

**CALIFORNIA COASTAL COMMISSION**

South Coast District Office  
301 E Ocean Blvd., Suite 300  
Long Beach, CA 90802-4302  
(562) 590-5071



**W11a**

LCP-5-LGB-19-0074-1 (SHORT-TERM LODGINGS)  
OCTOBER 7, 2020

CORRESPONDENCE

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Saturday, September 26, 2020 at 3:23:14 PM Pacific Daylight Time  
**From:** johnthomas@cox.net <johnthomas@cox.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**CC:** 'A' <johnthomas@cox.net>  
**Category:** W11a  
**Attachments:** JT email To Coastal Commission regarding STL hearing Oct 7 2020 v4.docx

Subject: Item W11a on the October 7, 2020 Coastal Commission Agenda - LCP Amendment Request No. LCP-5-LGB-19-0074-1 - City of Laguna Beach (Short Term Lodgings)

I support the staff's "as modified" recommendation of Item W11a.

The proposed ordinance is the result of extensive work between staffs of the City of Laguna Beach and the Coastal Commission as well as two earlier Coastal Commission public hearings.

What is before you is a fair and reasonable ordinance. It allows improved access for visitors, but does so while also considering affordable housing as well as the impacts of large numbers of visitors on the resident population of the small Laguna Beach community. As the staff report concludes, this balance is consistent with the Land Use Plan objectives that include protection of residential communities and community character.

The locations where additional short-term lodging could be allowed under Laguna's ordinance are exactly the locations where most visitors want to stay, so Laguna's approach makes excellent sense for many reasons, and could, in fact be a model for other coastal cities.

Three additional factors that should be considered include:

1. Laguna currently offers over 1300 hotel rooms, a large number of hotel rooms for a small community. And, at the average room rates of \$292 weekdays and \$350 on weekends in the staff report, Laguna's hotel rooms are affordable. Moreover, if the luxury Montage Resort is factored out, more than 1,000 rooms remain at rates that would average \$217 weekday, \$260 weekend, and \$229 for the full week. So, Laguna already offers over 1000 reasonably priced hotel accommodations.
2. Since the earlier testimony referred favorably to Santa Monica, Laguna already offers more STLs per household than Santa Monica and that is before considering the additional STLs that could be added under the proposed ordinance. In fact, Laguna currently has one STL for every 96 households compared to one STL for every 130 households in Santa Monica.
3. And the safety of every resident and every visitor to Laguna must be considered in the context of the dangers of wildlands fires. Laguna has already suffered one catastrophic fire in 1993, and the state is currently in the midst of an unprecedented fire season. With only Coast Highway and the two-lane Laguna Canyon Road providing evacuation routes in the event of a fire, Laguna actually has fewer ways for people to escape than the town of Paradise. The goals of providing coastal access must be balanced with considerations of safety.

Importantly, the proposal provides for a thorough review in three years, so if negative impacts to affordable short-term stays or housing occur, they will be identified and the ordinance can be revisited.

In summary, Laguna is already an exemplary host providing more than its share of affordable accommodations even before the additions allowed under the proposed ordinance, and balancing

access with safety and adverse impacts on our small community must also be considered.

The staff's modified recommendation is a good solution and I ask that you follow the Coastal Commission staff's recommendation.

John Thomas  
Laguna Beach

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Sunday, September 27, 2020 at 12:20:16 PM Pacific Daylight Time

**From:** James Danziger <danziger@uci.edu>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**CC:** 'James Danziger' <danziger@uci.edu>

**Category:** W11a

Subject: Item W11a on the October 7, 2020 Coastal Commission Agenda - LCP Amendment Request No. LCP-5-LGB-19-0074-1 - City of Laguna Beach (Short Term Lodgings)

I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance. Therefore I encourage the Commissioners to agree with your staff and approve the amendment request to the Implementation Plan as modified.

As the owner of a home as well as long-term rental property in Laguna Beach for more than 40 years, I have observed the many negative impacts on residential neighborhoods caused by the proliferation of STLs. I have worked with many other residents to encourage the City to develop a sensible approach to enabling short-term visitors to enjoy Laguna.

The modifications to Laguna's proposed STL Ordinance currently presented are a reasonable attempt to respond to the various goals and suggestions of the Coastal Commission and the City. The Ordinance, as modified:

- provides opportunities for a significant number of additional STLs in the areas along the lengthy coast which are zoned for various forms of commercial and mixed use, but also limits the proportion of units that can be converted,
- provides incentives for home-sharing that further expand the number of affordable STLs,
- preserves the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods,
- protects existing senior and affordable housing in the designated areas,
- requires an analysis of the Ordinance in three years to insure that the impacts have not had serious adverse effects on accommodations and affordable housing.

Laguna Beach is exceptionally visitor-friendly. It provides for more than 6 million visitors per year, with a higher number of visitors per capita than any other city in California, and arguably in any city in the United States. There are extensive points of access to the beaches, as well as excellent transportation and visitor amenities. There are more hotel and motel rooms per capita than in almost any comparable city, with more in process.

Please vote in favor of this modified version of this reasonable STL Ordinance for Laguna Beach.

James Danziger

**Subject:** Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals).

**Date:** Sunday, September 27, 2020 at 6:44:42 PM Pacific Daylight Time

**From:** Trudy Josephson <verytrudyyours@gmail.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

I would like to be on record of my support for the Staff Modified Recommendation on the October 7 Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals).

Very Trudy Yours,  
Trudy Josephson  
Laguna Beach, CA

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Sunday, September 27, 2020 at 8:08:16 PM Pacific Daylight Time  
**From:** LUO Laura <xfluo@msn.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

***I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance”.***

Laura Luo  
Resident of Laguna beach  
Sent from my iPad

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Sunday, September 27, 2020 at 8:16:09 PM Pacific Daylight Time  
**From:** Alison King <aking@csusm.edu>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

We very strongly support the presented modifications to the Laguna Beach Short-Term Lodging (STL) Ordinance. One of the major goals of the modifications is to ensure protection for existing senior housing and long term affordable housing for all the people who live and work in Laguna Beach but are on very limited income.

Alison King  
Chris Catsimanes

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Sunday, September 27, 2020 at 8:56:16 PM Pacific Daylight Time  
**From:** Vicki Borthwick <vickiborthwick@yahoo.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

September 26, 2020

California Coastal Commission,

**We STRONGLY SUPPORT the modifications presented in item W11a to the Laguna Beach Short Term Lodging (STL) Ordinance.**

The Ordinance's new modifications open appropriate areas in Laguna to a significant number of additional STLs but protects residential neighborhoods from a proliferation of STLs and will provide substantial incentives for affordable home-sharing STLs in the commercial and mixed use areas. STLs severely reduces the supply of long-term rentals and with a massive housing crisis in California, it seems unwise to diminish the long-term rental pool. Our town is extremely visitor friendly and has more than 1,300 existing hotel/motel lodging units as well as numerous legal existing STLs. Illegal STLs have proliferated in residential neighborhoods and our City needs a clear and enforceable set of rules to stop this. Please, recognize how important residential community character is and support our neighborhoods with the proposed modifications in W11a.

Thank You,

Robert and Vicki Borthwick  
600 Brooks Street  
Laguna Beach, CA 902651  
(949) 494-5034



**Subject:** Subject line: Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)).

**Date:** Monday, September 28, 2020 at 10:44:00 AM Pacific Daylight Time

**From:** MARGARET BROWN <margaretbee@cox.net>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

The modifications to Laguna's proposed STL Ordinance currently presented are a reasonable attempt to respond to the various goals and suggestions of the Coastal Commission and the City. The Ordinance, as modified:

- provides opportunities for a significant number of additional STLs in the areas along the lengthy coast which are zoned for various forms of commercial and mixed use, but also limits the proportion of units that can be converted,
- provides incentives for home-sharing that further expand the number of affordable STLs,
- preserves the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods,
- protects existing senior and affordable housing in the designated areas,
- requires an analysis of the Ordinance in three years to insure that the impacts have not had serious adverse effects on accommodations and affordable housing.

**Subject:** We support the Staff Modified Recommendation on the October 7 Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals).  
**Date:** Monday, September 28, 2020 at 11:46:08 AM Pacific Daylight Time  
**From:** Rosemary Boyd <rosemaryboyd190@gmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

We support the Staff Modified Recommendation on the October 7 Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals).

Laguna Beach has struggled with a fair balance between residents and vacationing visitors for many years. We have a plentiful variety and level of hotels and other short term lodging alternatives, from camping to luxury hotels, near the beach where visitors are most likely to want to visit. Of late years, however, this small town has suffered from a hoard of vacationers, threatening the quality of life for residents living in the narrow band of charm, hemmed between the oceanside downtown commercial district and the surrounding hills. Vacationers understandably have different short-term goals from residents and they don't mesh well with calm local dwelling. This modified plan seems to take account of both needs, and we're for it.

Thanks for your careful consideration,

Rosemary Boyd and Professor John Boyd  
Laguna Beach Residents for over 50 years

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Tuesday, September 29, 2020 at 12:59:59 AM Pacific Daylight Time  
**From:** Chris Catsimanes <grecoator@gmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Laguna Beach, like many other California cities is attempting to balance the need for access to the coast with having affordable housing for long term renters. If the city is forced to rescind our current policy of allowing short term rentals only within designated areas in the downtown area it would severely deplete the supply of both rooms and houses currently rented by long term renters such as teachers, artists and other skilled workers. It clearly is financially more lucrative to rent a room for one hundred dollars a night than to rent it for \$1200 per month. Likewise a condominium rented for \$600 per night is more lucrative than renting it at \$5,000 per month. Therefore the supply of affordable living quarters now occupied by long term renters would be catastrophically diminished. California already has a critical shortage of affordable housing and this would exacerbate the shortage. Please allow our short term housing ordinance to be implemented as is. Thank you,

CHRIS CATSIMANES  
22621 OCEAN VISTA DR.  
LAGUNA BEACH, CA  
92651

Sent from my iPad

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Tuesday, September 29, 2020 at 7:42:06 AM Pacific Daylight Time

**From:** Cindy Sneddon <sneddon.cindy@gmail.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**CC:** Cindy Sneddon <sneddon.cindy@gmail.com>

**Category:** W11a

I strongly support the modifications presented in Item 11a to the Laguna Beach Short Term Lodging (STL) ordinance.

Lucinda (Cindy) Sneddon  
7 Carmel Ct  
Laguna Beach CA 92651

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Tuesday, September 29, 2020 at 8:48:34 AM Pacific Daylight Time  
**From:** annmarie.socal@yahoo.com <annmarie.socal@yahoo.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Commissioners:

As a long-time renter in Laguna Beach and active member of my community, I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.

The modifications to Laguna's proposed STL Ordinance currently presented are a reasonable attempt to respond to the various goals and suggestions of the Coastal Commission and the City. The revised ordinance provides opportunities for a significant number of additional STLs in the areas that make the most sense in our community, along the lengthy coast zoned for various forms of commercial and mixed use. It also provides incentives for home-sharing that further expand the number of affordable STLs, while also preserving the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods. The proposed revised ordinance also protects existing senior and affordable housing in the designated areas, and requires an analysis of the ordinance in three years to ensure that the impacts have not had serious adverse effects on accommodations and affordable housing.

Over the years, I have personally experienced the negative impact from the exponential increase of STL in our neighborhoods, from the reduction of available units for long-term renters to simply not knowing your neighbors! Residents of Laguna understand why everyone wants to come to our wonderful beach community, but we do not want the very fabric of our city changed. There must be a compromise that protects the community, while also providing sufficient amenities for visitors. This ordinance does that, and I respectfully request that you approve it.

Best,  
Ann Marie McKay  
Laguna Beach resident

**Subject:** Wednesday, October 7 CCC Meeting - Agenda Item W11a Laguna Beach Staff Modified Recommendation

**Date:** Tuesday, September 29, 2020 at 10:23:08 AM Pacific Daylight Time

**From:** Charlotte Masarik <charlottemasarik@cox.net>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

**Subject: Coastal Commission Agenda: Item W11a Laguna Beach Staff modified Recommendation (Short term Lodgings/Rentals)**

Dear California Coastal Commissioners:

**We strongly support the Staff Modified Recommendation on the October 7 Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals), and here is why:**

It provides opportunities for a significant number of additional STLs in the areas along the lengthy coast which are zoned for various forms of commercial and mixed use, but also limits the proportion of units that can be converted. It provides incentives for home-sharing that further expand the number of affordable STLs. It preserves the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods. It protects existing senior and affordable housing in the designated areas.

The vast majority of residents in Laguna Beach oppose the legalization of STLs in their residential neighborhood. Illegal STLs have proliferated in residential neighborhoods and the City needs a clear and enforceable set of rules to stop this. We respect the Commission's enactment and execution of The Coastal Act and sincerely hope you can accommodate both the residents and visitors to Laguna Beach with this acceptable and reasonable Modified Ordinance for us all.

Thank you for all the work you do to protect the California Coast and our Marine Protected Areas.

Sincerely,

Charlotte and Alex Masarik  
761 Oak Street  
Laguna Beach, CA 92651  
(949) 494-1630

Charlotte Masarik  
949-494-1630 Land  
949-295-8040 Mobile  
[charlottemasarik@cox.net](mailto:charlottemasarik@cox.net)

**Subject:** Item W11a 2020 Coastal Commission Agenda-LPC Amendment request No. LCP-5=-LGB-19-0074-1  
City of Laguna Beach (Short Term Lodging)  
**Date:** Tuesday, September 29, 2020 at 4:28:23 PM Pacific Daylight Time  
**From:** Darrylin Girvin <dkgirvin@verizon.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Dear Coastal Commissioners:

I strongly support the modifications presented in the Item W11a to the Laguna Beach Short Term Lodging (STL) Ordinance

I have lived in Laguna Beach for 22 years and have seen the effects of apartment owners not renewing leases or forcing tenants many being Seniors living in our community out of town, to either apply for STL status or illegally turning units into STL's

We have had an onset of homeowners wanting to turn their homes in our neighborhoods into STL's also. Fortunately our city has been able to come up with a plan to keep the STL's in the commercial and mixed use areas of Laguna Beach.

The modifications currently presented are a reasonable attempt to respond to the various goals of the Coastal Commission and the City. The Ordinance, as modified:

provides opportunities for a significant number of additional STLs in the areas along the lengthy coast which are zoned for various forms of commercial and mixed use, but also limits the proportion of units that can be converted,

protects existing senior and affordable housing in these areas,,

provides incentives for home-sharing that further expand the number of affordable STLs,

preserves the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods.

We have over six million visitors per year more than any other beach city in California. We have many amenities, excellent transportation and many beach access points. There are also many hotels and motels to accommodate our visitors.

Please vote in favor of this modifies version of this reasonable STL Ordinance for Laguna Beach

Darrylin and Tom Girvin

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Tuesday, September 29, 2020 at 4:48:04 PM Pacific Daylight Time  
**From:** Jinger Wallace <jingerw@hotmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

*Dear Commissioners,*

*I strongly urge you to approve the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance. These modifications represent a good faith effort by the City of Laguna Beach to meet your concerns.*

*The City has added more STL opportunities along the coast of Laguna in the commercial and mixed areas while avoiding negatively impacting residential neighborhoods. Please keep in mind that Laguna's seniors, artists, and low income residents critically depend on our residential housing stock for their housing needs.*

*Please accept these reasonable modifications to our STL Ordinance which provides the reassurance that the Ordinance will be reviewed in 3 years for any adverse impacts.*

*Best regards,  
Jinger Wallace  
Laguna Beach, CA*



**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Tuesday, September 29, 2020 at 9:04:16 PM Pacific Daylight Time

**From:** maura mcdonald <mauramcdonald1@icloud.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

I strongly support the modifications presented in Item W11A to the Laguna Beach Short Term Lodging Ordinance.  
Maura McDonald, 812 Bluebird Canyon Drive, Laguna Beach

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Wednesday, September 30, 2020 at 11:10:44 PM Pacific Daylight Time  
**From:** pamela Horowitz <pamelahorowitz@hotmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Dear Coastal Commission. I have been a Laguna Beach resident for 20 years. I implore you to consider very seriously the Revised Short Term Lodging (STL) Ordinance. I STRONGLY support the modifications that have been carefully considered and written in Item W11a addressing the Laguna Beach Short Term Lodging Ordinance. The modifications have significantly increased the number of STLs while limiting the proportion of converted units; it further expands the affordable STL's by providing incentives for home sharing; by preventing additional STL's in residential areas, it preserves the peace and quiet residents and long term renters desire; it protects affordable and senior housing in designated areas, ; and it provides for a reevaluation every three years of the Ordinance to insure there have not been negative impacts on affordable housing and accommodations. Please assist us in preserving the quality of life in our Village.

Thank you.

Sincerely,

Pamela Horowitz

Sent from [Mail](#) for Windows 10

**Subject:** ITEM 11A "October 7, 2020 Meeting Laguna Beach Short Term Rentals

**Date:** Thursday, October 1, 2020 at 12:17:58 PM Pacific Daylight Time

**From:** Debbie Lewis <debbiewlewis@aol.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

Please vote in favor of Short Term Rentals in Laguna Beach. Please vote expand the proposed new ordinance to allow short term rentals .

Debbie Lewis  
2192 Ocean Way  
Laguna Beach

**Subject:** Support for City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals).

**Date:** Thursday, October 1, 2020 at 12:52:20 PM Pacific Daylight Time

**From:** Leah Vasquez <leahvasquez@cox.net>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

Re: Staff Modified Recommendation( on the October 7 Agenda Item 11a - City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 **(Short-term Lodgings/Rentals)**).

I support the Coastal Commission staff's analysis and recommendation with the modifications proposed by the City of Laguna in the memo of September 16, 2020.

- The Ordinance's new modifications open appropriate areas in Laguna to a significant number of additional STLs but still protect residential neighborhoods from a proliferation of STLs
- The modifications would provide substantial incentives for affordable home-sharing STLs in the commercial and mixed-use areas
- I've worked over 50-years to preserve my community and its unique character especially the coast, Laguna Canyon, and individual residential neighborhoods ; STLs can undermine that sense of community and its character.
- As a long-time resident I want to be sure we can limit negative impacts of STLs that disrupt and destroy neighborhoods due to increased traffic parking, noise, and transient visitors with no regard to the impacts of their behavior on the neighborhood
- As staff noted, Laguna is already extremely visitor-friendly, almost to the extreme, being "love to death" both in neighborhoods ,public areas and wilderness. We value and wish to share it by providing extensive access to the beaches , coastline, and trails and offer more than 1,300 existing hotel/motel lodging units as well as numerous legal existing STL; we pride ourselves on programs to educate the public on careful treatment and protection of fragile sea life and native habitats .
- The vast majority of residents in Laguna oppose the legalization of STLs in their residential neighborhoods for good reason-monetization and commercialization supplant and destroy long-term relationships family and neighbors depend on and value.
- Illegal STLs have proliferated in residential neighborhoods and the City needs a clear and enforceable set of rules to stop this; these are distinctly different from JADUs or ADU's requiring at least 30-day leases with owners living on site

Thank you for your consideration , support, and thoughtfulness,

Leah Vasquez

Laguna Beach Resident since 1964-

President: Laguna Beach Beautification Council

Former Chair, Laguna Beach Arts Commission

Co-Host ARTWALKING-Laguna Beach KX -FM



**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Thursday, October 1, 2020 at 2:22:12 PM Pacific Daylight Time

**From:** Theodore Schraff <snorkadore@icloud.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

Hello Coastal Commission,

As a 20 year homeowner in Laguna Beach I am lucky, grateful and happy to be on the California coast. I believe California belongs to ALL of us. I believe in sharing. But I also believe that many in Laguna as well as the rest of California want to curtail the enjoyment and access to affordable options to stay a few nights and days and to smile in the California sunshine.

Please EXPAND Short Term Lodging in ALL of Laguna. The grandfathered-in STL and stipulations of only in a mixed use area is too restrictive and mainly benefits those of us who donor own hotels, motels or mega mansions on the coast. I would live to share my home with travelers a near and far.

As well the \$500 plus entry cost per night for a small room without much other than a bed and a toilet/shower drastically reduces the access of many travelers from California, The USA and the world.

