

Note: This document was developed by Local Government Representatives to initiate and inform conversations for the July 2019 Local Government Workshop. The Coastal Commission and Local Government Representatives will work together to identify specific plans and actions to address the issues identified in this document.

City/County Platform for Discussions at California Coastal Commission Workshop

Prepared jointly by the

Coastal Cities Group

League of California Cities

and the Coastal Counties Regional Association

California State Association of Counties

The purpose of this paper is to articulate the topics that cities and counties wish to discuss and advocate for with both staff and members of the California Coastal Commission.

Background:

This workshop will be the fourth convened between local elected officials and Coastal Commissioners, previous workshops having been held in 2009, 2012 and 2015. The overarching goals of these meetings have been to foster communication between local jurisdictions and the Commission in an effort to improve collaboration and coordination in the process of administering and amending Local Coastal Programs (LCPs). From these efforts have come enhanced grant programs to support local coastal planning and process improvements that involve early consultation and application review streamlining.

Local jurisdictions and the Commission continue to face challenging coastal issues that often expose conflicting perspectives. Cities and counties have a vested interest in addressing local issues through their long-standing statutory local land use authority. In some cases, however, Commission interpretations of the Coastal Act, which sets important state-wide policies, result in conflicts that are difficult and time-consuming to resolve.

As in previous workshops, the twelve elected officials participating in the 2019 workshop (6 city and 6 county representatives) and their supporting staff approach this discussion with deep respect for the Coastal Act and the role of the Commission. We believe that the public process is best served when-all agencies seek a collaborative approach to resolving issues that affect the wide constituency that lives, works and recreates in the Coastal Zone.

With that background, we look forward to addressing two areas of Commission policymaking that have emerged as priorities for clarification – short term rentals and sea level rise (SLR) – as well as some procedural matters concerning the LCP development or update process. We seek a consensus at this workshop leading to the development of policies, procedures and protocols that will continue protection of important coastal resources, allow local jurisdictions to address issues of local concern, and make the overall decision-making process more predictable and efficient.

Short-term rentals

The increasing popularity of short-term (less than 30 day) rentals (STR) in popular visitor-serving areas – enabled by internet booking agencies such as Airbnb and VRBO – poses several challenges for local jurisdictions. Members of all affected communities have complained about nuisance impacts such as late-night noise, impacted street parking and uncontained trash. Others are more generally concerned about changes in neighborhood character, as longer-term residents are displaced by transient visitor-serving commercial activity.

Short-term rentals also pose a significant policy issue regarding housing affordability. First, conversion of any dwelling unit to short-term rentals reduces the housing stock available for long-term rental creating a demand-supply imbalance that increases rents. This is a particularly acute problem in communities with low rates of housing stock growth and can seriously affect housing affordability for working families. Also, the addition of permitted short-term rental activity is often cited as a means of generating income for the property owner to help service mortgage debt. Studies show that housing prices and therefore affordability are impacted by allowing short-term rentals. See attachment with case studies.

On this issue, local jurisdictions seek agreement with the Commission to:

- Support and encourage local policy discretion. While the Coastal Act is a state-wide policy document (that incidentally, does not directly address the STR issue), the specifics of local housing and visitor-serving resources vary greatly among local jurisdictions. At a minimum, Commission policy should defer to communities that allow STRs by ordinance.
- Develop guidance on regulatory options that communities without STR-permitting ordinances can consider. Local land use authority should be respected when good faith efforts are made to balance affordable housing policy, nuisance regulation, uniqueness of neighborhoods, coastal resource protection and coastal access.
- Reconcile state mandates for the creation of affordable housing in the Coastal Zone with Coastal Act issues such as coastal access, visitor parking, affordable lodging and aesthetic impacts (e.g., building heights and public views).

Sea level rise adaptation

The Commission's consideration of this important issue is reflected in the [Sea Level Rise Policy Guidance document](#) adopted in 2015 and the [Draft Residential Adaptation Policy Guidance \(DRAPG\) document](#) currently under development. Local jurisdictions are particularly interested in how the DRAPG will translate into LCP requirements, and more importantly, how LCP standards and consequent decisions will affect the future of their communities. We note that the Commission has received [extensive comments on the DRAPG](#).

Overall, the DRAPG appears to rely heavily on the concept of "managed retreat." We interpret this as largely the approach of "letting nature take its course," and the DRAPG seems to severely limit interventions, especially coastal armoring, through an expansive interpretation of coastal access policy and a highly restrictive definition of existing development.

As reflected in many of the comments on the DRAPG, the aggressive application of various managed retreat-related policies raises serious concerns for local jurisdictions and their constituents -- particularly as to their legal basis and fiscal feasibility. Moreover, jurisdictions seeking to update their LCPs within the last year or so have encountered strong public opposition to both the term and the concept of managed retreat, essentially sidetracking discussion of alternative adaptation strategies and other important LCP issues.

