

CALIFORNIA COASTAL COMMISSION

South Coast Area Office
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W19a



November 17, 2016

TO: Commissioners and Interested Persons

FROM: Karl Schwing, Deputy Director
Charles Posner, Supervisor of Planning
Marlene Alvarado, Coastal Program Analyst

RE: Request to extend the time limit for Commission action on City of Laguna Beach LCP Amendment Request No. 1-16 (LCP-5-LGB-16-0055-1 Short Term Lodging) For Commission Action at its December 7, 2016 meeting in Ventura.

On October 12, 2016, the City of Laguna Beach Community Development Department submitted to the Commission's South Coast District office a request to amend the City of Laguna Beach certified Local Coastal Program (LCP). The amendment request was submitted with City Council Resolution No. 16.076 and City Council Ordinance No. 1617. The LCP amendment would amend the Implementing Ordinances of the certified LCP to implement new regulations and standards for the operation of short term lodgings, including prohibiting new short-term vacation rentals in residential zones. The LCP amendment request affects only the IP (Implementation Plan) portion of the certified LCP.

After reviewing the transmitted documents for consistency with the LCP and LCP amendment submittal requirements of Sections 13518-13520 and Sections 13551-13553 of Title 14 of the California Code of Regulations, respectively, the Executive Director determined on October 26, 2016 that LCP Amendment Request No. 1-16 is in proper order and legally adequate to comply with the submittal requirements. Therefore LCP Amendment Request No. 1-16 is deemed officially received as of October 26, 2016.

Pursuant to Section 30513 of the Coastal Act, an LCP amendment that includes changes to the IP portion of a certified LCP must be scheduled for a public hearing and the Commission must take action within sixty days of receipt of a complete submittal. The sixtieth day after the City's filing of the complete submittal is December 25, 2016. Coastal Act Section 30517 and Section 13535(c) of the Coastal Commission Regulations allow the Commission to extend for good cause the sixty-day time limit for a period not to exceed one year. Commission staff is requesting the extension to allow for sufficient time for staff to coordinate with City staff and prepare a recommendation. Staff recommends that the Commission extend the time limit for up to the full year because extension requests are only considered once, and it is prudent to allow for the maximum amount of time to properly schedule the requested amendment for public hearing in case of unexpected delays resulting from uncertainty in the review process and/or scheduling issues that may arise. Commission staff anticipates this item being scheduled at a Commission meeting in Southern California in spring 2017. The City has been consulted on this need for a time extension and has indicated that a time extension for the proposed LCP amendment is acceptable (See Exhibit A).

STAFF RECOMMENDATION

Staff recommends the Commission vote YES to extend the deadline for Commission action for one year.

MOTION: *"I move that the Commission extend the time limit to act on City of Laguna Beach Local Coastal Program Amendment No. 1-16 for a period of one year."*

An affirmative vote of a majority of the Commission present is needed to pass the motion.



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California Coastal Commission
200 OceanGate – Tenth Floor
Long Beach, CA 90802

Re: Request for Certification of Local Coastal Program Amendment No. 15-2254 by the California Coastal Commission Related to the Regulation of Short-Term Lodging in the City of Laguna Beach

Dear Commission Members:

After many public meetings and hearings and extensive public review and debate, the City Council of the City of Laguna Beach adopted Local Coastal Program Amendment No. 15-2254 (LCPA) related to a zoning ordinance regulating short-term lodging (STL) in the City of Laguna Beach. The City submitted the LCPA to the attention of the Executive Director last month, requesting that the California Coastal Commission consider, approve and certify the LCPA.