Please consider expanding not curtailing short term rentals. I have personally used Airbnb for over 10 years and it's been rather enjoyable to "live like a local" in someone else's home for a short period of time and smile among all people in all places of our world.

Thank you coastal commission for considering this plea to allow all people to access and enjoy Laguna Beach, not just the wealthy or the well-connected.

My best,

Theodore P Schraff III

1028 Noria St., Laguna Beach CA 92651

724-904-8436

**Subject:** City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)  
**Date:** Thursday, October 1, 2020 at 2:29:12 PM Pacific Daylight Time  
**From:** Judy Teverbaugh <jtlb@cox.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Dear Coastal Commission members:

**I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.** It is a reasonable solution to the short-term lodging situation in our town. It will help preserve long-term rentals and senior housing, and it will safeguard the quiet of our neighborhoods. It will also curb the abuses in short-term rentals we have seen in recent years. Thank you for your consideration.

Sincerely,

Judy Teverbaugh  
30+ year Laguna homeowner and resident

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Thursday, October 1, 2020 at 3:01:15 PM Pacific Daylight Time

**From:** Linda Leahy <yodlelay@hotmail.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

I am a 41-year resident of Laguna Beach and I wholeheartedly support the modifications in Item W11a to the City's STL ordinance.

Thank you.

Linda Leahy

**Subject:** I support the Staff Modified Recommendation on Oct. 7 Agenda 11a-City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (STL/Rentals)

**Date:** Thursday, October 1, 2020 at 5:17:00 PM Pacific Daylight Time

**From:** Karen Dennis <karendennis@me.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

**Subject: Please Approve: Agenda Item 11a** – City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short Term Rentals) proposed by the Laguna Beach City Council.

In good faith the people of Laguna Beach through its City Council have appealed to the CA Coastal Commission to approve an ordinance that regulates our city's ability to accommodate its residents of 24,000 people and its tourists of 6 million people a year. As a resident, I am increasingly frustrated that our City of Laguna Beach lacks the support of the Coastal Commission.

The Code Enforcement of STLs in R-1, R-2, and R-3 neighborhoods has been problematic for me since 2016. I have written to and spoken before the City Council and CA Coastal Commission about the negative impact of short-term rentals in R-1, R-2, and R-3 neighborhoods. Without an effective ordinance, illegal STLs continue to exist and expand in residential neighborhoods. Our City desperately needs the approval of this set of rules to help our residents and our Code Enforcement Department.

The situation of illegal STLs in my neighborhood has not improved since 2016. Again this year, the house next to mine in our R-1 neighborhood has had illegal rentals, and I took pictures of the many license plates in the driveway to show the turnover and submitted them to the City's Code Enforcement officer. This house is used as a duplex, especially in the summer months. The main house advertises that it rents for \$30,000 a month and the Accessory Dwelling Unit (ADU) in the house is also rented out. **No renter of either duplex unit has stayed the entire month, and the owner was not on site.** We have had a parade of people coming and going in this pandemic time, and we don't know who they are or where they have been. Another frustrating issue was the renter who parked his large RV visible to all in our R-1 neighborhood for his 4 day stay.

I am tired of being a "policeman" and documenting violations, and I want the City to have the authority to protect the reasonably quiet neighborhood I live in.



Please approve this ordinance.

Karen Dennis, resident of Laguna Beach, CA 92651

[karendennis@mac.com](mailto:karendennis@mac.com)

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11b - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0139-1) (Parking)  
**Date:** Thursday, October 1, 2020 at 5:44:42 PM Pacific Daylight Time  
**From:** Stephen Judson <syjca@cox.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

*re: modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance*

I have lived in Laguna Beach for 38 years. I have owned the same home in a quiet R-1 neighborhood for the past 28 years. I support the latest revised version of the Laguna Beach Short Term Lodging Ordinance.

I respect the Coastal Commission's decision to request modification on two occasions. Those requests seem reasonable to me. I believe that this latest iteration of the ordinance is a most balanced and even-handed compromise.

On our block, only our house has a two-car garage that is actually used for parking. The streets in these old neighborhoods are narrow, and the lack of parking is woefully inadequate, which is a hardship for everyone. It's also a safety hazard, since our street is the sole egress for a Red Flag Alert Zone with even more limited parking during fire alerts. In several spots, fire trucks cannot pass an oncoming car. It would be tragic if our any of uphill neighbors perished because parking congestion (brought on by short term rentals) blocked their egress.

Thank you for the opportunity to comment.

Stephen Judson

446 Diamond Street

Laguna Beach

CA 92651

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Thursday, October 1, 2020 at 9:39:57 PM Pacific Daylight Time  
**From:** James Vaughan <outlook\_F21E2FFDDFE47132@outlook.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

***I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.***

Sent from [Mail](#) for Windows 10

**Subject:** support of modified short term lodging request  
**Date:** Friday, October 2, 2020 at 7:31:48 AM Pacific Daylight Time  
**From:** anne polkingharn <annep@cox.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

We are in support of the short term modified lodging ordinance. Please honor our request.  
Thank you for all you do in these changing times.  
Anne and Don Polkingharn  
371 Locust  
Laguna Beach CA 92651

**Subject:** Coastal Commission in support of the City staff's Modified recommendation regarding Laguna's request to regulate STLs  
**Date:** Friday, October 2, 2020 at 10:03:59 AM Pacific Daylight Time  
**From:** Rob Luecke <rob@shopprop.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

I live at 405 Blumont street right across for 410 Blumont street. I can tell you first hand that 410 Blumont has been renting out the main house and their ADU on a short term basis at the same time for the last several year.  
No one seems to care except the home owners in the community.

Thank you,

Rob Luecke  
Managing Broker/CEO ShopProp.com

c 425-785-6127 (call or text 7 days a week)  
o 888-821-0556 ext 210

Text ShopProp Team at (425) 414-7234 & send all email to ShopPropTeam@shopprop.com. It will be routed to the appropriate person.

CA license #01881220

WA license #18615

AZ license #CO674161000

HI license #22507

VI 0225239672

**Subject:** Support of staffs recommendations of Modifications regarding STL in Laguna Beach  
**Date:** Friday, October 2, 2020 at 10:48:22 AM Pacific Daylight Time  
**From:** Terry Barman <terry\_anneb@hotmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Hello.

According to a list provided by Charlotte Masarik, you have been supportive of the effort to limit the number of STLs (short term lodgings) in Laguna Beach. This issue has been alive for several years and the Coastal Commission has twice rejected versions of the proposed Ordinance by the City. Both versions did prevent any additional STLs in residential neighborhoods, which I believe to be the most important element.

Coastal staff has agreed with city staff on modifications to the proposed Ordinance supported by the Laguna Beach City Council 3-2. With the new modifications, new STLs will still be limited to the more commercial and mixed use parts of town and it will **prevent any new ones from being authorized in residential zones** (R-1, R-2 or even R-3). Existing STLs are grandfathered in.

I believe this modification by the City is a very good outcome in limiting STLs in Laguna in a way that we hope is acceptable to Coastal Commission. As a renter in Laguna Beach, this issue affects me greatly as I would feel very unsafe in a neighborhood where there were constant influxes of tourists coming and going.

Thanks you for your support in this matter.

Terry Anne Barman, Laguna Beach Resident for 35 years.

Sent from [Mail](#) for Windows 10

**Subject:** Item W 11A on the Agenda  
**Date:** Friday, October 2, 2020 at 10:58:00 AM Pacific Daylight Time  
**From:** katew.clark@verizon.net <katew.clark@verizon.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Commissioners:

I wish to recommend for your consideration the proposed change contained in Agenda Item 11a. I believe that it is an appropriate compromise between your stated goals and our needs as residents of Laguna Beach. By concentrating the permissible housing in areas close to the beach and away from schools, children, and residential areas, the proposed language would ensure that visitors could visit and stay in Laguna, visit our beaches, restaurants and stores up and down the coast. What we would diminished are these unpleasant and counter-productive by-products of widespread:

- Loud noises caused by partying, excessive drinking, and trash generated by less responsible public visitors;
- Considerable automobile traffic, since it is possible to walk or take public (free) transit to visit the commercial areas downtown;
- Incidents of drunk driving which remains inordinately high for a city of our size;
- Costs of extensive police monitoring throughout the city;
- Presence of trash needing the repeated attention of Public Works.

While Laguna Beach has enacted ordinances and other voluntary responses in an effort to curb those problems, concentrating the visitors in one expanded area the length of the city will minimize the costs and public nuisance for homeowners who live throughout our hills and valleys of our small town and to the city employees who must control these hazards.

Thank you for your serious consideration of this well-crafted compromise. Vote YES.

Kate Clark  
Professor of English, Emerita  
(949) 376-9882  
kclark1@alumni.uci.edu

**Subject:** Item W11a on the October 7, 2020 Coastal Commission Agenda LCP Amendment Request No. 11  
a LCP-5-LGB-19-0074-1 - City of Laguna Beach (Short Term Lodgings)  
**Date:** Friday, October 2, 2020 at 11:10:17 AM Pacific Daylight Time  
**From:** John Calabrese <johncalabrese@cox.net>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Dear Commission,

I strongly **support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance**. The Laguna Beach city staff has worked extensively with the Coastal Commission staff to revise their STL policy to open up additional rental units within the Commercial and Mixed-use Areas within the city. These are the areas located immediately adjacent to our beautiful beaches and would be the areas most desired by short term residents.

Please do not force the City of Laguna Beach to open STLs in R-1, R-2 and R-3 zones. This type of use is not compatible with our residential neighborhoods. As a 35-year resident of Laguna Beach, I have had many bad experiences with illegal short-term rentals in my neighborhood. Please approve the recent modifications to the Laguna Beach Short-Term Lodging (STL) Ordinance. Please keep our residential neighborhoods free from business enterprises and compatible with raising families.

Thank you,

John Calabrese  
425 Blumont Street  
Laguna Beach, CA 92651

Cell: 714-812-7309  
Email: johncalabrese@cox.net



**Subject:** "I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance".

**Date:** Friday, October 2, 2020 at 11:14:35 AM Pacific Daylight Time

**From:** armando baez <albaez@yahoo.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

Dear Coastal Commission:

Laguna residents want a reasonable ordinance that provides for STLs while protecting our residential neighborhoods from becoming overrun with mini hotels. There are many communities across the country damaged by unregulated STLs. Don't allow Laguna or other similar communities in our state from becoming similarly overrun.

What would be the impact of untested visitors roaming our neighborhoods during the time of pandemics? Let's be careful as we implement STL regulations.

The modifications to Laguna's proposed STL Ordinance currently presented are a reasonable attempt to respond to the various goals and suggestions of the Coastal Commission and the City. The Ordinance, as modified:

- provides opportunities for a significant number of additional STLs in the areas along the lengthy coast which are zoned for various forms of commercial and mixed use, but also limits the proportion of units that can be converted,
- provides incentives for home-sharing that further expand the number of affordable STLs,
- preserves the quiet enjoyment of housing and long-term rental units in our residential neighborhoods by preventing additional legal STLs in those neighborhoods,
- protects existing senior and affordable housing in the designated areas,
- requires an analysis of the Ordinance in three years to insure that the impacts have not had serious adverse effects on accommodations and affordable housing.

Armando Baez  
albaez@yahoo.com

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Friday, October 2, 2020 at 12:06:45 PM Pacific Daylight Time

**From:** Anne Caenn <acaenn@icloud.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

As a resident of Laguna Beach, I am concerned about keeping our neighborhoods family friendly. Parking is always a challenge on our narrow streets and adding additional guests will impact many of us. I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.

Thank you for your consideration in this important matter,

Anne Caenn

Anne Caenn  
965 Katella Street  
Laguna Beach, CA 92651

**Subject:** FW: Public Comment on October 2020 Agenda Item Wednesday 6a - Executive Director's Report  
**Date:** Friday, October 2, 2020 at 12:30:21 PM Pacific Daylight Time  
**From:** Vaughn, Shannon@Coastal <Shannon.Vaughn@coastal.ca.gov>  
**To:** Rehm, Zach@Coastal <Zach.Rehm@coastal.ca.gov>, Alvarado, Marlene@Coastal <Marlene.Alvarado@coastal.ca.gov>  
**CC:** Dobson, Amber@Coastal <Amber.Dobson@coastal.ca.gov>

This should be added to the addendum for comments received.

---

**From:** Staben, Jeff@Coastal <Jeff.Staben@coastal.ca.gov>  
**Sent:** Friday, October 2, 2020 11:56 AM  
**To:** Vaughn, Shannon@Coastal <Shannon.Vaughn@coastal.ca.gov>  
**Subject:** Fw: Public Comment on October 2020 Agenda Item Wednesday 6a - Executive Director's Report

FYI

---

**From:** Valerie Thorn <[balihi85@hotmail.com](mailto:balihi85@hotmail.com)>  
**Sent:** Friday, October 2, 2020 8:45 AM  
**To:** ExecutiveStaff@Coastal <[ExecutiveStaff@coastal.ca.gov](mailto:ExecutiveStaff@coastal.ca.gov)>  
**Subject:** Public Comment on October 2020 Agenda Item Wednesday 6a - Executive Director's Report

I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.  
Valerie Thorn

Sent from [Mail](#) for Windows 10

**Subject:** LCP Amendment Request No. 11 a LCP-5-LGB-19-0074-1 - City of Laguna Beach (Short Term Lodgings)  
**Date:** Friday, October 2, 2020 at 12:32:19 PM Pacific Daylight Time  
**From:** mary@fegraus.com <mary@fegraus.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Chair and Members of the Coastal Commission,

Please support the LCP Amendment request from the City of Laguna Beach. I approve and support the modifications presented in Item W11a to the Laguna Beach Short-term Lodging Ordinance. It accomplishes our concerns for our small coastal community.

Thank you,  
Mary Fegraus  
1561 Morningside Drive  
Laguna Beach CA 92651

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Friday, October 2, 2020 at 1:24:14 PM Pacific Daylight Time  
**From:** Meg Monahan <monahan.shops@gmail.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

I support the staff's modified recommendation.

As a 35 year resident of Laguna Beach, who owns a home within two blocks of the ocean, we have had our neighborhood disrupted in the past with short-term rentals. We live in a neighborhood with small lots that was developed originally in the 1940's. We have R-2 zoning on one side and R-1 zoning on the other side. In the past, short-term rentals were destroying our neighborhood in many ways.

- Loud weekend parties that overwhelmed the neighborhood with noise and parking
- Loss of permanent neighbors that were replaced by weekend visitors – our neighborhood was losing continuity
- Loss of affordable housing units. Smaller rental units were being converted into short-term rentals and the few affordable units that are needed to house our service workers, we no longer available.
- Concern with added crime – as we would not know who are neighbors are – instead we are overwhelmed by out of town visitors.

Please keep short-term rentals out of residential zones. There are plenty of rental units and potential rental units available in other zones. That way we can continue to have thriving and safe neighborhoods. Thank you very much for your consideration.

Meg Monahan  
345 Flora Street  
Laguna Beach, CA

Sent from [Mail](#) for Windows 10

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))  
**Date:** Friday, October 2, 2020 at 1:30:44 PM Pacific Daylight Time  
**From:** Cher <czyzc@yahoo.com>  
**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>  
**Category:** W11a

Thank you for working on the proposed modifications to the STL Ordinance. I agree that they should be adopted.

Redress for condo owners who have an upstairs neighbor replace a carpeted floor with a non-cushioned Luxury Plank Floor which is very inexpensive and fashionable should meet noise testing guidelines. What better time to put in adequate noise cancelling underlayment! Not doing this just makes problems between neighbors and for the police and more money for our lawyers. Maybe I shouldn't have mentioned that. I innocently bought into an upstairs short term lodging noise nightmare which I could not escape from. They never answered the door, they snuck in with suitcases in the late night hours, moving furniture and partying. The HOA thought that high heels and loud banter with items crashing from 11 PM to 4AM in a 600 square foot apartment was okay and that I should just get used to it. Calling the police just made them louder. The city told me I would have to begin a civil action at great expense to me.

Cheryl Czyz  
Laguna Beach resident

**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Friday, October 2, 2020 at 2:41:11 PM Pacific Daylight Time

**From:** Mary Ives <mives314@gmail.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

I strongly support this amendment to the LCP by the City of Laguna Beach. It is a compromise that is fair to all stakeholders and complies with the spirit of preserving the uniqueness, beauty and health of our California coast.

With regards,

Mary Ives

California native and 45-year resident of Laguna Beach

**Subject:** Item W11a correction

**Date:** Friday, October 2, 2020 at 3:08:08 PM Pacific Daylight Time

**From:** kfsartist <kfsartist@cox.net>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

*Dear Coastal Commission members,*

*RE:City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-19 Short-term Logins/Rentals)*

I strongly support the modifications presented in Item W11a to the Laguna Beach Short-Term Lodging (STL) Ordinance.

Karen Schwager

Laguna Beach Ca



**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Friday, October 2, 2020 at 3:47:00 PM Pacific Daylight Time

**From:** Casey@sunwest.bz <casey@sunwest.bz>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

I live in Laguna Beach at 447 Blumont where my family has long experienced the problems of neighboring STLs and their ruinous effect on residential neighborhoods. Residential zones must prioritize residential interests over commercial interests or else zoning laws lose all meaning. Please recognize our strong support for Item 11a.

Thank you,

Casey Reichel

447 Blumont, Laguna Beach

Sent from my iPad



October 2nd, 2020

California Coastal Commission  
455 Market Street Suite 300  
San Francisco CA, 94105

Steve Padilla Chair;  
Commissioner Donne Brownsey  
Commissioner Dayna Bochco  
Commissioner Effie Turnbull-Sanders  
Commissioner Sara Aminzadeh  
Commissioner Caryl Hart  
Commissioner Mike Wilson

Commissioner Catherine Rice  
Commissioner Linda Escalante  
Commissioner Erik Howell  
Commissioner Steve Padilla  
Commissioner Roberto Uranga  
Commissioner Mark Vargas  
Commissioner Carole Groom

**LETTER IN OPPOSITION TO CITY OF LAGUNA BEACH AMENDMENT**  
**NO. LCP -5-LGB-19-0074-1 (Short-Term Rentals)**

Dear Members of the California Coastal Commission,

On behalf of Airbnb, thank you for the opportunity to share our thoughts on the City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short Term Rentals). For the last 12 years, Airbnb has worked closely with cities around the world to help communities realize the benefits of STRs for travelers, hosts, and local economies.

While Laguna Beach's significant planning efforts over the last several years is commendable, the Local Coastal Program ("LCP") amendment<sup>1</sup> before the California Coastal Commission (CCC) on October 7th, 2020 will eliminate hundreds of accommodations in the City, and make it harder for families and visitors to visit the City and access the coast. The proposed restrictions will cut-off Laguna Beach from visitors, inhibit families from experiencing the City's coastal areas, and have significant adverse impacts on the local tourism economy.

The California Coastal Act guarantees "maximum access" and the protection and encouragement of lower cost visitor recreation and facilities along the coast. In spite of these goals, high travel and accommodation costs have reduced access to the coast, particularly for low to moderate income households and communities of color in California. A 2017 UCLA survey authored by Dr. Jon Christensen and Dr. Philip King found that 75 percent of respondents cited the high cost of accommodation as a barrier and 62 percent of respondents felt that a coastal visit is too expensive. The issue has been compounded by the high cost of development and loss of nearly 25,000 lower cost hotel rooms since 1989 which has made it harder for many to visit the coast.



Airbnb worked with Dr. Philip King, Associate Professor of Economics at San Francisco State University, who recently authored *“Unequal Access: Protecting Affordable Accommodations Along California’s Coast”*. Research by the CCC, the Coastal Conservancy, as well as Dr. King demonstrates that access to the coast has been severely restricted for many Californians, at least in part due to economic reasons—it’s simply too expensive to visit the coast not only for low income households, but often also for middle class households. Traffic conditions make day trips more challenging, but one other serious restriction is the lack of affordability in overnight accommodations.

Dr. King’s report (attached), provides an in-depth overview of the barriers to coastal access and offers recommendations including how short-term rentals can play an important role in increasing access, affordability, and support local communities.