We believe it particularly important to recognize some of the key legal and policy considerations that need reconciliation in the context of SLR and managed retreat:

- the implications of the public trust doctrine for tidelands that are expected to move inland due to sea level rise
- the issue of potential takings of private property
- the connection of beach width reduction, normal erosion, and sea level rise, with the effects of shoreline protection and coastal access issues
- the application of managed retreat policies to higher density/urbanized shorelines, harbors, bays and other tidelands
- the implications of implied differences in the legal status of, and adaptation options available to, pre and post 1976 development
- the impact of many of these issues on the protection of public property, especially critical infrastructure

We note that reconciling these challenging policy issues may be complicated by the fact that the Coastal Act itself does not contain an explicit finding that sea level is rising (only a brief reference to consultation with scientific experts on the matter), nor a set of up-to-date legislative policies that address these complex and sometimes conflicting legal and regulatory issues. Instead, sea level rise guidance is based largely on interpretations of statutory policies that were written to regulate development with a static sea level. We would be interested discussing the implications of working with that older policy framework.

On the adaptation issue, local jurisdictions seek agreement with the Commission to:

- Develop and encourage policies that leave as much discretion as possible to individual communities to craft adaptation plans, encouraging resident support and participation and taking into account unique geologic, geographic and economic differences in coastal communities throughout the state.
- Develop initial threshold horizons for adaptation strategies (e.g., 10, 25, 50 years) that would be implemented if anticipated sea levels manifest over each pre-planned/designated time horizon. For example, this would require cities and counties to adopt certain strategies and plans to address impacts of sea level rise only if the sea level had risen to certain thresholds. Thresholds would take into account the unique needs and potential risks of different agencies.
- Develop protocols and best practices that cities and counties can use to identify when it is necessary to protect certain portions of the coast and when it isn't. In other words, where we can collectively support nature's course and where we need not. This may include things such as shoreline protection for wastewater lift stations and other expensive public infrastructure, coastal access points and roads, and already-protected urbanized areas, but encouraging relocation of public spaces above sandy beaches or other areas without infrastructure or access needs.
- Determine more specifically how adaptation should apply to public versus private projects and how the location of a project (above a beach, rocky area, proximity to ocean, pre-post 1976 construction) affects adaptation. Key questions should include:
 - As a result of these guidelines, are locations less developable or insurable? How does this impact values?
 - Are there equal protection issues for properties that cannot maintain or build protection, while others can or already have protection?
 - Are there housing and other local policies that are impacted as a result that create legal and/or practical issues?
- Work collaboratively to resolve these and other issues in a manner that minimizes adverse social, economic and environmental impacts on coastal cities and counties.

LCP process

Local jurisdictions recognize that the key to successful sea level rise adaptation will be the crafting of Local Coastal Programs (LCPs) that are comprehensive, feasible, fair and supported by the local community. We realize that sea level rise must be addressed in LCPs and that several jurisdictions have already undertaken LCP amendments and through that process numerous challenging issues have been addressed. In an effort to improve the effectiveness and efficiency of the LCP amendment process, we seek agreement with the Commission to:

- Support development of agreed upon best practices for reviewing LCP's (e.g. timelines, interaction with staff, size and scope, what Coastal Commission staff will assist with and what they won't, etc.).
- Seek to ensure relationships between agency and CCC staff that minimize "last minute" comments from the CCC that may undermine trust in the process by receiving or reacting to comments after the public has been involved and informed about the proposed content.
- Determine a level of predictability as to what CCC staff may challenge and what they won't so agencies know what is in store for them as they proceed.
- Understand and seek clarity on the definition of the term "guidance"; is it a mandate or is it not?
- Reduce duplication of effort while improving LCP quality through a CCC clearinghouse of LCPs, including underlying studies and research, combined with a CCC "help desk" that enables jurisdictions to access information and best practices relevant to the development of their LCP.
- Advocate for the budgetary resources needed to support such process improvements.
- Advocate for continuation of and increases to the LCP grant program, to enable the less-resourced coastal jurisdictions to update their LCPs and perform the feasibility assessments needed for realistic adaptation strategies.

APPENDIX: SHORT TERM RENTAL STUDIES

[“The Airbnb Effect: It’s Not Just Rising Home Prices”](#) – CityLab

A new Economic Policy Institute study finds that Airbnb contributes to rising home prices in cities, yet often escapes comprehensive regulation.

[“Short-term rentals and the housing market: Quasi-experimental evidence from Airbnb in Los Angeles”](#) – Vox

Short-term rental platforms such as Airbnb have grown spectacularly in recent years, and local governments around the globe have responded differently in regulating such rentals. This column analyses the effects of a policy change in several cities of Los Angeles County that restricted short-term rentals of entire homes and apartments. Airbnb has led to an increase in house prices that is particularly pronounced in popular tourist areas, and homeowners in these areas lose out from the regulation. Renters, on the other hand, benefit from the regulation.

[“Do Airbnb properties affect house prices?”](#) – Stephen Sheppard and Andrew Udell

We find that in New York City, the impacts appear to be that an increase in localized Airbnb availability is associated with an increase in property values. In our hedonic model estimates, a doubling of Airbnb listings is associated with increases of 6% to 11% in house values, *ceteris paribus*. Using a difference-indifference approach produces an even larger estimated impact, suggesting that properties that are subject to the Airbnb treatment increase in value by about 31%. Rough calculations based on average property values, average Airbnb rentals, and an assumption that potential income streams will be fully capitalized produces an intermediate estimate of about 17.7%.

While our results might be taken as supporting critics of Airbnb who complain that the firm’s services act to increase house prices and diminish housing affordability, we want to stress that this conclusion may be unwarranted. A service that increases house prices (such as improved police protection, making better local schools available to residents, or providing more and better public parks) need not diminish community well-being.