigo Garcia

RECOMMENDED ACTION: Authorization to disburse up to \$236,400 to The Hill Street Country Club to undertake the Hill Street Arts Hotel Feasibility Study, consisting of conducting community engagement and completing a feasibility study to establish a new lower-cost hotel in Oceanside, San Diego County.

LOCATION: Oceanside, San Diego County

EXHIBITS

Exhibit 1: [Project Location Map](#)

Exhibit 2: [Project Photos](#)

Exhibit 3: [Project Letters](#)

RESOLUTION AND FINDINGS

Staff recommends that the State Coastal Conservancy adopt the following resolution and findings.

Resolution:

The State Coastal Conservancy hereby authorizes a grant of an amount not to exceed two hundred thirty-six thousand four hundred dollars (\$236,400) to The Hill Street Country Club (the “grantee”) to undertake the Hill Street Arts Hotel Feasibility Study, consisting of conducting community engagement and completing a feasibility study to establish a new lower-cost hotel in Oceanside, San Diego County (the “project”).

Prior to commencement of the project, the grantee shall submit for the review and written approval of the Executive Officer of the Conservancy (Executive Officer) the following:

1. A detailed work program, schedule, and budget.
2. Names and qualifications of any contractors to be retained in carrying out the project.

Findings:

Based on the accompanying staff recommendation and attached exhibits, the State Coastal Conservancy hereby finds that:

1. The proposed authorization is consistent with Chapter 10 of Division 21 of the Public Resources Code, regarding Lower-Cost Coastal Accommodations (Sections 31411-31414).
2. The proposed project is consistent with the current Conservancy Project Selection Criteria.
3. The Hill Street Country Club is a nonprofit organization organized under section 501(c)(3) of the U.S. Internal Revenue Code.

STAFF RECOMMENDATION

PROJECT SUMMARY:

Staff recommends the Conservancy authorize a grant of up to \$236,400 to The Hill Street Country Club (HSCC) to undertake the Hill Street Arts Hotel Feasibility Study, consisting of conducting community engagement and completing a feasibility study to establish a new lower-cost hotel in Oceanside, San Diego County (the “project”).

One of the biggest barriers for low and middle-income Californians to accessing and enjoying the coast is the lack of affordable overnight options. Nearly sixty percent of Californians never spend the night when they visit the coast. For Californians earning less than \$25,000 per year, that figure leaps to seventy-five percent (“Explore the Coast Overnight – An Assessment of Lower-Cost Coastal Accommodations,” State Coastal Conservancy, 2019).

HSCC is a nonprofit organization with a mission to encourage art beyond gallery walls to create a culture where artists and community can thrive together in North County San Diego. HSCC’s name reflects both history and vision: *Hill Street* was the former name of Coast Highway, honoring Oceanside’s past, while *Country Club* reimagines the idea of traditionally exclusive, member-only spaces as open and accessible to all.

To complement its traditional gallery space, HSCC also organizes pop-up art shops, cultural events, and art workshops around the community. HSCC strives to create an inclusive and diverse atmosphere that reflects the socioeconomic landscape of its community. For the past 13 years, artists, community members, and social service organizations from around the region have come to HSCC because they recognize it as a safe, creative, community-centered hub to develop their artistic practice and expand their social connections. HSCC consistently attracts an intergenerational audience that brings long-term community members together with new residents. Now, HSCC aims to expand its mission by establishing a lower-cost coastal accommodation along or near Oceanside’s historic Coast Highway (formerly known as Hill Street).

The project will result in a feasibility study for the development of a lower-cost, arts-focused hotel. Over the course of HSCC’s tenure in the community, artists and community members have increasingly described feeling unwelcome or unwanted along the coast, particularly as Oceanside has experienced development and rapid gentrification in the last 15 years. HSCC

intends to create an open and accessible environment for hotel guests to feel welcome connecting to the coastline, attracting guests who are looking for a unique experience outside of the cities of San Diego and Los Angeles. Central to the project will be a series of community workshops designed to engage residents, artists, and regional stakeholders in shaping the vision for the hotel. These workshops will explore questions around pricing models, amenities, and programming that promote inclusion and accessibility. Potential features to be considered at the workshops for inclusion in the feasibility study include kitchens in guest rooms, a community market, shuttle service to the transit center, coworking space, parking, and on-site cultural or artistic programming.

In addition to the community engagement process, the project will evaluate 2-3 potential sites within Oceanside's Cultural District near the beach and pier. The project team will assess zoning and permitting requirements for each location and develop space planning diagrams to explore layouts. The project will create an economic model to analyze development costs, operational considerations, and long-term sustainability. Together, these efforts will lay the groundwork for creating a vibrant, lower-cost coastal accommodation that strengthens community ties, celebrates the arts, and expands equitable access to Oceanside's coast.

Site Description: The project intends to find and secure a site along or near the South Coast Highway in the city of Oceanside, California. Oceanside is a beach city located in the North County area of San Diego County. The South Coast Highway is centrally located in Oceanside's Cultural District, within a few blocks of beaches, Oceanside Pier, and other amenities.

Oceanside has a rich history that reflects the broader story of California, evolving from Luiseño Indian land to a Spanish mission site, agricultural hub, and a popular tourist destination. In recent decades, Oceanside has become a thriving arts hub, marked by milestones such as the opening of the Oceanside Museum of Art in 1997, the creation of Artists Alley, and its 2017 designation as one of California's first Cultural Districts.

However, Oceanside faces challenges related to accessibility. In 2024, the average nightly rate for a beach hotel in the city was \$228, rising to \$288 for a room with a kitchen. The Conservancy's 2019 Explore the Coast Overnight (ETCO) Assessment (ETCO Assessment) identified San Diego County as an area with high demand but low supply of lower-cost coastal accommodations, making affordable access to the coast increasingly difficult.