**Key highlights from the report include:**

- **Short-term rentals can be part of the solution:** Short-term rentals can serve as a helpful tool to increase the supply of lower cost accommodations along the California coast and expand access by making it more affordable for California families to visit.
- **Unequal Access:** Travel cost and overnight accommodations are the most cost prohibitive barriers to the coast, especially for overnight accommodations. This is certainly more acute for low and moderate income households, minority communities, and Californians who live in the inland areas of the state; for example the Central Valley or Inland Empire.
- **Financial Resilience:** One often overlooked benefit of short term accommodations is the transient occupancy taxes (TOTs) they generate, which unlike sales or property taxes go entirely to local communities. As coastal communities struggle with COVID deficits and mandates to deal with sea level rise, we believe TOTs can and will play a very important role in adaptation.
- **Potential Solutions and Recommendations:** Local jurisdictions can maximize access to the coast by implementing simple policy changes that reduce the costs, delays, and confusion, thereby encouraging compliance and regulations as well as affordability. Providing a simple, streamlined registration for short-term rentals will support compliance efforts, cities requiring TOT payment will ensure taxes are collected to support local priorities, allowing STRs in coastal neighborhoods allows for greater affordability and access. Although many of the restrictions placed on short-term rentals are based on *seemingly* good rationale (noise, traffic, etc.), our case studies indicate that many affluent coastal communities want to restrict visitation and create their own quiet enclaves, and their STR policies reflect this desire. Restricting access in this manner is not consistent with the California Coastal Act. Policies such as the City of Oceanside’s *Good Neighbor Policy* (which provides for fines and other penalties for short-term renters and landlords who violate these policies) is a good example of a balanced and effective approach.

During this unprecedented crisis caused by the COVID-19 pandemic, policymakers are at the forefront in tackling the many issues of inequity that have invariably surfaced in 2020. We aim to be partners in this fight to ensure access to California’s coast.

Now, with regard to Laguna Beach’s LCP amendment before the Commission today, we appreciate that the City is aiming to preserve both coastal access and long term housing. We also appreciate



the city's effort to balance the types of short-term rental inventory allowed. However, the amendment proposes a cap of 300 permits on vacation rentals, and a cap of 165 permits on hosted stays, where a host is staying at the property, while a guest stays in a spare room, caps that we feel are too low and overly restrict access to the coast. We oppose the caps for the following reasons.

- By reducing the availability of non-hosted single-family residence STR options in the City, the proposed ordinance will force families wishing to visit Laguna Beach to either rent multiple (and likely expensive) hotel/motel rooms at great expense (if such rooms are even available)). Families that cannot afford multiple hotel/motel rooms will face a barrier to staying in Laguna Beach in the future.
- Further, a cap on hosted stays limits availability of what we know is a reliable source of low cost accommodations for visitors. A quick survey of available private rooms on Airbnb in Laguna Beach shows that if a visitor were seeking a place to stay for up to \$65/night, they would have over 130 options of rooms to choose from in Laguna Beach. It is for reasons of accessibility and equity that some of the largest cities in California, including Los Angeles and San Francisco, have shied away from a cap on hosted stays in the city. Hosted stays also have no impact on the availability of long-term housing and provide critical extra income for residents to help make ends meet. We urge Laguna Beach to remove the proposed hosted stays cap.

Put simply, the Proposed Ordinance's regulation of STRs in Laguna Beach will severely reduce the availability of low-cost overnight accommodations and limit coastal access.

Thank you for your time and consideration. Airbnb looks forward to continuing to work with Laguna Beach and the CCC to ensure that we are doing our part in maintaining coastal access.

Regards,

A handwritten signature in black ink, appearing to read 'John Choi'.

John Choi  
Public Policy Manager, Airbnb





# Unequal Access

Protecting Affordable  
Accommodations Along  
the California Coast

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# Bios

## Dr. Philip G. King

Dr. Philip G. King received his PhD in Economics from Cornell in 1987 and has been an economics professor at San Francisco State for over 30 years; he was Department Chair from 2002-2005. He has worked on the economics of coastal resources in California for over 25 years and has published numerous peer-reviewed papers in journals such as *Climatic Change* and *Ocean and Coastal Management*. His work on coastal access includes a report with Jon Christensen of UCLA on *Access for All*, which examined disparities in coastal access. Recently, Dr. King conducted the economic analyses for eight local coastal programs including Oceanside, Ventura County, and Imperial Beach. He is currently working with the State Lands Commission evaluating the impacts of sea level rise on California tideland properties. Dr. King also served as chair of the SF State Foundation's Finance and Investment committee and implemented their divestment from fossil fuel stocks.

## Sarah Jenkins

Sarah Jenkins is a research assistant with Dr Philip King. Her interest in coastal access for Californians was developed while living inland in Stockton, California. She is especially interested in the equity aspects of Dr. King's coastal work, drawing on an interest in structural discrimination. Sarah has previously worked in International Development in Washington D.C. and for a global health non-profit. Sarah holds degrees in Economics and International Relations from University of the Pacific.

# Introduction

Our report, *“Unequal Access: Protecting Affordable Accommodations Along California’s Coast”* was slated for release in March 2020 with the goal of analyzing the role short-term rentals can play in expanding access to California’s coast. The COVID-19 pandemic and “shelter in place” order put those plans on pause as the state and local jurisdictions grappled with how to handle the unfolding public health crisis. In the following months, the COVID-19 pandemic has created a “new normal” of limited mobility, minimal tourism, and economic strife. Local governments nationwide are facing steep budget deficits as a result of decreased tax revenues. Things are far from the normal California summer season. However, as many have noted, this time may be a time for growth, change, and reflection, allowing us as individuals and communities to not simply return to normal, but to create something better and more inclusive.

It is uncertain what this year holds, but it is likely that following the pandemic the “staycation” will become more popular. For California, this likely means more visitors to the beaches, and more demand than ever for accommodations—especially those that offer increased privacy and safety.

The past few months have forced Americans to not only face a public health crisis, but a social and cultural crisis as well. The pandemic has disproportionately impacted Black and Latino Americans “in a widespread manner that spans the country, throughout hundreds of counties in urban, suburban and rural areas, and across all age groups,” according to a comprehensive study of federal data from the New York Times. Compared to White Americans, Black and Latino Americans are three times as likely to contract the coronavirus, and twice as likely to die<sup>1</sup>. In the midst of this crisis, two months after this report was scheduled to be released, George Floyd’s death at the hands of Minneapolis police sparked nationwide protests over a criminal justice system that systematically discriminates against people of color, especially black males.

The history of unequal access in California extends to one of our most sacred treasures, our beaches. Until as recently as 1960, California’s beaches were segregated. Even after laws were passed to eliminate de jure discrimination, de facto segregation continues. However, there are at least two monuments in California worth remembering: the monument at “Inkwell” Beach in Santa Monica, and the monument at Bruce’s Beach (Manhattan Beach, Los Angeles County). These two beaches allowed African Americans to visit the beach during segregation.

While today these *formal* barriers to beach visitation have ended, participation in coastal recreation at beaches, campgrounds, surf sites, tide pools and other spots is heavily skewed against people of color, and towards largely affluent groups who already have access. As our report documents (along with many excellent studies) access to California’s coast is heavily skewed towards a richer, older and whiter demographic. This skewing is first and foremost caused by the high cost of housing on California’s coast, though other historical and cultural barriers are also important. Increasing access requires recognizing these disparities and enacting policies to remedy them. Coastal communities need to be aware of and sensitive to these barriers—many of which are economic—in their local coastal plans and policies. With many low and middle-income

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<sup>1</sup> Oppel, Richard A. Jr et al, “The Fullest Look Yet at the Racial Inequality of the Corona Virus,” New York Times. July 5, 2020.

Californians living inland, providing affordable overnight accommodation is crucial for inclusive coastal access. Unfortunately, as work completed by the Coastal Conservancy and Coastal Commission indicates, the supply of affordable hotels has actually decreased over the past twenty years, and the current outbreak of COVID 19 is having a profound effect on the hospitality industry and may lead to permanent closures, especially for [smaller operations](#) with limited access to capital markets.

At the same time, dozens of communities in California, many of them affluent, have placed a de facto ban and additional restrictions on short-term rentals, up to and including outright bans. In our study, we discuss two of the coastal cities -- Del Mar and Santa Barbara -- that have actively sought to restrict short-term rentals and hence access to the coast. These restrictions lower the supply of overnight accommodations and drive up the price, making access even more affordable for underserved communities.

To meet these challenges, the State and local coastal communities must embrace change and encourage policies that increase access. Short-term rentals (STRs) are one possible solution. STRs require no new construction, generate significant local taxes, and provide overnight accommodations in cities that have few other options.

In addition to the loss/damage to life, the COVID pandemic has wreaked havoc on State and local governments. By one estimate, the State of California will lose \$2.5 billion in taxes this year (2020) and local jurisdictions will lose over a billion dollars<sup>2</sup>. Unlike the federal government, state and local governments cannot borrow money to make up for budget deficits, so budgets will need to be cut during a pandemic.

For local governments, short-term rentals can provide a significant new source of revenue, without raising taxes, while also increasing access to the coast. Our report examines these issues and provides a number of recommendations for policies that would increase access,, e.g., setting aside a certain percentage of STRs for underserved communities.

We believe achieving *access for all* will require the cooperation of all stakeholders including the private sector. Finding a solution—as with many issues highlighted by recent events—will require dialogue between business, State and local government, environmental and social justice groups, and other stakeholders, in order to forge a sustainable and equitable long-term solution.

**Dr. Philip G. King and Sarah Jenkins**

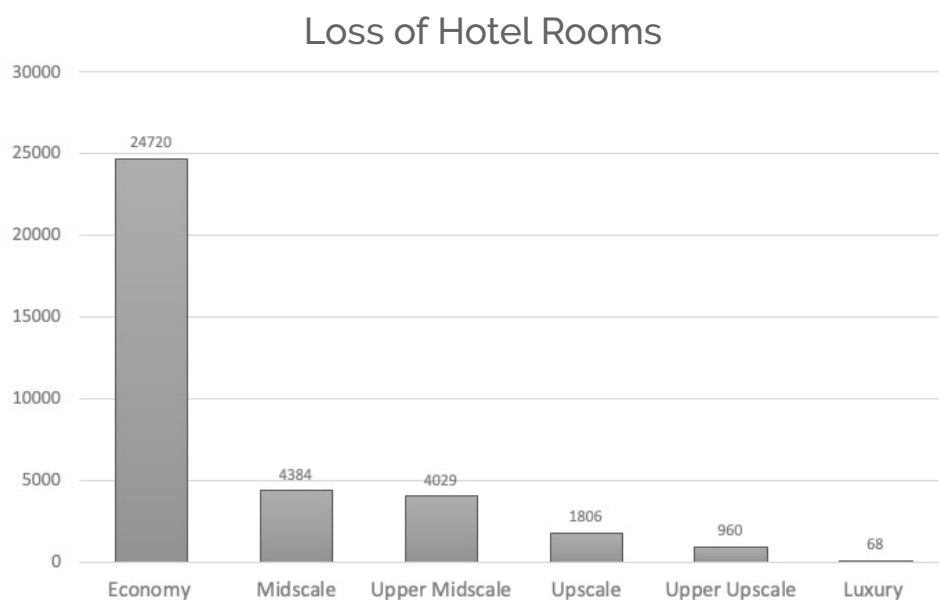
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<sup>2</sup> See Estimates of State and Local Government Revenue Losses from Pandemic Mitigation, By Stephan Whitaker, Policy Economist II, Federal Reserve Bank of Cleveland May 13, 2020, <https://www.clevelandfed.org/newsroom-and-events/publications/cfed-district-data-briefs/cfddb-20200513-estimates-of-state-and-local-government-revenue-losses-from-pandemic-mitigation.aspx>.

# Executive Summary

The 1976 California Coastal Act was created to protect and preserve California’s iconic coastline and beaches and to ensure that everyone has “maximum access...[to] recreational opportunities” of this precious resource<sup>3</sup>. The Act created the California Coastal Commission with the mandate to help protect and ensure access. Today, however, this access is being threatened by the high cost of California’s coastal real estate, which has pushed many Californians to move inland, farther away from the coast in search of affordable housing. Numerous studies, cited within this report, have found that while visiting the coast is highly desired by most Californians, many feel that a visit is simply too costly. Travel costs and accommodation are the most prohibitive expenses—expenses which continue to increase as more of California’s middle- and low-income families are displaced inland due to housing costs.

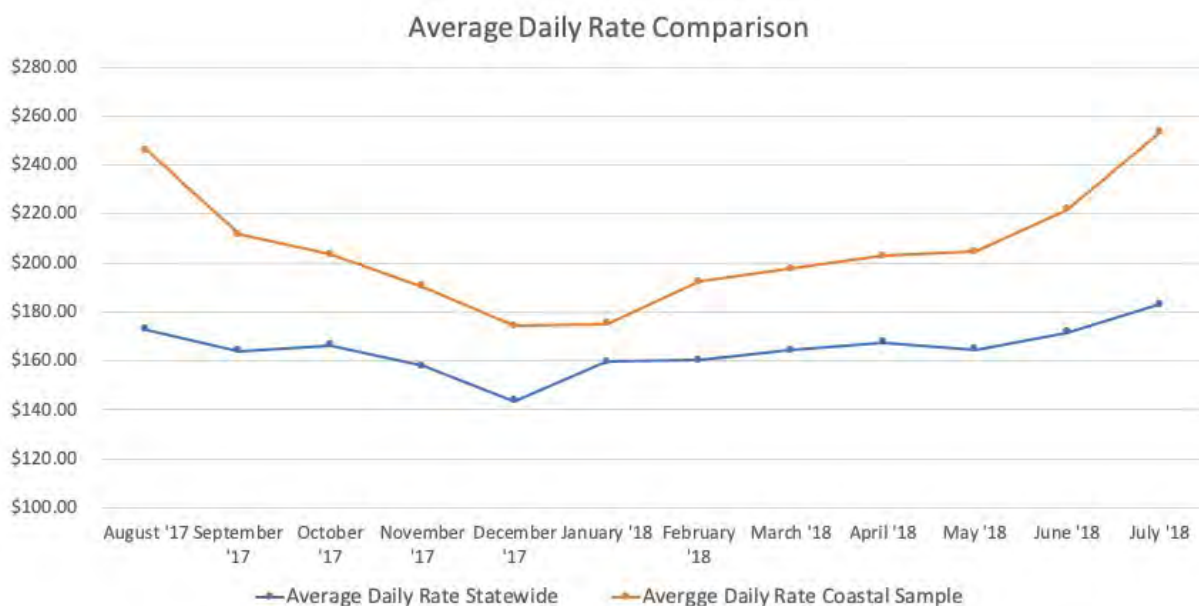
The high cost of accommodation along the coast presents a significant barrier for many households. The supply of affordable rooms fails to meet the demand of millions of residents who do not live close enough to the coast to make a daytrip. Over the past decade, many budget hotels along the coast have closed or have been refurbished and raised their prices well beyond what many families can afford. Economy class hotels along the coast have closed at a far greater rate than other, more expensive types of accommodations. Many previous studies point to a significant decline in the number of overnight coastal accommodations that are affordable (defined as 75% of the average daily price for a hotel room in California, which was \$137 a night in summer 2018). The lack of such options means that some households who would otherwise visit the coast cannot, because they cannot afford the cost of an overnight stay (Figure E1 below).



*Figure E1: Loss of hotel rooms in California by class (Ainsworth 2016).*

<sup>3</sup> 1976 California Coastal Act, Section 30210

During the high season—from mid-June until September—prices are often much higher than at other periods (see Figure E2 below). The supply of coastal hotel rooms is particularly strained during the summer when there are not enough hotel rooms of any class let alone those classified as lower cost. Hotels respond to this demand with increased prices. An accommodation that may have been affordable to a lower-income family in February is far out of reach in July when most Californians wish to visit the coast.



*Figure E2: Average daily rate for overnight accommodation in California: coastal and non-coastal.*

Camping may provide an option for some households seeking lower cost accommodation. However, coastal campsites are also very limited, especially in summer, and some are under threat from coastal erosion. The supply of campsites in California has not kept up with demand, especially in high season. Moreover, even though booking a campsite is affordable, it requires costly equipment that may exclude many families and often requires one to make reservations well in advance. Studies of camping participation also indicate that despite the relatively low cost, participation in camping also skews heavily towards more affluent groups and away from communities of color.

The lack of affordable accommodation along the coast creates a significant barrier to coastal access and makes it harder for families to visit. Given this challenge, it is imperative that California explore alternative means to expand the supply of lower cost coastal accommodations.

# Alternative Options: Short-Term Rentals

One possible solution to the lack of affordable overnight accommodations on the coast are short-term rentals (STRs). Unlike campsites or hotels, expanding the number of STRs does not require new construction on or near California's coastline but instead utilizes existing properties. Rentals allow for the use of property otherwise unoccupied and may offer much needed income to hosts in expensive coastal communities. STRs have been providing accommodation for Californians wishing to visit the coast for decades, offering a significantly different experience than staying in a hotel or camping. Indeed, the California Coastal Plan, which laid the groundwork for the California Coastal Act, mentions home-sharing as a means of coastal access dating back prior to 1975. In addition, STRs may be especially suited to families or larger groups as they often offer kitchens, gathering spaces, multiple bedrooms and bathrooms, and are often less expensive per visitor than a hotel room.

As indicated in the literature review in this study, empirical studies of STRs indicate that the entry of STRs typically results in lower hotel rates, especially at peak periods. STRs offer competition and a flexible supply, which can be scaled to meet demand more easily. Hotels respond to this competition by lowering their prices. This benefits all visitors, including those who do not utilize the rentals. Furthermore, STRs can bring in visitors who may not have been able to access the coast before or may have chosen not to due to the difficulty of finding accommodation in the high season or desiring the specific amenities they can find at an STR.

Short-term rentals also make sense economically in communities where demand is highly seasonal as is the case with many coastal communities where beach and other recreation peaks in the summer. Building new hotels to serve a demand for a few months of the year makes little sense, and hotels must charge high rates in peak summer months to remain economically viable.

Short-term rentals have become more popular along California's coast and elsewhere as online platforms make it easier for potential visitors to locate, evaluate (through photos, maps, and other guest ratings), and book a property all in a few minutes. The recent popularity of STRs has also led to concerns in local communities about the character of neighborhoods that have traditionally been composed of single-family dwellings occupied by one family. Coastal communities up and down California have struggled with how to regulate STRs.

# The Housing Crisis and Coastal Affordability

California's housing crisis is most acute in the Coastal region, near rapidly growing economic powerhouse cities such as San Francisco and Los Angeles. In these cities, demand for housing has far surpassed supply. Due to a combination of regulatory lags, permitting issues, and pushback against higher density construction and up-zoning, there has not been a substantial increase in housing construction necessary to meet this demand. Local authorities face pressure from many residents who worry about the burdens associated with expanding the supply of housing. As a result, housing has become scarce and prices have skyrocketed.

Rising housing costs have displaced many middle- and low-income residents inland. This means that many Californians, including nurses, police, teachers, and service workers, cannot afford to live where they work and must suffer long commutes. This displacement often results in a concentration of exclusive wealth and resources along the accessible only by the wealthy. This report focuses on the lack of access to California's coast.

Several key studies by the California Coastal Conservancy, the Coastal Commission, and others have highlighted this access issue and all point out that the increased cost of coastal access falls disproportionately on low- and moderate- income households as well as communities that have been historically excluded or discouraged from going to the coast, such as Latino residents and people of color. Latino Californians in particular desire to visit the coast but are especially sensitive to the high costs of travel and accommodation. As discussed in this report, the counties of California's Inland Empire, where a visit to the coast on a hot summer day likely requires an overnight trip, are virtually all Latino majorities. For many inland families, the cost of a necessary overnight stay is a major impediment to visiting the beach.

Indeed, California's coast has become increasingly inaccessible—with the majority of areas far more affluent, less diverse, and older than the state overall. This exclusivity produces an inequity that runs counter to the aims of the California Coastal Act. Access to the resources and opportunities associated with California's coast is not distributed fairly among California's diverse population. Often, those who can afford to spend the least to visit the coast must spend the most as lower-income communities inland face the highest travel costs and accommodation burdens.