The City is aware of the Coastal Commission's position that banning STL entirely may be inconsistent with the Coastal Act in that STL represents a high priority visitor-serving use that should be promoted as a means to provide overnight accommodations and support increased coastal access opportunities. Importantly, the City's LCPA request does not constitute a complete ban, and for the following reasons, I believe that the City's LCPA is consistent with the Coastal Act:

- Existing permitted STL units in residential zones will be allowed to remain in perpetuity. That is, they will not be subject to involuntary abatement or amortization.
- STL units will be permitted in all commercial zones rather than a limited number of commercial zones in the existing LCP.
- STL will continue to be promoted as a visitor-serving use. Specifically, there are approximately 789 properties in commercial zones that permit residential units as a mixed use. As a result, the LCPA will allow up to approximately 2,816 residential units in commercial zones that could be utilized for STL.
- 10 of the currently approved 36 permits for STL are within commercial zoning districts, thus providing evidence that STL in commercial districts is desired.
- Approximately 728 existing residential units are currently located within these same commercial zoning districts that could, if permitted, accommodate STL under the adopted LCPA immediately without the need for any future development activity.
- While the ordinance would not permit the establishment of additional (new) STL units within residential zoning districts, there is a significant amount of current and potential available sites within existing commercial districts to accommodate the need for this important visitor-serving use.
- The geography of the City is unique as commercial districts are located closer to the ocean than most residential districts and therefore provide greater public access to the major visitor destination of the shoreline.
- The City's commercial districts are at a significantly lower and more accessible elevation to the shoreline than most of the City's residential districts, which are located further inland and upslope.
- Most of the commercial districts are adjacent to or within a distance of 200' (1 lot depth) from the shoreline.

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- Commercial districts are considered a significant visitor-serving resource that accommodate art galleries, shops and restaurants.
- There are a significant number of existing public coastal access points to the shoreline that provide visitors direct coastal access from the commercial core where STL would be permitted.
- The existing permitted STL units do not offer a nightly rate significantly different from traditional lodging rates, and therefore are not necessarily a more affordable option. Specifically, there are approximately 1,305 existing hotel/motel lodging units within the City. The average annual weekday and weekend rates for these units are \$292.23 and \$350.02, respectively. In contrast, the average annual nightly rate for the existing permitted STL units in the City is \$403.59.
- The operations of STL within residential zoning districts is inconsistent with general plan policies, including but not limited to the need for preservation of residential rental housing stock (General Plan Housing Element). Evidence was presented to the City Council to show that STL has resulted in a depletion of the availability of long term rental housing units, which there is a strong need for in the community. Evidence was also presented the STL has adversely impacted the peace, enjoyment and character of residential neighborhoods.

The City is aware that the Coastal Commission has allowed for at least one other coastal city to restrict STL from residential districts provided that alternative districts, such as commercial districts, permit them. (Imperial Beach – IB LCPA #1-03.) Furthermore, whereas Imperial Beach was allowed to terminate preexisting STL pursuant to a short amortization period, the City's LCPA request provides for existing permitted STL to run with the land and thereby remain in perpetuity. Also unlike Imperial Beach, Laguna Beach already provides plentiful visitor-serving accommodations, and the LCPA allows for the establishment of substantially more.

I understand that the City's LCPA request is scheduled for your December meeting. At that meeting, your staff will be requesting a one-year extension in order to allow sufficient time to analyze the City's request, for both of our staffs to meet, and to allow for a hearing that is in Southern California. While the City is hopeful that the LCPA will be heard by the Commission soon, please let this letter serve as the City's agreement to a maximum one-year extension.

Thank you for your attention to and consideration of this letter. I hope that it has served to provide you with factual and policy reasons why the City's LCPA is unique and consistent with the Coastal Act given the special circumstances present in Laguna Beach. We look forward to working with you and your staff on this LCPA. If you or your staff have any questions, please contact me at (949)497-0361 or via email at gpfof@lagunabeachcity.net.

Sincerely,



Gregory Pfof, AICP
Director of Community Development

cc: Mayor and City Council
Sherilyn Sarb, Coastal Commission Staff – Long Beach Office
Charles Posner, Coastal Commission Staff – Long Beach Office
John Pietig, City Manager
Phil Kohn, City Attorney