Grant Applicant Qualifications: HSCC is a non-profit organization dedicated to shaping the growing arts and culture scene in Oceanside and the surrounding North San Diego County region. Founded in Oceanside in 2012, HSCC has become an integral part of the city's arts and culture scene, providing an inclusive and welcoming space where people can express themselves creatively and connect with their community through diverse events. HSCC has successfully secured and managed multiple grants from both public and private organizations to support its initiatives. In addition to its own projects, HSCC has also served as a fiscal sponsor, providing support to other nonprofits in the area. For the project, HSCC has assembled a team of professionals including architects, development specialists, hospitality consultants, attorneys, and a tribal equity coordinator to aid in assessing the feasibility of a lower-cost hotel in Oceanside.

CONSISTENCY WITH CONSERVANCY'S PROJECT SELECTION CRITERIA:

The proposed project is consistent with the Conservancy's Project Selection Criteria, last updated on September 23, 2021, in the following respects:

Selection Criteria

1. Extent to which the project helps the Conservancy accomplish the objectives in the Strategic Plan.

See the "Consistency with Conservancy's Strategic Plan" section below.

2. Project is a good investment of state resources.

The project is a good investment of state resources because it furthers the goals outlined in the Conservancy's ETCO Assessment by studying the feasibility of a new lower-cost hotel within close proximity to the California coast. It addresses the significant demand identified in the assessment, particularly in San Diego County, where there is high unmet need.

3. Project includes a serious effort to engage tribes. Examples of tribal engagement include good faith, documented efforts to work with tribes traditionally and culturally affiliated to the project area.

HSCC has assembled a project team that includes a tribal equity coordinator. The project includes workshops that will engage local tribal communities.

4. Project benefits will be sustainable or resilient over the project lifespan.

The project will develop a full operations and maintenance plan to ensure the hotel is sustainable and resilient to economic changes while maintaining a lower-cost model for visitors.

5. Project delivers multiple benefits and significant positive impact.

The project will help HSCC assess the feasibility of developing a new lower-cost hotel in Oceanside. In addition to expanding opportunities for visitors to stay at the coast, the hotel will also serve as a gallery space and community hub.

6. Project planned with meaningful community engagement and broad community support.

HSCC is recognized in Oceanside for regularly organizing pop-up art shops, cultural events and art workshops around its community. The project includes community outreach events to ensure the study reflects the needs of the local diverse community.

PROJECT FINANCING

Coastal Conservancy	\$236,400
Project Total	\$236,400

The expected source of funds for this project is the FY 20/21 (reappropriated FY 24/25) appropriation from the California Drought, Water, Parks, Climate, Coastal Protection, and Outdoor Access for All Act of 2018 (Proposition 68, Public Resources Code (PRC) Sections

80000-80173). Chapter 9 of Proposition 68 (Sections 80120-80121) allocates funds to the Conservancy to enhance and protect coastal and ocean resources, and, in particular, to grant funds to public agencies and nonprofits to develop lower-cost coastal accommodations (PRC Section 80120(b)).

Consistent with the purposes of this funding source, the project consists of a nonprofit organization's feasibility study to develop a new hotel to provide lower-cost coastal accommodations.

Unless specifically identified as "Required Match," the other sources of funding and in-kind contributions described above are estimates. The Conservancy does not typically require matching funds or in-kind services, nor does it require documentation of expenditures from other funders or of in-kind services. Typical grant conditions require grantees to provide any funds needed to complete a project.

CONSISTENCY WITH CONSERVANCY'S ENABLING LEGISLATION:

The proposed project is consistent with Chapter 10 of Division 21 of the PRC, Sections 31411-31414. Pursuant to PRC Section 31412(a), the Conservancy may award grants and undertake projects as part of its Lower-Cost Coastal Accommodations Program (also called the ETCO program) to facilitate the development of lower-cost accommodations within one- and one-half miles of the coast.

The project is consistent with the Conservancy's ETCO program because it will complete a feasibility study for the development of a new, or renovation of an existing, hotel in the coastal city of Oceanside.

Consistent with Section 31413, the Conservancy's implementation of the ETCO program must be guided by a lower-cost accommodations assessment. The Conservancy completed the ETCO Assessment on March 14, 2019. The proposed project will provide an increase of overnight options in the city of Oceanside, San Diego County, a location identified in the ETCO Assessment as having low concentration of lower-cost coastal accommodations in a county with high occupancy rate for coastal accommodations.

CONSISTENCY WITH CONSERVANCY'S [2023-2027 STRATEGIC PLAN](#):

Consistent with **Goal 1.1, Commit Funding to Benefit Systemically Excluded Communities**, the proposed project will benefit systemically excluded communities through the planning of new lower-cost coastal accommodations in Oceanside, San Diego County.

Consistent with **Goal 2.7, Explore The Coast Overnight**, the proposed project will plan a new overnight accommodation project in Oceanside, San Diego County.

CEQA COMPLIANCE:

The proposed project is statutorily exempt from review under the California Environmental Quality Act (CEQA) pursuant to Title 14 California Code of Regulations (CCR) Chapter 3, Article 18 Statutory Exemptions, Section 15262 which states that a project involving only feasibility or planning studies for possible future actions that have not yet been approved does not require the preparation of an environmental document under CEQA but does require the consideration of environmental factors. The proposed project consists of the preparation of a feasibility study and will consider environmental factors.

The proposed project is categorically exempt from CEQA pursuant to 14 CCR, Section 15306, which exempts data collection, research, and resource evaluation activities which do not result in a serious or major disturbance to an environmental resource. The proposed project consists of a feasibility study that will not result in a serious disturbance to an environmental resource.

Upon approval, staff will file a Notice of Exemption.