As the case studies in this report indicate, cities that have become less and less affordable, like Santa Barbara or Del Mar, have also enacted restrictive legislation limiting short-term rentals. Just as these cities have often imposed restrictive ordinances and zoning laws to limit affordable housing for their residents, they have also imposed similar restrictions on short-term rentals with similar results.

# Financial Resilience

As communities across California discuss and debate adapting to climate change, one issue is clear: adaptation will be expensive. For example, a recent study (Aerts et al. 2018) estimated that Los Angeles County will face climate change costs of \$4.3 to \$6.4 billion by 2100. All of these expenses will be on top of existing financial obligations for education, public safety, affordable housing and many other issues facing California today. Local governments will need new or enhanced sources of revenue to pay their share of climate resilience.

The California Coastal Commission and Coastal Conservancy have sponsored work on numerous local coastal programs (LCPs) aimed at helping coastal communities adapt to sea level rise. While these LCPs differ, all have one thing in common—their implementation will be costly and must be financed somehow, including local participation.

Transient occupancy taxes (TOTs) offer local governments a revenue stream that can easily grow. Unlike property taxes or sales taxes, in California 100% of TOT revenues go to local communities. While TOT rates vary by local jurisdiction, most coastal communities in southern California have a TOT rate of at least 12%. However, efforts to block STRs often lead to the development of black or grey markets where STR operators do not pay TOTs to their local community. This deprives these communities of revenues necessary to fund the additional public services required, such as lifeguards, public safety, improving beaches or other facilities.

Encouraging coastal communities to make STRs properly regulated and tax-paying is critical for financing resilience. Expanding STRs not only increases access but also increases financial resilience through increases in TOT revenues. Moreover, as discussed in detail in this report, other potential sources of local financing, e.g., Geologic and Hazard Abatement Districts (GHADs) or other levies on property taxes tend to promote resilience pathways that protect private property (e.g., armoring) at the expense of public property.



# Coastal California Case Studies

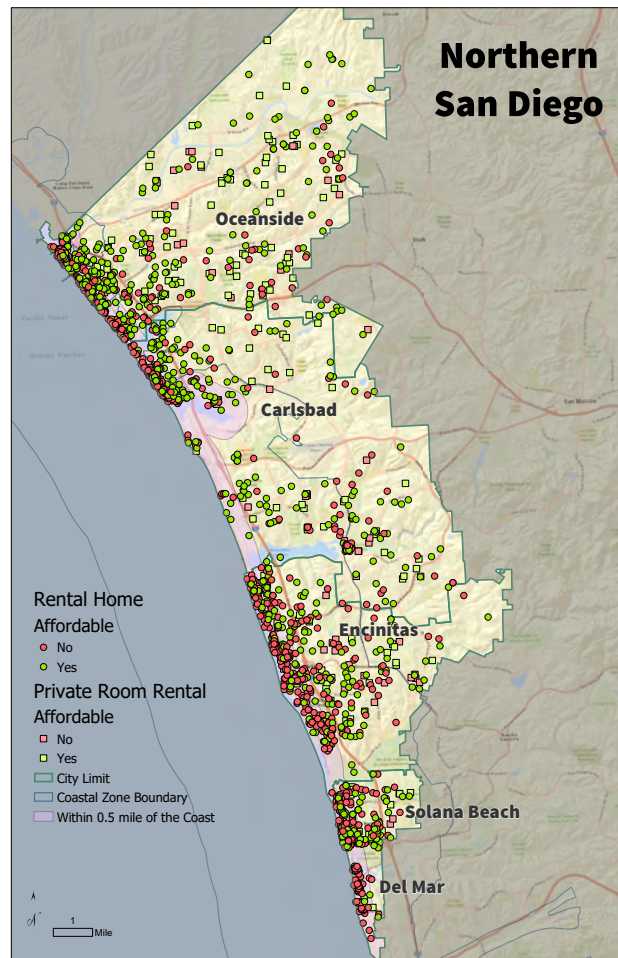
The case studies provided in this report illustrate some of the issues facing coastal communities. All communities want to keep their residents safe and preserve their environment. However, some communities have done so in a manner that excludes many visitors, particularly lower income households, erecting barriers to entry such as high permitting fees for STRs and severe restrictions on who can offer STRs and in what neighborhoods.

The STRs policies of three distinct regions along California's coast were examined, and each provides a specific understanding of the impacts of local policy on the affordability of STRs. As these case studies indicate, short-term rentals can coexist with residential neighbors. Oceanside's Good Neighbor Policy for short-term rentals provides an excellent example. The city has strict policies on issues that matter to local residents, including trash, parking, noise, and extra visitors. Oceanside's Good Neighbor Policy includes serious fines for people who violate these rules.

Another common argument against STRs is that they drive up local real estate prices, facilitating gentrification. Some empirical studies indicate STRs can have a modest impact on property values, but these impacts must be taken into context. The residential real estate in most of these coastal communities is already beyond the means of the vast majority of Californians. Therefore, reducing STRs in coastal communities simply reduces access to those who cannot afford to buy such properties but can afford to rent them for a short time. Indeed, in our case studies, communities, such as Del Mar and Santa Barbara which already have significantly higher home prices, higher rents, and higher median incomes, were also the same communities which placed more serious restrictions on STRs.

## North San Diego County

The first case study in this report examined five coastal communities in North San Diego County: Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside. All of these communities are very popular beach destinations in the summer and have significant regulations on STRs. Our analysis of STR policies in North San Diego County indicates that communities that have restricted short-term rentals the most have the highest overnight rates. The City of Oceanside has more affordable accommodations than its neighbors to the south while at the same time also providing more affordable accommodations for its long-term residents as well.



*Figure E3: Affordability of STRs in North San Diego County.*

Figure E3 above graphically illustrates the affordability issue in North San Diego County. The darker (redder) areas indicate more affordability; the lighter (more yellow) areas indicate less affordability. As one would expect, the areas along the coast are less affordable. However, pockets of affordability still remain farther north, particularly in Oceanside, which has a more accommodating STR policy. On the other hand, more exclusive communities like Del Mar offer fewer affordable overnight accommodations.

## City of Santa Barbara

In Santa Barbara the regulatory environment is particularly difficult. The city's enforcement and zoning policies towards STRs has been described as a "ban" since STRs are classified as hotels. As a result, STRs are only permitted in areas zoned for hotels, and operators are required to submit to many of the same regulations as a hotel owner, including frequent inspections and renovations. Since 2015 the city has begun aggressively enforcing this zoning ordinance. This policy has resulted in a lack of affordable accommodation in the City of Santa Barbara since few areas are zoned for hotels. The added enforcement risk to operators has reduced supply and increased costs, reducing affordability. The maps in Figures E4 and E5 below show the results of Santa Barbara's restrictive STR policies. There are few affordable accommodations, and those that are available are away from the coast. Easing STR regulations, and thereby allowing a greater supply of STRs in other areas of the city, would significantly increase affordability and access.

Recently, the ban on STRs in Santa Barbara's coastal zone was overturned in the *Kracke v. The City of Santa Barbara* case. Judge Borrell ruled that the enforcement significantly changed the ability for Californians to visit and access the coast and that such a development would have required the approval of the California Coastal Commission. The ruling effectively allows rentals in the coastal zone to be operated immediately in the same manner as they were prior to 2015 during when operators obtained a permit and collected TOTs. The city is appealing the ruling.

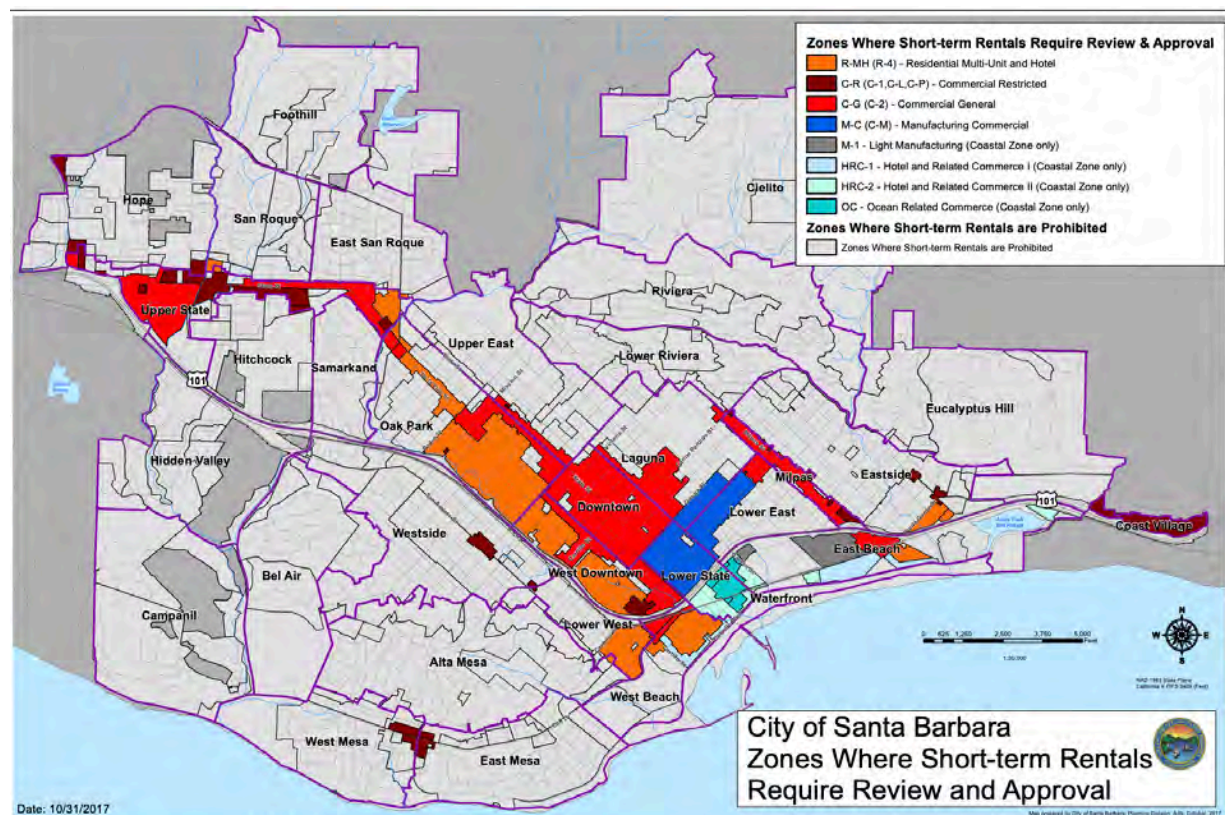


Figure E4: Santa Barbara's zoning limits STRs to areas already zoned for hotels.

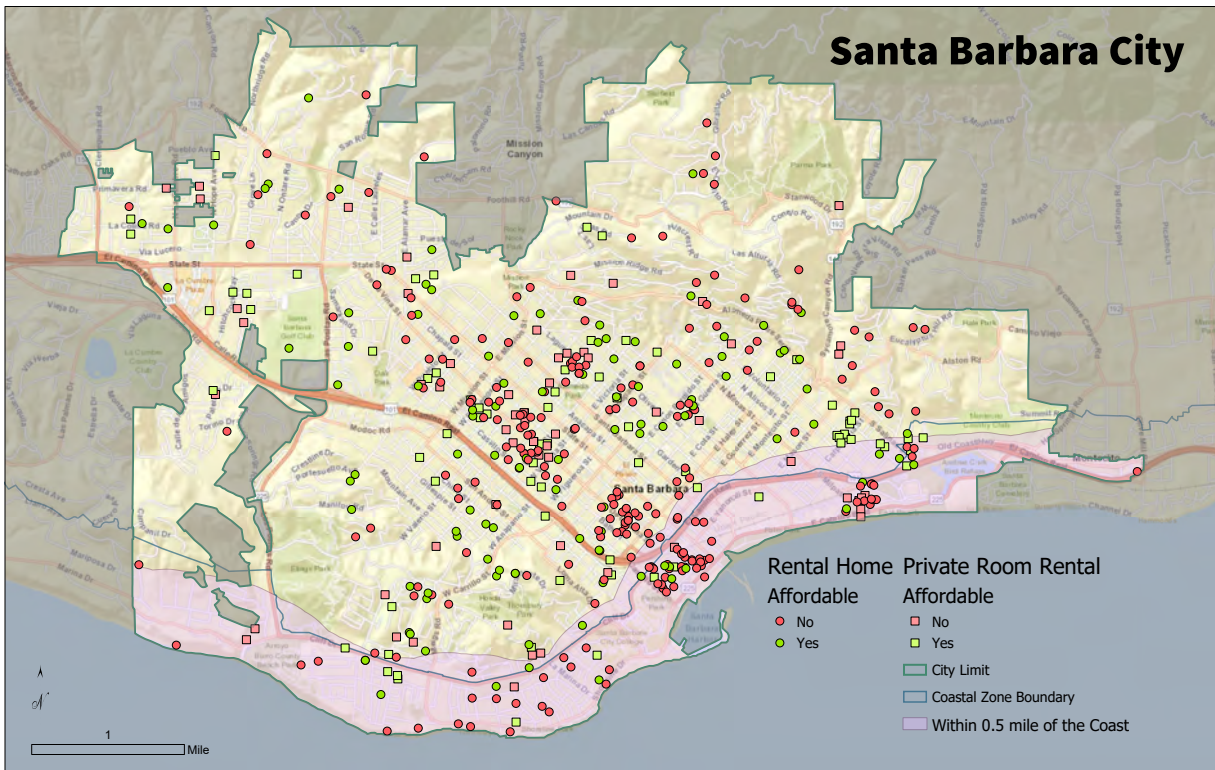


Figure E5: Affordability of STRs during peak season in Santa Barbara.



## City of Pismo Beach

The California Coastal Commission has suggested that Pismo Beach's short-term rental ordinance is a model for other communities. However, as this study indicates, Pismo Beaches' permitting fees, coupled with a required business tax, imply that STR landlords must pay over \$450 for the right to rent out their property even if only for a week or two. The high fees represent an obstacle and possible deterrent to residents who might consider home sharing as a means to supplement their income. This might explain why Pismo Beach's STRs are less affordable than many other communities in this study.

Regulations on short-term rentals can help communities promote public safety alongside access and respond to the valid complaints of residents around issues such as noise, traffic, etc. These regulations, however, should not constitute barriers or bans which prohibit STRs or make STRs too expensive for low and moderate-income families, thus reducing coastal access. A well-regulated supply of STRs can also provide significant revenues for local communities in the form of transient occupancy taxes (TOTs). In addition to paying for the increased costs of public safety, these revenues can be used by coastal communities to help strengthen resilience in order to adapt to sea level rise.

# Potential Solutions and Recommendations

After evaluating the impacts of regulations on the availability and affordability of STRs, this report makes the following recommendations for how local jurisdictions can maximize access to the coast. These simple policy changes will help reduce the costs, delays, and confusion, thereby encouraging compliance and regulations as well as affordability.

Best Practice	Rationale
<b>Simple, streamlined registration</b>	Reduces the costs to operators, costs which are passed on to renters and reduce affordability
<b>Make permitting easy and swift</b>	Allows for more affordability by making it easier to increase the supply of STRs; also encourages registration with the City
<b>Cities require TOT payment and cooperate with STR platforms where possible</b>	Ensures TOTs are collected from all operators
<b>Allow STRs in most or all coastal neighborhoods</b>	Increases affordability near the coast, helping increase coastal access for those who need it most
<b>No minimum on number of nights</b>	Ensures that families who cannot afford multiple nights can still visit the coast
<b>Maximum night cap of 180 nights or more. No night cap on shared space rentals</b>	Helps promote affordability via greater supply of STRs, supported by Commission
<b>Ensure compliance with “Good Neighbor Policies” and make renters aware of rules</b>	Promotes harmony between STRs and the residents neighboring them, and promotes public safety
<b>Require parking be provided by STRs where reasonable</b>	Reduces traffic associated with STRs and promotes agreement with local residents. Reduces parking costs for visitors

The City of Oceanside’s Good Neighbor Policy (in appendix) and other policies generally provide a good example for other cities to follow when implementing STR policies. In communities where parking is an issue, communities should require STRs come with adequate parking depending upon the number of guests. These same communities may also wish to encourage transportation modes other than cars, such as local buses and shuttles, bike rentals, etc.

Additionally, this report recommends that the state, local governments, and non-governmental organizations (NGOs) play an active role in developing programs that target underserved communities and households with low or moderate income in order to increase the affordability of, and hence access to, the coast.

Recommendation	Rationale
State agencies, local governments, foundations and community organizations could <b>support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast.</b> STRs should be part of the solution.	Cooperation with NGOs helps these programs reach those most in need of easy access to the coast.  STRs better serve large groups and families and provide additional amenities for families.  Many STRs are more affordable.
<b>Expand the Explore the Coast Overnight Program to include STRs,</b> and include STRs in other pilot programs	It is easier to expand the supply of affordable accommodations through STRs, unlike other lodging, which requires new construction on the coast.
Create <b>affordable STR program with eligibility criteria.</b>	Establishing eligibility criteria ensures that Californians most in need of affordable accommodation have access.



# Access Issues on the California Coast

## The Coastal Act

California's beaches have an almost mythological allure worldwide. The California coastline is not only a crucial aspect of the identity of the state and its residents but also one of its prized tourist attractions. Millions flock to the state's beaches every year, especially during the peak summer season. In fact, of the more than 200 million in-state leisure trips California residents took in 2016, over 20% were to the beach (Conservancy 2019, 14).

As the California population continues to grow, especially inland where summer temperatures are increasingly hot, beach trips will likely become even more popular, but only if Californians can afford to visit. Access to the coast is threatened by rising costs. A 2017 study found that 62% of California families felt that a visit to the coast is simply too expensive (Christensen & King 2017, 3). These families are primarily concerned with the high costs of parking and lodging along the coast, a problem which is especially concerning for minority residents and residents of inland counties (Christensen & King 2017, 3). The high cost of a coastal visit can mean that middle- and low-income families cannot afford coastal access at all.



This disparity is especially disheartening in a state where access to the coast is guaranteed by law. In California, the coast (below the mean high tide line) and waterways are public land and intended for beneficial public use. The 1976 California Coastal Act aims to protect California's beaches and coastline and promote visitation. The California Coastal Act defines the coast as a "distinct and valuable resource belonging to all" and ensures

"maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights." (Coastal Act, Section 30210)

The Coastal Act not only places importance on coastal protection but also includes an imperative mandate that all Californians should have maximum access to coastal recreation regardless of income.

Several recent reports by the California Coastal Commission and the California Coastal Conservancy noted that this mandate goes above and beyond protection and preservation. It necessitates the promotion of access for those who would otherwise be unable to afford it. Specifically, the California Coastal Act requires the protection, encouragement, and "where feasible" provision of "lower cost visitor and recreation facilities" (Conservancy 2019, 14; Ainsworth 2016, 1). This stipulation in the California Coastal Act gives the State government the capacity to ensure and protect access to the coast. The requirement for the preservation and provision of lower cost facilities is vital to providing equitable access to all Californians. Without lower cost overnight accommodations, many individuals with low or moderate incomes will be, and in many cases already are, unable to afford the high cost of visiting the coast. This results in unjust inequity (Ainsworth 2016, 8). It is not sufficient for the coast to be legally accessible by the public; there must be a diverse set of options that allow everyone, regardless of income, an ability to access the coast. Presently, the majority of Californians cannot afford overnight accommodations in coastal areas (Ainsworth 2016, 24).

Despite the California Coastal Act's promise of access for all, inequity persists and is perhaps more pervasive than in recent decades. The high cost of living in coastal counties has pushed lower and moderate-income Californians inland. This has resulted in longer drives and in many cases, requires an overnight stay if families wish to visit the coast. **Desire to visit the coast is relatively high among all of California's diverse demographics, yet important barriers to access persist which make visits to the coast too costly for lower income communities.** In fact, one study found 62% of California voters perceive coastal access as a problem (Christensen & King 2017, 3). Historically, public access has been unequally distributed among different groups. High land costs and explosive economic growth on and near the coast have exacerbated this situation. While the Coastal Act aimed to remedy these issues, it has fallen short.

The Coastal Act's stipulation for lower cost facilities includes the promotion, preservation, and provision of lower cost overnight accommodations (Ainsworth 2016, 1). These protections are meant to address one of the most significant barriers facing visitors to the beach: the cost of overnight accommodation and the scarcity of alternative, affordable accommodations. As mentioned, many low- and middle-income Californians have to travel greater distances to reach the coast and may need accommodation. This is a pressing issue as income inequality in the state

deepens. In a recent survey, 75% of respondents cited the lack of lower cost accommodation options as a reason they do not visit the coast as much as they would like (Christensen & King 2017, 3). Travel costs—the chief barrier to coastal access—are not equitably distributed among California’s diverse demographics. High costs to travel to and stay in coastal communities more heavily burden lower income populations and prohibit some from visiting.

## Associated Costs and the Value of Beach Recreation

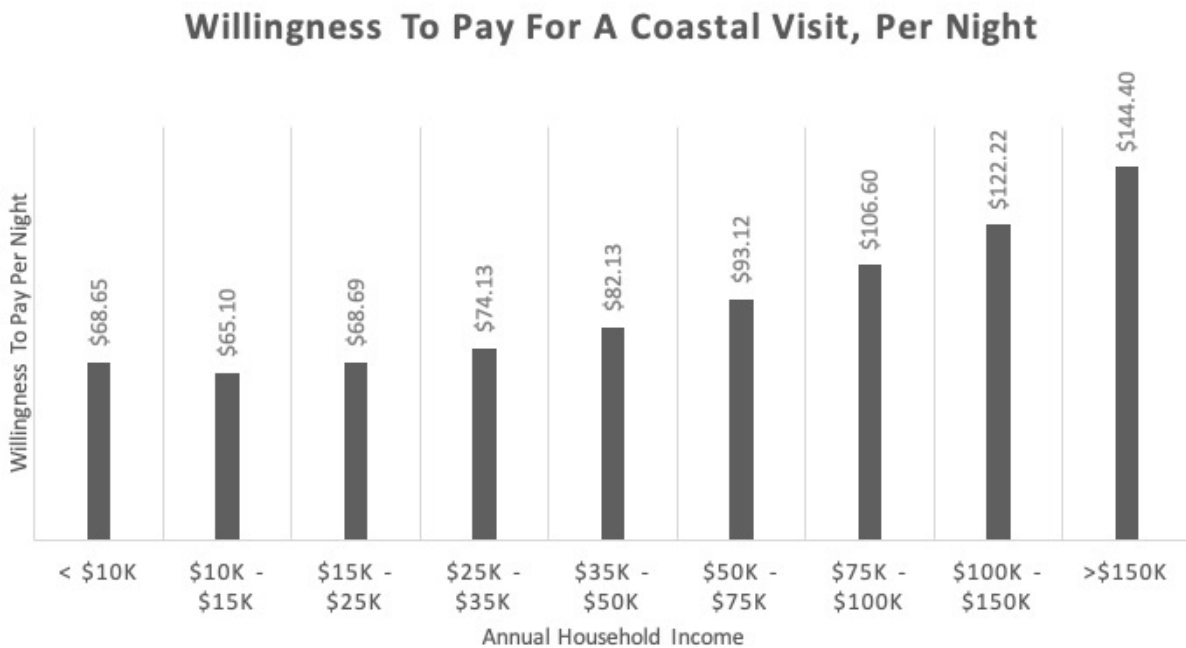
Although the California Coastal Act guarantees access to the coast to all Californians, recent studies show that costs associated with visiting the coast impose barriers that prevent many lower income and minority communities from visiting. Many families, despite strong desire to visit the coast, simply cannot accommodate high nightly rental rates into their budgets. Understanding the value California residents place on a trip to the coast will better help to illustrate the significance of high costs.

Californians visit the coast for many reasons; the coast provides recreational opportunities, which benefit psychological and physiological health as well as provide much needed leisure, a connection to the ocean, and an escape from the scorching summers inland (Christensen & King 2017, 3; Reineman 2016, 91). In other words, all visitors place some value on their visits—although perhaps not in dollars. This value is not always fully captured in the cost of the trip, especially since beaches in California are generally free. Thus, coastal visits have a non-market value, or a worth to visitors that is not explicit in commercial costs. Understanding the value of a beach trip can help illustrate the decisions which go into a visit, allowing economists to model consumer surplus. In this case, consumer surplus is the value of the visit once the costs have been accounted for, or how much “bang for your buck.”

While the average visitor may not calculate their exact costs and associate an explicit, monetary value to their visit, costs do play a role in decisions to visit the coast. The amount a visitor is willing to pay for a trip can reveal the implicit value of the trip (Christensen & King 2017,5; Medford 2018). This is especially important regarding trips to the beach, as beach access is generally free and thus has a “non-market value.” Economists have developed a wide variety of models to estimate the “non-market value” of visiting natural resources where access is free. One of the most common models is the “travel cost model.” In a 2017 survey, Christensen and King used this model to conduct an intercept survey of select beaches in Southern California to estimate a visitor’s “willingness to pay” (WTP) to visit the coast.

Researchers have compared the value of a beach visit to the associated costs to better understand the economic barriers that impact coastal access (Christensen & King 2017; Medford 2018). Medford (2018, 3) determined the value of beach recreation in Southern California using a visitor’s choice of site and the number of trips taken to reveal his/her willingness to pay, and thus, the value assigned to the trip. The study found higher income demographics have a higher willingness and ability to pay for coastal accommodation. Medford (2018) sought to understand how consumer surplus and WTP varied by ethnic and racial group—an important aspect of creating equity in coastal access. Minority populations historically have faced both cultural and

legal barriers to beach access. These barriers have carried over into feelings of marginalization and being unwelcome, resulting in a lower desire to visit. Medford (2018, 1) found evidence of this phenomenon, noting that Black and Asian populations on average visit the beach less. More significant than race alone, however, was “travel cost.” Minority groups were on average more responsive to high travel costs. Higher sensitivity to travel cost suggests these populations derive a lower consumer surplus, or benefit, from their visits. In order to ensure access for all Californians, these preferences need to be taken into account.



*Figure 1: Willingness to pay for a visit to select Southern California beaches by income bracket (Christensen & King, 2017).*

Latino residents in particular consider the cost of accommodation as a major barrier to visiting the coast. Christensen and King (2017) found that Latino voters rated affordable accommodation a major issue and were on average able to pay \$16 less per night than respondents overall. This is especially significant during the summer holidays when demand for coastal recreation is at its peak and prices are the highest. Latino populations are especially vulnerable to the lack of affordable coastal accommodations given that Latinos in California have a 52% lower median income, at \$51,853 in 2017, compared to the median income for white, non-Latino residents of \$78,903 according to the latest numbers (US American Community Survey, 2017).

For households in Southern California’s non-coastal counties—particularly those with high Latino populations, such as the Inland Empire—access to affordable overnight accommodations is critical since accessing the coast for a daytrip is difficult given traffic patterns and travel costs. According to data from the U.S. Census 2018 American Community Survey (ACS), Latino households make up the majority of the population in virtually all Southern California inland counties. Table 1 below shows these counties have a higher percentage of Latino households than the rest of the state overall.

*Table 1: Latino/Latino Residents as a Percentage of Population in Southern California Inland Counties. Data from the U.S. Census 2018 American Community Survey.*

County	Total Population	Latino Population	Percent Latino, 2018 ACS
Fresno	994,400	531,677	53.5
Imperial	181,827	153,757	84.6
Kern	896,764	483,846	54
Kings	151,366	83,200	55
Madera	157,672	91,939	58.3
Merced	274,765	165,438	60.2
Riverside	2,450,758	1,214,445	49.6
San Bernardino	2,171,603	1,171,925	54
Tulare	465,861	303,657	65.2
<b>Southern Valley</b>	<b>7,745,016</b>	<b>4,199,884</b>	<b>54%</b>
<b>Rest of State</b>	<b>31,301,112</b>	<b>11,211,879</b>	<b>36%</b>
<b>California, total</b>	<b>39,557,045</b>	<b>15,540,142</b>	<b>39.3%</b>

While high travel and accommodation costs are particularly significant for residents of inland counties, these costs weigh heavily in planning a coastal visit for all California residents. Naturally, if the associated costs of the trip are too high, those with fewer means would choose not to go. Survey work from UCLA on beachgoers found this to be the case, concluding that lodging and transportation costs are the paramount concerns, and indeed barriers, to beach access (Christensen & King 2017, 4). While the UCLA study did not analyze lodging costs, they illustrated part of the affordability problem. They “calculated that the average value of a multi-day trip to the coast was \$605.05, meaning that visitors were on average willing to budget roughly \$605 for the trip. Round trip travel costs amount to on average \$194.41—not including the price of overnight stays—leaving \$410.64 in the typical budget for all other expenses. With overnight visitors staying an average of four nights on the coast, the surplus value ‘left over for accommodations is just \$102.66 per day’” (Christensen & King 2017, 6). That \$102 is likely insufficient as many coastal zone accommodations ask more in their daily rate. Furthermore, that nightly rate leaves nothing left over for excursions or even food.

The already high costs of lodging on the coast are prone to increases as demand for coastal accommodation exceeds supply. Hotels dramatically raise rates during the peak season, making it even harder for the majority of Californians to visit the coast. While this creates a barrier for many Californians to visit the coast, the UCLA study also found that willingness to pay for lodging

increases with income where wealthier populations are willing to pay premiums. For the aims of the Coastal Act to be met, accommodations need to exist along the coast that offer lodging for more than just the wealthy.

## Lack of Supply of Affordable Accommodation

The cost of coastal accommodations concerns the majority of visitors to the beach. High travel costs—and in particular the exorbitant cost of lodging on the coast—can prohibit coastal visits and impede access to the coast. In fact, the only California populations who reliably stay on the coast are white, age 55 or older, who earn more than \$200,000 annually (Conservancy 2019, 16). Another study found that this demographic already has higher ability to access the coast. Reineman (2016, 101) mapped census demographics in relation to coastal access points and found that “by virtue of their place of residence, white, wealthy, senior Californians live disproportionately closer to public coastal access points than other groups” (Reineman 2016, 99). The coast, according to this research, is overwhelmingly white and is also predominantly wealthy. The average annual household income increases with proximity to the coast, such that those living closest to the ocean make 20% more than the state average, and low income communities are largely concentrated inland (Reineman 2016, 97). Inland Californians, therefore, face not only higher travel costs but also a greater cost burden in comparison to their incomes. This compounds coastal access inequality.

Inland California populations are on average less wealthy, younger, and more diverse than the communities on the coast. This is true for those in coastal counties but also for those who must travel much further to reach the coast, such as those who live in the San Joaquin or San Fernando Valley. As demonstrated in table 2 below, data from the US Census indicates that households in inland counties in southern California have annual incomes \$25,000 lower than households in coastal counties, reducing their ability to afford a coastal visit. These are the communities most in need of affordable accommodation if all Californians are to have access to the coast. Recall that those of lower incomes budget less for a coastal trip, and this is especially true for communities of color. Compared to the communities with the closest proximity, and therefore easiest access to the coast, those who live inland face high travel costs coupled with fewer means.

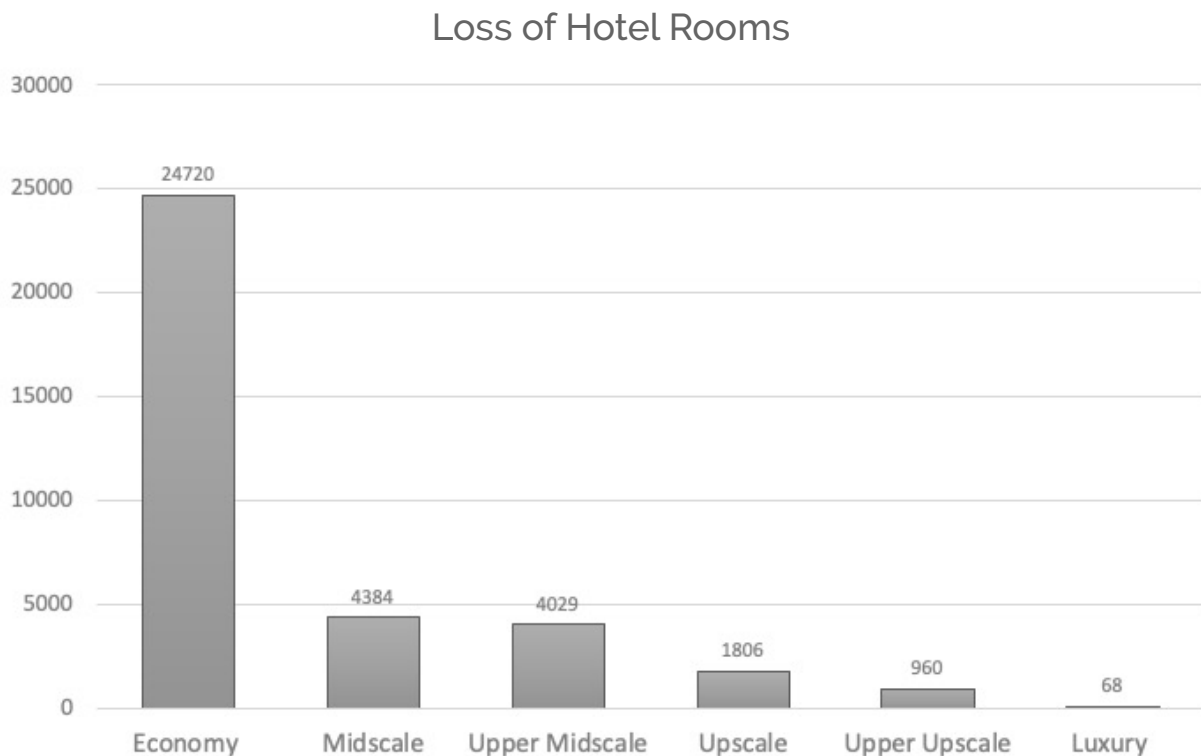
*Table 2: Demographic data from the U.S. Census shows that the California coastal population is wealthier, whiter, and older than the populations of inland counties.*

Comparing California Coastal Communities to Inland Counties <sup>4</sup>			
	Age, Percent of Population Over 65	Percent White, Non-Latino	Average Median Household Income
Coastal Sample	16.3	49.2	\$ 83,995.00
Inland Counties	12.3	34.0	\$ 58,082.83

4 “Coastal Sample” includes the counties of Marin, San Francisco, San Mateo, Santa Cruz, Orange, and the cities of Monterey, Pismo Beach, San Diego, Oceanside, Los Angeles, Malibu, Long Beach, Oakland, Oxnard, and Huntington Beach. The “Inland Counties” are those counties within reasonable travel distance to the coast and large populations: Sacramento, Fresno, Riverside, San Bernardino, Stanislaus, and Merced. Bakersfield city was also included as Inland.

These Californians have to travel the furthest to the coast and therefore have the highest travel costs. At the same time, inland populations are less able to pay the high asking prices for accommodation (Christensen & King 2017, 4). According to US Census data, populous areas inland—including Sacramento, Fresno, San Bernardino, and Bakersfield—have lower median incomes and larger Latino populations than cities along the coast (see Table 2, above). Californians inland face higher travel costs with tighter budgets. Thus, it follows that inland populations visit less often, especially those from the Central Valley, “with 39 percent visiting less than once a year” (Christensen & King 2017, 3). If the aims of the 1976 California Coastal Act are to be met, more low-cost coastal accommodations need to be provided or else this disparity will persist.

Presently, those with greater means have more opportunities to access overnight accommodation and the coast itself, and this is not a result of their place of residence alone. There are simply not enough affordable accommodations on the coast, and during the peak summer season there is not enough accommodation overall. Lodging is often the most expensive part of a coastal vacation, making its scarcity critical. Publicly owned options can help keep the cost of accommodations low, but these are typically campsites or lodges and a few hostels. They act as a bulwark against the increasing lack of affordability on the coast, especially important given that the California coast has lost 24,720 economy hotel rooms since 1989<sup>5</sup>, more than twice the number of non-economy rooms (Ainsworth 2016, 1). While the population in California has grown, affordable accommodation options for lower income residents on the coast have shrunk.

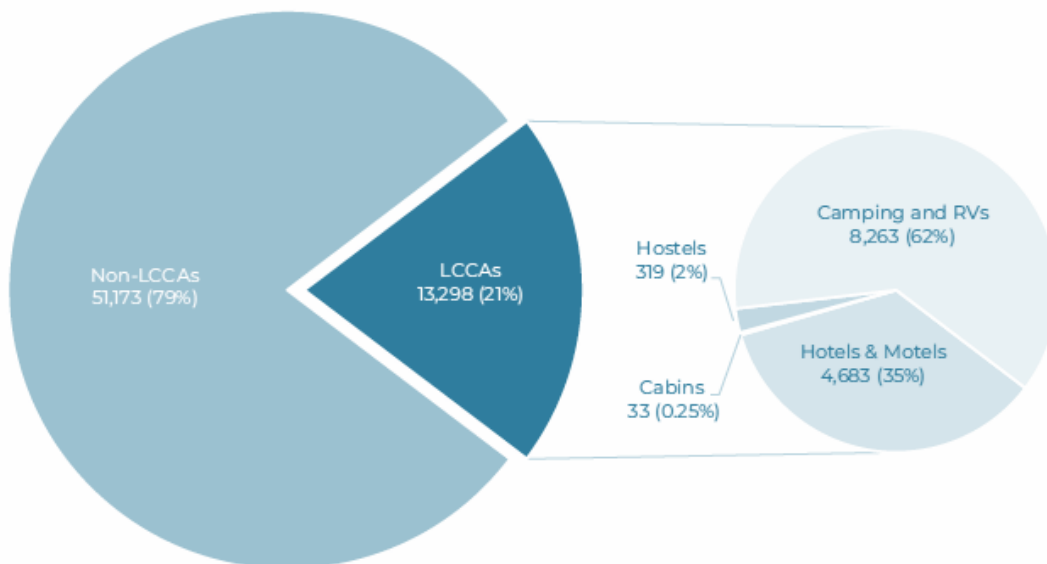


*Figure 2: Loss of hotel rooms in California by class (Ainsworth 2016).*

<sup>5</sup> Ainsworth (2016) reported that nearly 70% of the rooms lost since 1989 have been economy rooms whereas 10% have been upscale and less than 0.2% luxury hotel rooms.

The existing accommodations on the coast are also under threat from rising property values and conversion to higher cost lodging. Lower cost hotels are critically threatened, closing at more than double the rate of moderate and high price hotels, resulting in the dramatic loss of hotel rooms indicated in Figure 2 (Ainsworth 2016, 1). They are being replaced by expensive condominiums, resorts, and hotels, thereby decreasing the supply of more affordable accommodations and increasing rates such that many coastal cities only offer 5% of the available rooms at a lower cost—those with a daily rate less than 75% of the California average, which qualifies a room as “affordable” (Ainsworth 2016, 2). Historically, low-cost accommodations were more accessible, but now the percentage of economy rooms has decreased dramatically with proximity to the coast. Furthermore, an “economy” room on the coast is likely to be more expensive than its equivalent inland. The supply of roughly 13,000 affordable overnight accommodations on the coast (only 7,500 rooms in Southern California) does not come close to matching the needs of the 12.6 million households within 150 miles of the coast, approximately half of which are low income (Conservancy 2019, 13). Staying overnight at the coast is simply unaffordable for many California residents. Presently, 45% of Californians find accommodation options on the coast to be too expensive or inconvenient (Conservancy 2019, 14).

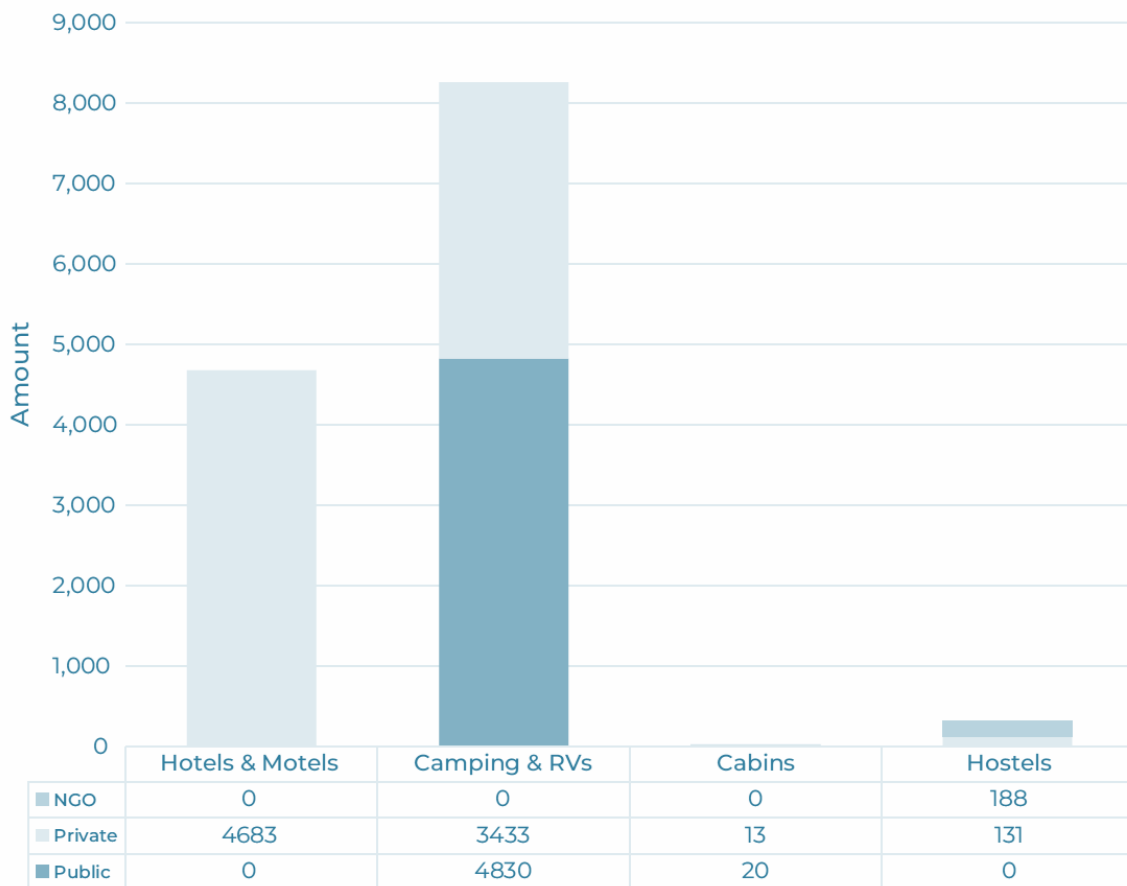
The California Coastal Act’s mandate allows the Coastal Commission some leeway in providing lower cost accommodation options, primarily in dealing with development. The Coastal Commission has required some builders of new hotel developments to construct 25% of their rooms to be designated as affordable rooms and assesses an in-lieu fee of \$100,000 for lower cost rooms (Commission 2019, 25). Some hotels meet this requirement not by reducing the rates of their rooms, but with offsite solutions, such as hostels (OC Register; Commission 2019, 24). While this measure helps provide affordable options, it fails to match the preferences of the majority of beachgoers who wish for privacy. Instead, this policy essentially provides separate, and not equal, accommodations for low- and moderate-income groups. The replacement of lower cost hotels with hostels also creates a dichotomy for visitors and may prevent some from being able to visit (Commission 2019, 23). In this new scenario, mid-range accommodation options vanish.



*Figure 3: Distribution of lower cost coastal accommodation types (Conservancy 2019).*

Furthermore, enforcement of the in-lieu fee often falls to local governments who see the policy as a suggestion rather than a rule (Access Denied, 2019). This results in developers getting away with drastically reducing the supply of affordable hotels along the coast without any hope of replacing those lost. Additionally, former commissioners interviewed by the Southern California public television station KCET explained that the fees collected, some \$22 million, have been untouched despite plans to build lower cost options including campgrounds and hostels (Access Denied, 2019).

Sky high coastal property values motivate developers to build luxury condos and resorts rather than affordable hotels which may not be fully booked all year. Coastal communities seem to prefer these developments over those that would service lower-income residents. In one case, Malibu residents stymied the construction of a campground for foster children despite earmarked funding (Access Denied, 2019). However, when luxury developments curtail residents' access to beaches, public opposition combined with the backing of the Coastal Commission can prevent privatization, such as with the Miramar Hotel in Santa Barbara where the Commission threatened a fee of \$11,000 a day for restricting access to the public beach (Access Denied, 2019). The Commission has the power to enforce the goals of the Coastal Act, but they are understaffed and often impeded by the actions of coastal municipalities.



*Figure 4: Accommodation ownership distribution on the coast (Conservancy 2019, 12).*



The current supply of lower cost coastal accommodations also tends to fall disproportionately toward camping and RV parks. A recent study by the Coastal Conservancy focused on “lower cost coastal accommodations”—defined as those with a rate of 75% or less of the statewide average—and found that 62% of these options are camping or RV sites (Conservancy 2019, 11). These are often publicly owned. Campsites are in very high demand and often reserved long before the peak season begins. However, surveys of beachgoers reveal that many do not wish to camp or stay in a hostel (Ainsworth 2016, 12, 26). Others, especially those from low income or minority households, may lack the necessary camping equipment. The costs of starting to camp are high with the average first-time camper spending \$181.61 for gear that first trip (Coleman 2017, 2). Camping, although a more affordable option, is not equitable either.

Furthermore, despite the lower fees for overnight camping, campers tend to skew toward more affluent groups and minority representation among campers is limited. Providing more campsites may not increase access for underserved groups as noted in one study which found 78% of campers were white (Coleman 2017, 8). While campgrounds continue to grow in popularity, they are not an option for everyone, nor do they meet the needs of all potential visitors. The majority of overnight beachgoers choose to stay in hotels (54%) or with friends or family (29%) (Christensen & King 2017, 6). Many campgrounds near the coast are also threatened by coastal erosion and campsites may be lost. For example, South Carlsbad State Beach in North San Diego County, has a number of campsites threatened by erosion.

*Table 3: Availability of Lower Cost Coastal Accommodation Types vs. Demonstrated Demand (Christensen & King 2017, 6)*

Type of Lodging	Popularity (Survey data)	Supply of LCAAs
Hotel/Motel/STR	54%	35%
Family or Friends	29%	N/A
Camping/RV/Boat	10%	62%
Visitors' Second Home	4%	N/A

A shortcoming of many coastal accommodations is the lack of facilities, such as kitchen access or group spaces. An overnight stay typically carries other costly expenses, especially the cost of eating out. Staying in a motel or hotel forces a family to dine out, which increases the cost of their visit. Alternative accommodation types can offer families the ability to cook and also can accommodate larger groups than a traditional hotel rooms, further reducing costs.

Overwhelmingly, studies of beachgoers illustrate that low-income and moderate-income families, people of color, and those from inland communities in California simply cannot afford to stay at the coast and therefore do not visit as much as they would like. Many barriers exist, such as the cost associated with travel and the lack of options for large groups or families. The lack of lower cost coastal accommodation in particular—and especially for those who do not wish to camp—creates a significant barrier for many Californians and undermines the aims of access for all.

*Table 4: Insufficient Number of Lower Cost Coastal Accommodations in 2016, Coastal Conservancy*

Number of Rooms in the Coastal Zone + 1mi	Population: Coastal Counties	Population: Inland
13,332	20,301,136	15,857,484



*Figure 5: Lower cost coastal accommodations by county (Coastal Conservancy 2019).*

At the same time, coastal accommodations also exhibit seasonality in prices; the cost of an overnight stay during the peak season from June to September is significantly higher than other times of the year. Hotels respond to increases in demand by increasing prices as they cannot readily adjust their supply of rooms (Zervas 2016, 1). The result is that while the travel costs associated with a visit to the coast for a family from inland California may not increase during peak season, it is likely the cost to stay overnight increases dramatically should they choose to stay at a hotel—if they can find a room.

In order to ensure all Californians have access to California's coast, one must recognize these demographic disparities. Indeed, it is not unreasonable to state that the biggest barriers to coastal access in the State of California are economic barriers: the cost of travel is highest for the families who can least afford to pay. Consequently, the State of California, in partnership with local communities and other stakeholders, needs to address these economic barriers to coastal access if it is committed to ensuring access for all. The state needs measures that promote easier access for low- and moderate-income families and communities who live inland, particularly families who cannot take a daytrip to the coast. Further, to achieve equity in access, California must address these barriers, and increase the volume of affordable accommodations, and identify strategies to decrease the price hikes during peak season.

## Short-Term Rentals Aid in Providing Lower Cost Accommodations

### Limits of the Coastal Act and an Alternative

Despite the mandate to promote, encourage, and provide affordable opportunities for coastal access, the California Coastal Act does not give the California Coastal Commission the authority to regulate the price of overnight accommodations. They lack oversight of private entities' rates to ensure affordability. In fact, the Coastal Act was amended in 1981 to prohibit the Commission from regulating the cost of overnight accommodations. The amendment expressly states that "the commission shall not [sic]: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities." This prohibits the Commission from interfering directly in the coastal accommodation market (Ainsworth 2016, 6) and makes it more challenging to provide lower cost accommodations, which are a necessary part of providing coastal access for all.

However, while the Commission lacks regulatory authority over the price of overnight accommodation, it can influence the supply of lodging. Increasing this supply, particularly if it encourages more affordable options, would reduce rates and increase access. Greater supply of affordable accommodations can provide competition and in turn help drive down nightly rates across all accommodation types along the coast. Various government agencies are in the process of making renovations and expansions to existing public options, such as campgrounds and cabins (Conservancy 2019; Christensen & King 2017). While these expansions will help to alleviate some of the burden, they do not address the "desire for privacy, comfort, convenience, or security" that

discourages some visitors from staying at lower cost coastal accommodations, such as campsites and hostels (Conservancy 2019, 18).

Hotels, motels, and the like on the coast are almost all privately owned—and expensive. In light of the lack of lower cost coastal accommodations and the need to expand access for all, the Commission has recognized the role of short-term rentals in providing distinct amenities and more affordable options (Schwing et al 2018, 2).

Despite their historical presence along the California coast, short-term rentals have not been thoroughly evaluated or considered as a means to help meet the state's demand for lower cost accommodations. There are a wide variety of such rentals at a range of costs more suited to the varying needs of consumers and the distinct attributes they may seek to find in an accommodation (Ainsworth 2016, 13; Midgett 2017, 64; Choi 2015, 16). The availability of short-term rentals brings a new selection of lodging options that may open up more opportunities for coastal access and reduce barriers in the form of more inexpensive coastal accommodations. They also offer a variety of accommodation types better suited to a wider range of travelers. For example, some groups may wish to cook their own food, which is rarely an option with traditional lodging options, and others may be part of a large group or family and be facing the prohibitive cost of two, three, or even four hotel rooms. Short-term rentals can help meet the needs of these travelers.

Short-term rentals (STRs) are not a new phenomenon. In fact, Californians have been using STRs to vacation at the beach for decades (Ainsworth 2016, 7; Midgett 2017, 55). The planning documents supporting the California Coastal Act mentions vacation home-sharing in 1975<sup>6</sup>. What has changed in recent years is the advent of new technologies to connect consumers and short-term rental operators, thus increasing the ability to short-term renting of residences that would otherwise sit empty (Midgett 2017, 54). This means that families can now more readily rent out a small beach house, with a variety of amenities, that might be another family's vacation home. A resource that would have sat unused now offers Californians the chance of a more affordable vacation.

Not only does the wide variety of short-term rental options draw consumers but so does the affordability. Price, as explored in the coastal surveys and research into hotels, is one of the major factors in accommodation selection and the decision to vacation overall (Choi 2015, 2; Christensen & King 2017, 6). Short-term rentals provide a lower cost option, especially for larger groups, families, and those who may not be able to afford hotel accommodations (Ainsworth 2016, 11, 13, 50; Renau 2018, 2; Choi 2015, 2). While there is wide variation in the cost of short-term rentals, the range largely reflects the variety in attributes and size. Rentals, in some studies, were not the lowest priced option<sup>7</sup>. However, when considering rentals as an option for families or larger groups, a home sleeping three to four people would, in many cases, be much more affordable than booking two rooms in a hotel<sup>8</sup>. This also does not take into account other benefits

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6 From the California Coastal Plan of 1975, which outlines policy recommendations which became the California Coastal Act. (California Coastal Zone Conservation Commission 1975, 155) [https://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1090&context=caldocs\\_agencies](https://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1090&context=caldocs_agencies)

7 CBRE found that Airbnb rentals could be more expensive with “the average rate paid for an Airbnb unit over the 12 months ending in September 2015 was \$148.42. This is 25% higher than the average hotel rate of \$119.11. Part of the reason for higher rates can be attributed to the amenities found at some Airbnb units... 34% of the Airbnb units have 2 or more bedrooms and the rates for units with 2 or more rooms are offered at a considerable premium to single room units” (CBRE 2017, 10).

8 An entire home sleeping three to four people may cost US\$60 a night in Paris on Airbnb (the median rate is US\$96), making a family stay in the city far more affordable than booking two rooms in a hotel. This could help explain why the occupancy rate for entire homes is in general higher than for private rooms. In these cases, Airbnb is likely bringing into the market some visitors who would not otherwise have been able to afford to make the trip (Coyle et al. 16).

of home sharing—such as access to a kitchen, parking space(s), or perhaps even bikes or beach equipment—which impart an additional value to the visitor. Additionally, since many short-term rental services focus on the price-value relationship for the customer, they offer a better value than similarly priced hotels (Choi 2015, 2).

The increased affordability and flexibility of short-term rental accommodations offer low- and middle-income visitors more options. Studies have shown that many visitors would not have been able to go on vacation without access to STRs in a variety of locations (Renau 2018, 3; Interian 2016, 132; Coyle 16). Furthermore, given that families were especially sensitive to lodging costs on the California coast and often seek specific attributes and larger spaces, short-term rentals may be particularly crucial in increasing access for that demographic.

## Short-Term Rentals Can Reduce Accommodation Costs and Increase Diversity of Supply

One of the most attractive features of short-term rentals is their value. Travelers are seeking the most “bang for their buck” on vacation, and often, rentals provide that. STRs meet the needs of many travelers for a diverse set of amenities and facilities. As mentioned earlier in this report, STRs provide a better value per visitor due to their increased capacity to host families and large groups and the wide range of amenities they offer visitors, such as parking, kitchen access, gathering spaces, etc. These facilities can help reduce the overall cost of a vacation.

The increased popularity of STRs benefits vacationers outright through better value but also by providing increased supply and perhaps competition to hotels, forcing them to lower their prices. In one of the landmark studies on this topic, Zervas examined hotel revenues and the Airbnb market in Texas and found that the impact of STRs appears most clearly in “less aggressive hotel room pricing,” which benefits all travelers, including those who do not utilize STRs (Zervas 2016, 1).

The impact of STRs may not always negatively impact hotel revenues as STRs can bring in new visitors and help the tourism economy overall. Increasing demand for STRs reflects a desire for diverse options and better value; however, their presence can also indicate more demand for the area overall, which might counteract the reduction in average daily rates for hotels. Aznar found that more rentals correlated with an increase in hotel return on equity, explained by the fact that a high number of rentals indicates an attractive location (Aznar 2017, 147). Coyle also found a positive impact on hotels when examining the London market where increased Airbnb presence actually increased the rate received by hotels (2016, 3).

The sharing economy can compete with hotels by offering a different sort of service with a unique structure. STRs pop up throughout cities where there is demand for lodging. They do not require centralization or maintaining inventory, which helps lower costs (Interian 2016, 130). Rentals offer a more sustainable option that requires fewer resources and helps increase access with more diverse accommodation options and better value. STRs also fulfill the desire for sustainable travel options. Furthermore, they capitalize on collaboration and efficient use of property hosts already own, eliminating the high fixed costs faced by hotels (Interian 2016, 130; Aznar 2017, 150). These fixed costs are what force hotels to adjust their prices rather than their supply. In contrast, the sharing economy is an “asset light business model” which can easily scale to meet demand (Blal 2018, 2). This allows short-term rental hosts to capitalize on unused assets and consumers to find a better value in their accommodation options.

While the presence of short-term rentals can indicate a particularly attractive location and directly compete with hotels in an area, many rentals lie outside of main hotel districts. A study in Texas **found that 70% of Airbnb properties are outside hotel-rich districts, suggesting that rentals not only compete but also compliment hotels, offering more options to travelers (Zervas 2016, 2).** In the case of the California coast, this may include areas with great waterfronts and beaches where there has not been sufficient investment to build many accommodations.

Several studies have evaluated what makes a short-term rental competition for a hotel. The degree of competitiveness depends on several factors, including the supply of rooms, the neighborhood, character of the structure, and type of sleeping accommodation (CBRE 2016; Aznar 2017, 152). Taking into account these factors, these studies clearly found that in areas with a high number of STRs alongside hotels, rentals compete with hotels. Hotels face greater price pressure in areas with large numbers of rentals in comparison to traditional hotels and where there is growth in the number of rentals available (CBRE 1). As hotels face costs that are fixed in the short run, they need to keep occupancy high even with this level of competition (Neeser 2015, 8). The hotel industry is forced to respond to the presence of STR with price—rather than inventory—cuts, and so naturally pushes back against the sharing economy.

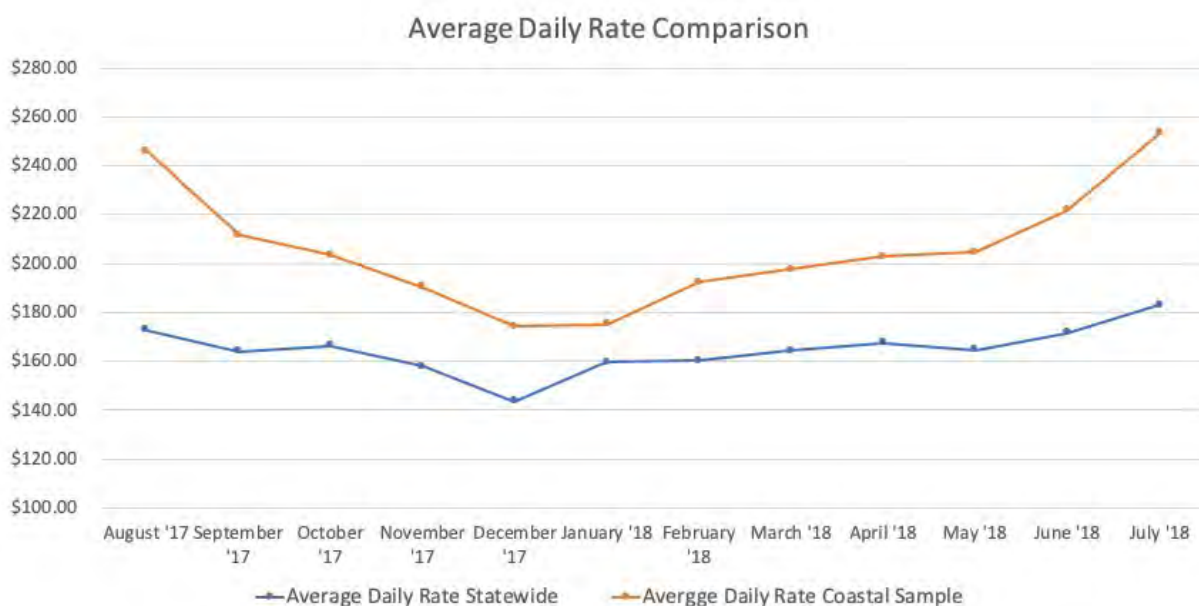
The impact of this newfound competition is not felt evenly throughout the hotel industry. In areas where there is sufficient supply of rooms to meet demand, such as parts of Texas, the hotels most impacted by the presence of short-term rentals are low end, economy options. There is clear segmentation in adverse effects on hotels with lower end hotels the most negatively impacted (Midgett 2017, 65). Zervas discovered this impact, noting the impact on revenue was magnified at lower price tiers (Zervas 2016, 4). This was especially the case when looking at those hotels that did not have conference facilities. However, this is less of a concern on the California coast and in the large cities examined in these studies as business travel is not the primary motive for visitation. While studies note the vulnerability of low-end accommodation providers to competition from short term-rentals, they did not find evidence of exits from the market (Blal 2018; Neeser 2015; Zervas 2016). Budget hotels may lose more revenue comparatively when STRs enter the market, but this does not appear to force them to shut down.

On the California coast, the distinct lack of lower cost options and insufficient supply of economy hotels may mitigate the concern of STRs competing with economy hotels. Rather, the presence of STRs on the coast enables more budget conscious visitors to access the coast when they may not have been able to afford it previously. Within the hotel market there is not only differentiation in type of hotel (economy, midscale, upscale, and luxury) but also within consumer preferences. Some consumers may prefer to stay in a hotel and be less open to staying in a STR. Others may like the ambiance of a rental and be early adopters. Considering the aim of increasing access to the coast, it is possible that the competitive effect of the sharing economy would reduce the price of hotels, enabling more options and more access—and also increase the “economic pie”—enabling those who otherwise would not have come to visit the coast (Blal 2018, 2). Further study is needed, however, to understand the effect of the sharing economy in a market quite distinct from major cities and business hubs, such as the California coast.



## Reducing Price Hikes at Peak Periods

The most popular time to visit the California coast is the summer when temperatures soar inland and the allure of the ocean grows. The increase in demand also makes summer the most expensive time to visit due to the dramatic increase in the price of coastal accommodations and the lack of availability. Campsites are often booked up months in advance, and for those who prefer not to camp or cannot secure a campsite, hotels are in short supply and far more expensive than at other times during the year. With the high cost of coastal land, it is not profitable to build low cost hotels or similar lodging. High fixed and startup costs not only restrict the construction of new hotels but also influence the price of hotel rooms at peak times. Hotels cannot increase supply, due to high fixed costs, so they increase rates (Zervas 2016, 22). For consumers, this means that an “economy” hotel may be affordable to some visitors only during the off-season (Ainsworth 2016, 15). Additionally, there are enormous differences in prices for similar accommodations between inland and coastal hotels, including accommodations within the same brand. This increased disparity during peak periods limits the ability of even moderate-income Californians to visit the coast.



*Figure 6: Average Daily Rates (ADRs) for hotels in California 2018 (California Hotel and Lodging Association).*

STRs could drive competition and reduce hotels’ ability to dramatically increase rates during peak periods, an effect that would be especially desirable along the coast. During the high season, June to September, hotels are often fully occupied and respond to this increased demand by raising prices. The figure above shows the prices for hotels from February to July in 2018. Coastal zone hotels clearly increased their rates more dramatically in the summer—the peak season—than the statewide average. Given that these hotels are already more expensive than those off the coast, this can then severely hinder travel plans for lower income and working-class families.

Unlike hotels, the availability of STRs can offer greater supply of overnight accommodations during peak times without the fixed costs required for owning and maintaining a hotel year-round (Zervas 2016, 2). This is particularly true for “Mom and Pop” STRs where the owners rent out their first and second home as a way to supplement their income. This fluid supply has been shown to mitigate the pricing power and price premiums of hotels during peak demand (CBRE 2017, 13; Zervas 2016, 25). Consumers now have more options due to the greater supply and are able to opt-out from the more expensive hotel rates. In other words, the competition and increased supply provided by STRs can force hotels to charge less in the peak season. This effect, then, can help keep prices down and offer more volume and variety of accommodations, thus increasing access to the coast.





# Equity, Affordability, and Displacement on the Coast

Reducing the cost of overnight accommodation has become especially critical as more and more Californians move inland and are therefore forced to stay overnight on the coast when they visit. The California Coastal Act recognized the importance of providing and encouraging lower cost accommodations long before the housing crisis created the acute need seen today. The growth in volume and ease of accessibility of short-term rentals (STRs), rather than precipitating this crisis, is a symptom of the lack of affordability in the coastal region. STRs offer a more affordable lodging solution for those who cannot afford to live near the coast or who have been pushed out of the communities nearest to the coast. The housing crisis is, therefore, not a crisis caused by STRs but rather an affordability crisis stemming from increased income disparities, exorbitant housing costs, and decades-long policies that make it harder to build denser, multi-family residential developments. In California, development does not always respond to demand due to complex zoning laws and a maze of regulatory policies and processes. Furthermore, homeowners in desirable, often high-income communities push back against development and exacerbate the problem. This creates exclusivity and a lack of affordability that pushes low- and middle-income

residents to move inland. This creates the acute need for lower cost accommodations along the coast that STRs can help address. The rising popularity of STRs, therefore, is a democratic solution to the crisis—a way for those who have been priced out of the region to still access the coast.

## Acute Lack of Affordability

California faces a particularly acute affordability crisis. **In the coastal region, the lack of affordable housing and development is more severe than in the rest of the state. California's most expensive cities cluster along the coast, concentrating economic opportunity where housing is scarcest. Low-income and working-class families cannot afford to live in the coastal region due in large part to the lack of affordable housing supply. As the rent burden has increased, the lack of affordability has expanded to middle-income households as well (Chapple 2016, 88). While low-income households can apply for vouchers and federal aid, middle-income households are especially squeezed.**

Once, decades ago, these areas possessed a naturally occurring affordable housing stock—housing that the average family could afford without government aid. Today, however, housing prices in the coastal counties have skyrocketed and there is less and less affordable housing every day. Formerly affordable areas have also been converted into upper-middle and upper-class neighborhoods. There is a critical lack of affordability in small California coastal communities, especially in Southern California.

Housing prices have greatly outpaced incomes for many Californians, and this, in turn, has placed an undue financial burden on residents that is unsustainable. Faced with unsustainable costs, low- and middle-income residents cannot remain in coastal communities. Presently, housing costs are so high in the Los Angeles area that “households earning up to 115 percent of area median income, or \$69,800 per year, are unable to afford local housing costs,” while in San Francisco a “household earning \$140,000 per year, or 179 percent of area median income” struggles (McKinsey & Company 2019). These high costs largely stem from a shortage of housing supply, which disproportionately impacts the lower and middle-class residents of impacted areas. The most dramatic housing shortages are near powerhouse cities along the coast—Los Angeles and the greater Bay Area. Families priced out of these regions tend to move inland.

Rising costs overburden these households with a majority in some areas spending over 30% of their income on housing (Freeman & Schuetz 2016, 227; Marcus & Zuk 2017, 4). The situation in California is such that most nurses, teachers, and service industry workers cannot afford to live where they work. Even a decade ago, before the housing crisis reached present day levels, a majority of residents in coastal counties were unable to afford rents as shown in Figure 7 below. As a result, low and moderate-income households cannot afford to live in the coastal areas of California. This reduces coastal access for all but a small segment of the population, forcing inland residents to travel further and pay expensive lodging costs to enjoy the beach.

### Households in MSA unable to afford rent

Thousand

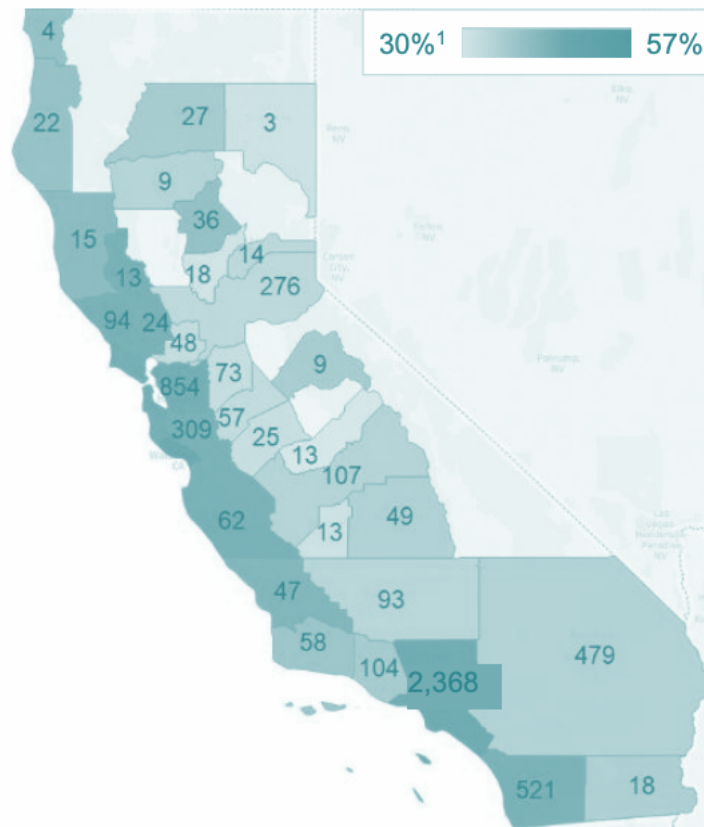
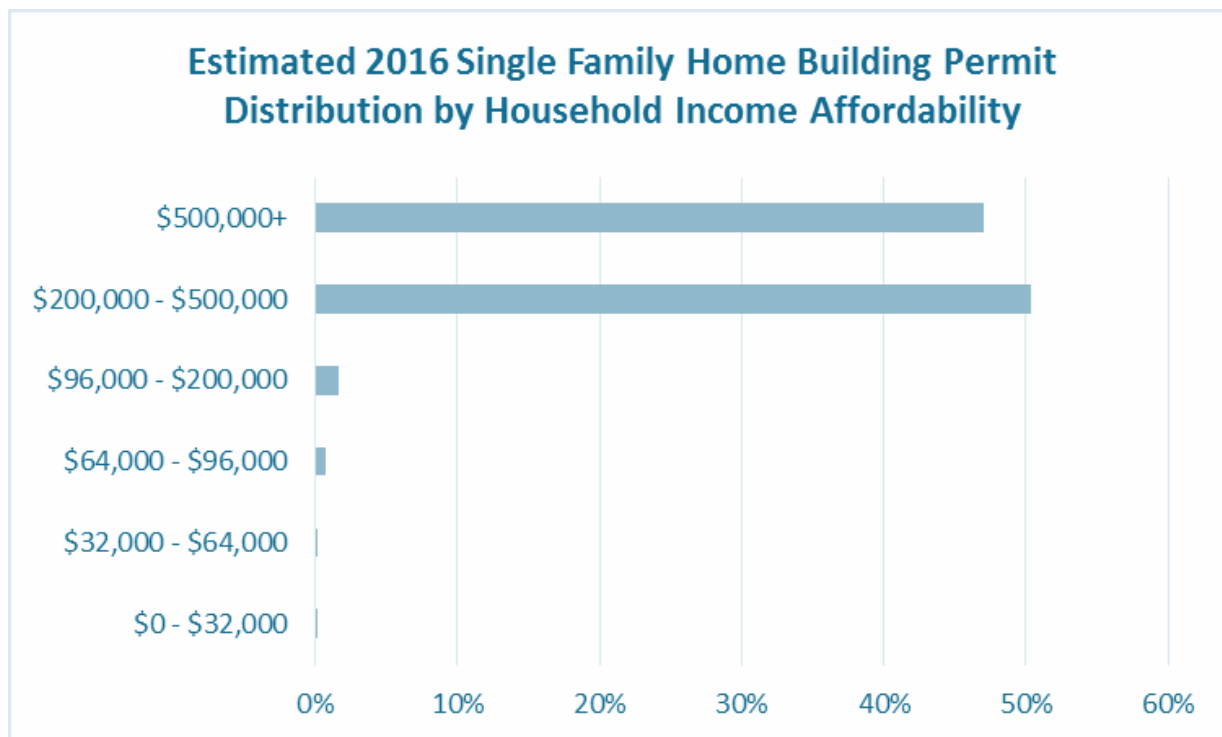


Figure 7: Percent of California residents by metropolitan statistical area unable to afford rent (Quigley 2005).

## Lack of Development

The affordability crisis is largely due to high demand and lack of supply in California's powerhouse cities and the regions surrounding them. As demand has risen, there has not been a corresponding spike in development. Experts argue that in order to reduce prices, California needs to substantially increase housing production (Smith-Heimer 2019, 69; McKinsey 2019). It would be expected that in a market with high rents and high demand, there would be a great deal of construction—and that this construction would be focused on higher density housing (typically multifamily housing rather than detached single-family dwellings). However, many California cities have not built enough housing to meet this demand (Chapple 2016, 90). This is especially problematic as the resulting lack of supply drives up the cost of existing units and reduces options for those in need of affordable housing in a market where price increases have long-since outpaced incomes (Freeman & Schuetz 2016, 224). Low- and moderate-income families can no longer afford existing units or find new ones. As Figure 8 shows below, development, particularly in coastal counties, largely occurs only in the luxury sector with profit only for those who supply high-income households (Chapple 2016, 85). Thus, what little construction there is does little to bring down prices, and units that were once affordable are converted into high-income housing.



*Figure 8: Single family home building permits in California skew towards high-income homes.*

While there is certainly demand for new housing, potential projects are curtailed by California's especially chaotic and restrictive system, rooted not only in regulatory but also political, economic, and cultural factors (McKinsey & Company 2019). There are various regulatory measures which reduce development and affordable housing stock. Zoning, which often reserves little land for multifamily housing, imposes serious restrictions. However, McKinsey (2019) identified many units throughout the state that could be developed on vacant land already zoned for multifamily development. The lack of multifamily zoning presents less of a barrier than the ad hoc process of informal barriers which slows down development and imposes various unpredictable costs (Murray & Schuetz 2019). Delays, committees, and various other measures stall the permitting process and increase costs. This creates chaos in the regulatory environment and imposes unnecessary delay and permit costs on developers.

Rather than encourage new construction, studies have shown that the regulatory environment severely inhibits, and indeed prohibits, the expansion of much needed affordable housing. In the most expensive cities, regulations and informal controls have reduced construction nearly to zero. The most expensive cities—which are also near the coast—have built very few apartments over the past five years and largely issued no permits for their construction (Murray & Schuetz 2019, 10). These cities benefit from booming economies and strong tax bases and would rather have a higher ratio of jobs to housing to avoid negatives like high public expenses and traffic, and they see less tax revenue from large multifamily projects (Metcalf 2018, 70).

The segment of the housing market most lacking development is also most needed: multifamily housing. It would be expected that in areas with expensive land costs, developers would be incentivized to build at higher density—and thus prioritize multi-family rather than single family



housing—but that is not happening in California (Murray & Schuetz 2019, 3). The market for housing has broken down, and the development of apartments does not seem to be correlated with rents. High rents should motivate high levels of development, but in California that is not the case. The lack of development, especially of high-density development, keeps rents high and prioritizes the construction of expensive, single-family housing aimed at the wealthiest homeowners. Multi-family units increase density and lower costs in the face of high demand, yet these projects face strong opposition. As a result, affordable housing tends to be built where land is cheap and political opposition is weak. These areas—often outside economic opportunity zones—limit the ability of low-income families to move to opportunity and lead to the construction of housing in outer lying suburbs (Freeman & Schuetz 2016, 228; Chapple 2016, 90).

Opposition to multifamily housing stems not only from the lack of profitability but also from the difference between potential renters and existing homeowners. In California, particularly in the coastal zone, owners tend to be older, wealthier, and whiter than potential renters (Reineman 2017; Murray & Schuetz 2019; Bliss 2019). When considering designated or subsidized affordable housing in addition to market-rate housing, this difference is all the more apparent. Opposition to multi-family (and especially designated affordable) housing in expensive cities and the coastal zone preserves the exclusivity of access to the wealth of resources there, including easy access to the coast (Owens 2019, 499–518). These actions undermine the aims of access for all outlined in the California Coastal Act and help create the acute need for affordable lodging in these elite areas.

## Restrictive Housing Policies

Many homeowners in more affluent parts of the coastal region oppose additional housing development, specifically through restrictive zoning rules that limit multi-family and other affordable housing options. Similarly, restrictive policies target short-term rentals and keep the price of coastal accommodations high. Reineman's (2017) work demonstrated that the immediate coastal zone is already wealthy and white and existing economic pressures have driven coastal counties toward further homogeneity. By reducing the affordable housing stock these areas are kept expensive and exclusive as low- and middle-income households are forced out.

### The Costs of Restrictive Regulations

Restrictive regulations result in less development, especially affordable and multi-family development. This drives up home prices and forces those of middle- and low-incomes to move. As in many other states, regulation and zoning are left to local municipalities in California and even sometimes directly decided by the voters via referendum (Metcalf 2018, 67). Because homeowners often make up the voting base, governments frequently adopt laws that reflect their preferences over those of renters and other less politically connected groups (Murray & Schuetz 2016, 13; Metcalf 2018, 70). Advocates of up-zoning and increasing density have not managed to clearly address how more housing in an expensive area helps everyone.

The lack of consistency in local zoning regulations impose costs on developers who must negotiate a confusing labyrinth of rules and restrictions. The costs associated with this process are passed on to renters or buyers and increase the already high housing prices. Quigley (2005, 327)

examined the responsiveness of housing stock to demand and the construction of new housing and found that both are lower in highly regulated cities. This finding was especially pronounced in the rental market. This means that in one of the fastest growing areas in the country—and an economic powerhouse that attracts workers seeking opportunities—there are fundamental barriers to development which keeps costs high. Furthermore, the promise of property taxes encourages local governments to prioritize single-family over multi-family development (Freeman & Schuetz 2016, 218). Additionally, cities in California glean a share of sales tax. This creates another incentive in favor of retail and upper-class housing over more dense, affordable options (Quigley year, 323).

Thus, affordable housing tends to be constructed in less-desirable, outer lying suburbs, further from economic opportunity (Freeman & Schuetz 2016, 228; Chapple 2016, 90). Such is the case in the coastal region where the lack of supply in comparison to demand has led the cost of housing to soar. The regulatory chaos, incentives against affordable housing, high level of income inequality, and local opposition to eliminating restrictive zoning rules are the foundational pillars of California’s affordability crisis. Combined, these barriers precipitate a crisis in California far greater than what STRs might impact.

# Displacement Inland Reduces Coastal Access

The lack of housing options for low- and middle-income families in the coastal region of California has forced many of these families to move inland. When residents are displaced to the more affordable areas inland, it results in inequitable access to not only the benefits of living near a strong city economy but also inequitable access to the California coast. **Unequal access to housing exacerbates the disparities in coastal access already discussed in this paper.** Moving inland also means that for Californians of moderate incomes to visit the coast, they will likely need affordable accommodations. With the loss of economy options and overall lack of supply of traditional lower cost coastal accommodation, an acute need arises for alternative forms of lodging to meet this growing need.

*Table 5: Median Income and Home Price Comparison, Coastal and Inland (U.S. Census Bureau and Zillow Data)*

Region	Median Income	Median Listing Price	Price as a Percent of Income
Coastal Sample	\$83,995.00	\$1,059,306.25	1261%
Inland Sample	\$58,082.83	\$338,021.86	582%

As previously stated, many households are forced to move inland because their incomes have not kept up with the increase in housing prices. As Table 5 shows, the median listing price of a home in the coastal region is over 12.5 times the median income for that region. Inland, the median listing price is under 6 times the median income. The relative affordability of inland communities attracts families priced out of the markets in the coastal zone.

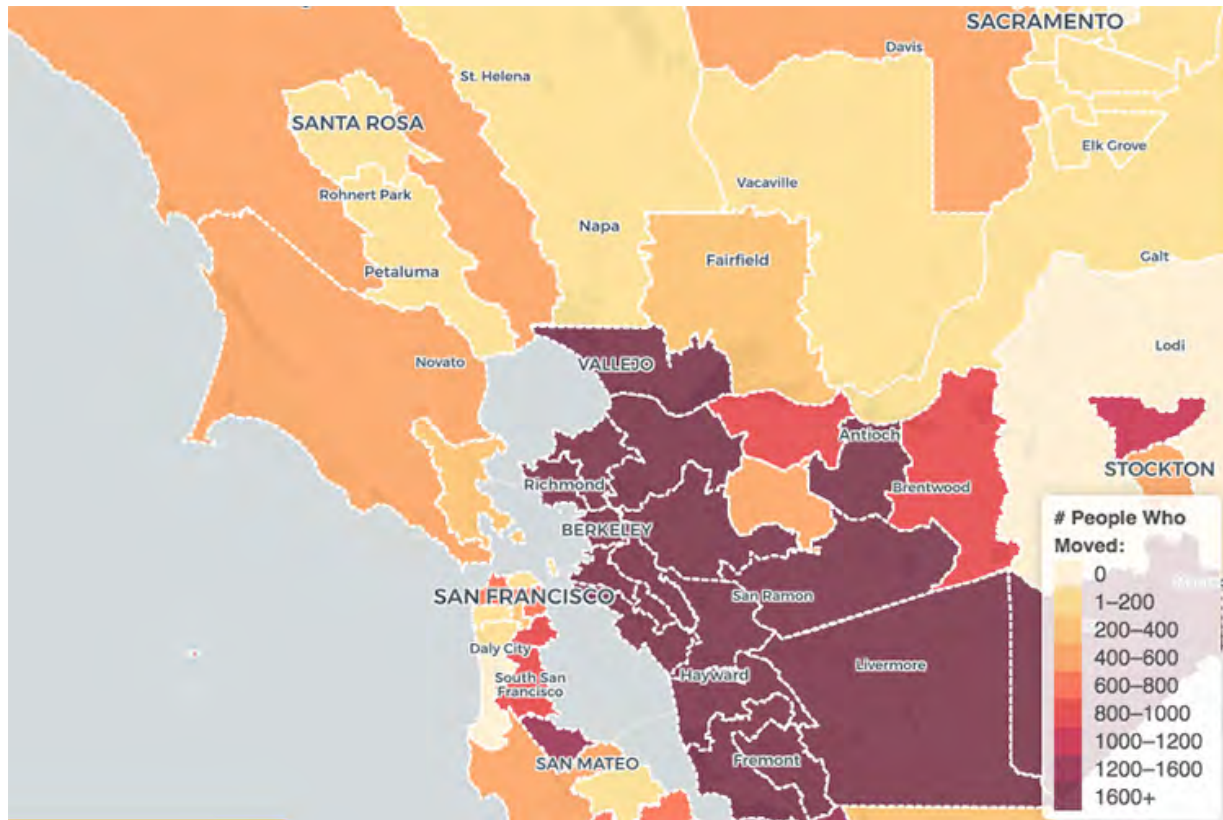


Figure 9: Displacement from the Bay Area (Berkeley News 2018).

Given that the modern economy is primarily service-driven, pushing service workers out of middle-class housing markets is concerning. This is especially true in the coastal region where the disparity in incomes is so high. **These workers—both low- and middle-income—simply cannot earn enough to remain in the strained housing market near the coast.** Forcing these households inland increases their travel costs, especially if they choose to stay overnight on the coast. Short-term rentals can help alleviate some of this burden both for visitors and those who wish to fight to remain living in the coastal region amid skyrocketing prices. **Some families may find themselves able to alleviate some of these pressures through STRs by renting their homes part-time to visitors.**

In this way, some residents may be able to afford to remain in their neighborhoods despite increasing costs. The sharing economy may offer less-wealthy residents of coastal communities a way to continue living there by shifting some of the economic burdens of ownership (Jefferson-Jones 2015, 558). In markets such as the coast, where the costs of living are increasingly high, the supplemental income from short-term rentals can offset expenses and allow residents to remain (Horn 2017, 14; McNamara 2015, 169). This could also help owners afford maintenance or

renovations, which would mean that short term-rentals may increase property value in the long run (Jefferson-Jones 2015, 573). These expensive real estate markets are particularly suited to short term rentals as most areas with high hotel premiums also have high land costs (CBRE 2017, 11). Being able to rent out their home might help some owners retain residence in the coastal zone or to afford a vacation home when they otherwise could not. This increases their access to the coast and offers a method of access for renters.

This model of the sharing economy focuses on the small homeowners who rent out extra space or a sporadically used vacation home. These “Mom and Pop” rentals sometimes make up the majority of operators. Airbnb notes that 95% of all hosts have one listing (CBRE 2017, 9). While some short-term rental operators may have excess housing, which is marketable—such as a family vacation rental—many are simply renting out extra rooms and spare space in their home (Lee 2016, 243). This extra revenue has many uses, especially in an expensive area like coastal California. As mentioned, the income enables hosts to live where they might otherwise not be able to afford, but it may also help cover groceries or pay for college (McNamara 2015, 155; Wachsmuth & Weissler 2015, 1148).

The costs of living on the coast are high and pose a distinct barrier to access. **Allowing, and indeed promoting, STRs on the coast would likely simultaneously result in some residents being able to remain when they would otherwise be forced out by the high cost of living or housing scarcity and in increased options and affordability for visitors. The benefit of STRs on the coast comes from increased access for those that cannot afford to live there—the majority of Californians—so that the coastal zone becomes not an exclusive enclave of the wealthy but a shared resource available to and accessible for all.**

## The Housing Crisis and Coastal Affordability

The situation in many coastal communities is one of profound neighborhood changes—a pushing out of low- and middle-income residents as more wealth concentrates in the region. This change in neighborhoods appears to be a form of gentrification: the influx of middle- and upper-class residents which revitalize a neighborhood at the expense of its lower-income residents. However, displacement from coastal cities is not necessarily gentrification in the classical sense but rather a function of the rent burden placed on low- and moderate-income households (Chapple 2016, 86). As incomes in an area grow and market-rate housing is built, the value of those formerly affordable homes rises such that residents are pushed out or cannot afford to move in. This severe mismatch between housing costs and incomes displaces low-income communities, especially communities of color (Marcus & Zuk 2017, 3). The demand for housing in the coastal region displaces less wealthy residents who cannot keep paying rising rents nor find similar accommodations. As discussed, this has pushed many residents inland—away from the striving economies in coastal cities and away from easy coastal access. This situation is not created by short-term rentals but rather by the high demand and lack of sufficient affordable development. Many critics of STRs claim that the presence of rentals can lead to gentrification; however, in the context of the coastal region of California, this argument is profoundly flawed.



The argument that short-term rentals induce gentrification applies less in the coastal region of California because most communities have already gentrified. For rentals to promote gentrification, the presence of STRs must (a) offer far more revenue than the traditional housing market and (b) induce a high degree of displacement and neighborhood change that would not otherwise occur. In the coastal areas of California, this displacement occurs from the broken housing market with or without short-term rentals. In fact, Chapple (2016, 85) argues that the potential revenue gains in these areas has “long since been recaptured,” and that gentrification has already taken place. Indeed, in looking at cities like San Francisco, price pressures are so extreme that the entire city is expensive (Freeman & Schuetz 2016, 219). Nearby in San Mateo County, one study (Marcus & Zuk 2017) found that 33% of households had left San Mateo County, largely for the Central Valley or further out in East Bay. In their survey, of the 20% that remained in their same neighborhood, many moved into crowded conditions (Marcus & Zuk 2017, 6). In order to find housing comparable or superior to what they had been forced to leave, residents moved to areas with fewer services and away from economic opportunity. In these areas, the economic growth, income disparity, and housing shortage engineered a situation where displacement and gentrification rapidly ensued. On the coast, there are simply fewer affordable areas left.

In these areas, it is hard to argue that STRs will displace residents of lesser means when the housing market continues to displace most of them. Coastal communities, already expensive compared to those inland, lack the affordable housing that critics argue is threatened by STRs. In a classic case of gentrification, STRs would bring in an influx of investment which would transform a disadvantaged community. In California, few of these communities remain in the coastal region as formerly blighted areas have long since been transformed by the housing crisis. Rather than protecting affordability and the character of low-income neighborhoods, what those who wish to ban STRs perceive as “threatened” is the character of already expensive, exclusive coastal areas. Without affordable lodging options, former residents of coastal communities face an undue and unjust burden in visiting the coast. Much like the arguments against affordable housing, residents seek to protect their exclusive access to the coast and see increased access for a wider swath of Californians as a threat.



# Resilience

“Resilience is the ability of an urban asset, location and/or system to provide predictable performance ... under a wide range of circumstances.”

**Jeb Brugman, *Financing the Resilient City* (2009), p. 217 <sup>9</sup>**

The housing crisis is only one demand on local governments and the State of California’s limited resources. Climate change will adversely impact communities across the state with coastal communities under threat from sea level rise and possibly other threats, such as mudslides and fires. Local communities across California are now engaged in the process of planning for sea level rise and other hazards exacerbated by climate change. Although there is currently a strong debate about the nature of these adaptation strategies, often couched in terms of green (emphasizing coastal restoration or retreat) versus gray (armoring), all of these adaptation strategies have one thing in common: they are all extremely expensive. For example, a recent study published in the *Annals of the New York Academy of Science* (Aerts et al. 2018) estimated that Los Angeles County alone will face climate change related costs of between \$4.3 and \$6.4 billion by 2100. A study in Oceanside, CA estimated coastal adaptation costs of over \$250 million by 2040. Costs for other coastal cities will be similarly high.

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<sup>9</sup> Brugman, Jeb, *Financing the Resilient City*, *Environment and Urbanization*, V. 24(1): 215-232, p. 217.

These coastal communities will have to come up with the money for adaptation. Many of the large capital costs of these projects will likely be financed by various state and local bond issuances (Resources Legacy Fund, 2018). However, like any loan, bonds simply shift costs forward; cities and other government and private entities will ultimately need to raise large sums of money in order to pay for resilience. In many cases, cities will either be expected to cost share or will be expected to take over certain aspects of the project (e.g., maintenance). This will all be on top of the services that cities currently provide and which are already underfunded in many areas. Therefore, cities will need to find new revenue sources, and increasing taxes is not only unpopular but extremely difficult to legislate.

Although cities can and should expect help from the State of California and U.S. government agencies, these sources of funds have been in decline as revealed when examining the percentage of the average California's city government total budget. In 1974–75, Federal and State Grants accounted for 21% of a city's budget; today that figure is less than 10% on average<sup>10</sup> (Coleman 2016). Much of this money is also tied to particular programs and projects, so that city governments have little say or discretion over how the money is spent.

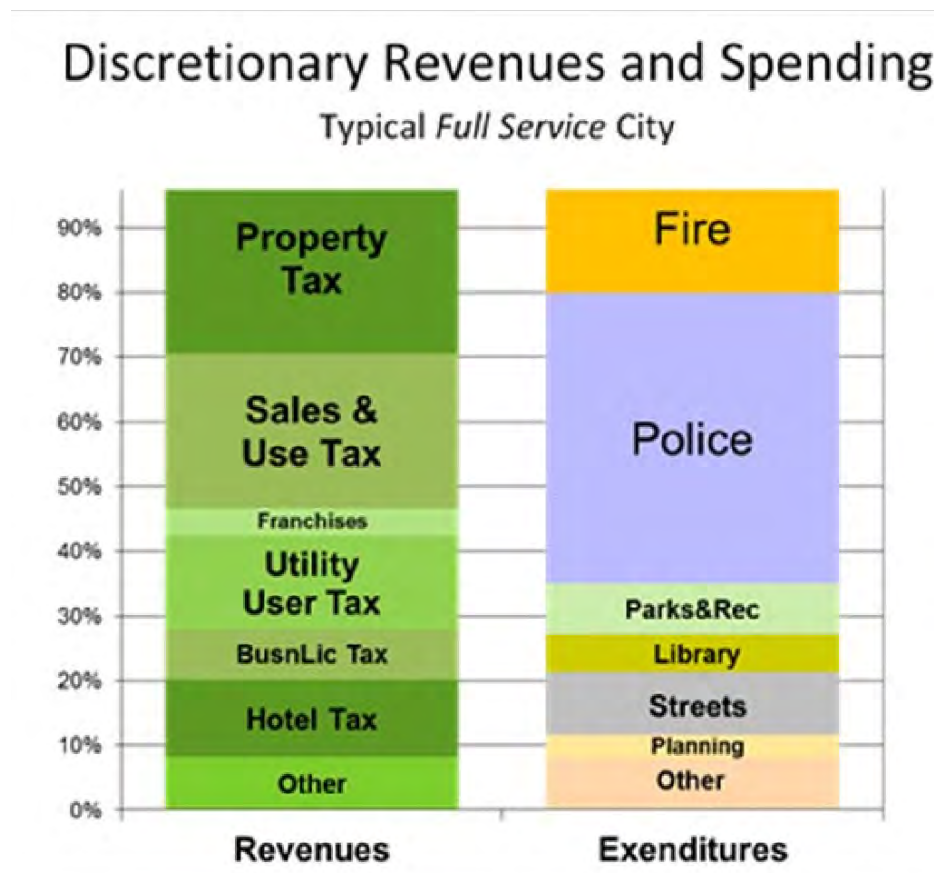


Figure 10: Revenue (taxes and fees) vs. spending for average California city.

<sup>10</sup> Coleman, Michael, A Primer on California City Revenues, Part Two: Major City Revenues, Western City, December 1, 2016 <http://www.westerncity.com/article/primer-california-city-revenues-part-two-major-city-revenues>

Sales taxes, another significant source of local revenue, have also failed to keep up with overall economic activity in California. In California, as in many states, sales taxes only apply to goods and not services. In the last 30 years, consumers' spending patterns have shifted toward more services and fewer goods, resulting in slower rates of growth for sales taxes. Moreover, since wealthier households tend to spend a greater proportion of their income on services than poorer households, the failure to tax services makes the sales tax more regressive (California Budget Center 2011). With growing populations already straining cities revenue and increasing demand on public services, the relative decline in sales tax revenues further reduces cities' discretionary budgets. The lack of funds curtails the potential cash flow for necessary resiliency projects. The transient occupancy taxes generated by STRs can help make up for the slower growth in sales tax revenues.

## Where Do California Cities Get Their Revenues?

While city governments obtain some of their budget from the state and federal governments, the primary source of revenue is their tax base. Figure 10 in the previous section presents data on revenue versus spending for the average California city (which can vary from city to city). The majority of most city budgets are dedicated to public safety, such as fire and police departments. These services are necessary and only increase in need as California populations grow and natural disasters plague the state. The majority of the remaining budget goes to other traditional city services, such as parks and recreation, planning, street services, libraries, etc.

On the government revenue side, property and sales taxes still make up over half of a typical city's general fund revenues. However, as noted above, sales taxes have failed to keep up with economic growth since services are not taxed and have become an increasing share of California consumer's spending. Sales taxes are regressive; even with food and rent excluded from sales taxes, lower income households pay a higher percentage of their income than wealthier households on sales taxes.

Outside of sales taxes, municipalities in California rely on a combination of other tax sources. One such additional revenue stream, Utility User Taxes (UUTs), have become more important as a source of general funds for cities, representing, on average, 15% of general fund revenues for cities that have a UUT. These are taxes on a consumers' usage of utility services, such as electricity, sewage, water, sanitation, and cable television. Local governments assess UUTs based on the consumer's usage of the service.

Business licenses and fees (e.g., recreational fees for a swimming pool) account for just under 10% of a typical California city budget and are generally used to partially offset corresponding city services. Transient Occupancy Taxes (TOT), also known as hotel taxes, represent just over 10% of taxes for the average city. These taxes are primarily paid by visitors to the area, rather than the residents, making them more popular. While TOT represents a small part of the average city's revenue, coastal cities with significant visitation can have much higher TOT revenues. These taxes can be a crucial revenue source useful for offsetting the cost of tourist services in addition to the general public services.



## Increasing City Revenues to Pay for Resilience

Increasing local resilience to climate change will require cities to raise more revenues. Raising revenues from each of these sources poses different challenges. The primary source of municipal government revenues is through the various tax sources. Measures in California law restrict the ability of jurisdictions to alter their taxes even when the needs for revenue are critical. Adapting to climate change and promoting climate change resistance poses one such critical circumstance, especially for those communities most adversely impacted by rising sea levels. Without a new revenue source, or expanding an existing one, these governments will likely lack the revenue to either directly pay for resilience or to pay back future bond issuances. The discussion below highlights the major sources of revenue for California's cities, each with their own limitations, and also discusses the prospect of Transient Occupancy Taxes as a revenue stream.

### Property Taxes

In California, unlike many other states, property taxes, though collected at the county level, are distributed via the State Board of Equalization back to local governments. While property taxes constitute a significant portion of city and county revenues, the ability to increase property taxes is limited. In 1996, California voters approved Proposition 218, "The Right to Vote on Taxes Act," which "substantially expanded restrictions on local government revenue-raising including taxes, assessments and property related fees" (League of California Cities 2019). Furthermore, these property tax increases must go to support "the acquisition or improvement of real property" (California City Finance, 2019). This means that the uses of collected taxes are limited to the state's purchase of property or improvements to structures on government property. The definition of real property includes various trees and mines but does not include waterways or the coast, which would assist in its use for necessary resiliency work on the coastline. Prop 213 requires a two-thirds majority for all property tax supported bond measures, except for school districts, which have a lower threshold of 55%. The two-thirds supermajority requirement put a damper on bond measures, and less than half of bond measures requiring a two-thirds vote have passed since 2001, whereas 84% of measures requiring a 55% measure (for schools) have passed. Since the 55% measures include schools, their high success rate may also be related to continued local support for schools. Overall, the limitations on property taxes have reduced the state's ability to collect them and thereby reduced the budget.

In addition to property tax levies to support school or other bond issues, California law also supports a number of special property tax districts, including independent financing districts (IFDs) which can issue additional fees (e.g., Mello Roos) or property tax levies generally on new or substantially improved property. For protection of existing property, the state has created geological hazard abatement districts (GHAD)s. A GHAD comprises an independent agency focused on the abatement and prevention of geological hazards in the area for which it was created. They have defined boundaries of that area and obtain their funding within it. A number of GHADs have been created across the state to help homeowners and other property owners protect their property against geologic hazards, such as earthquakes or coastal erosion (e.g., in Malibu). One potential disadvantage of GHADs on the coast, however, is their focus on protection of private property over other uses. For example, a GHAD may favor coastal armoring over other adaptation scenarios since armoring will protect coastal property. However, this armoring may also diminish coastal recreation if already eroding beaches erode further.

## Sales Taxes

As discussed, another primary revenue source for cities are sales taxes. Sales tax revenues largely do not meet the needs of California cities, and measures to expand them have a low success rate. Under Bradley Burns Uniform Local Sales and Use Tax legislation, California allocated 1% of sales subject to sales taxes to incorporated cities or counties with another 0.25% allocated for local transportation, which are typically allocated to counties (California State Auditor 2017, 8). California law allows local jurisdictions to add on sales taxes at the city or county level to support other services. Since 2001, many measures have been passed to add-on sales taxes for local transportation; many of these were extensions of already existing sales taxes that needed to be ratified. However, if one examines sales tax increases not allocated to transportation, the success rate for new sales tax measures in California since 2001 has been less than 50%. The most successful other tax measures have involved libraries, street/roads, and public safety, but the majority of these ballot measures have failed (Ca City Finance 2019, 11-14). The lower likelihood of passing a sales tax increase diminishes the ability of municipalities to use sales tax as a source for their much-needed resiliency budgets.

As noted above, sales taxes have two other problems. First, they are regressive—lower income houses pay a higher percentage of their income in sales taxes since they spend more of their income on items subject to sales taxes. This creates an equity problem as it is unjust for those with fewer means to pay more for public services. Second, sales tax revenues in California have failed to keep up with economic growth since services (e.g., haircuts) are not subject to sales taxes and services have become a larger part of California consumers' budgets.

## Utility Users Taxes

Taxes based on a consumer's use of a service, Utility Users Taxes (UUTs), have increasingly yielded important revenue streams. However, utilities will be especially stressed by climate change, and taxes or utility rates will have to increase substantially to pay to make key infrastructure more resilient. Climate change will increase the need for certain services, such as electricity (for uses such as air conditioning), and likely damage some existing systems, necessitating repair. UUTs are typically levied by cities on utilities such as electricity, water and telephone use. While voters have generally approved continuing existing UUTs, most ballot initiatives attempting to increase existing UUTs have failed in California since 2001 (CA City Fin 2019).

Additionally, local phone calls were traditionally a significant source of UUT revenue, but the advent of new technologies in telecommunication has made charges for local telephone calls a relic of the past. To respond to these changes, many cities have revised/modernized UUTs, however the majority of these ballot measures resulted in reductions in UUT fees. Climate change will have a significant impact on many utilities as cities will be required to modernize, harden, and relocate many power, gas, electric, water, and telecommunications lines. Voters facing the prospect of power outages or loss of other valuable utilities may be willing to approve UUTs targeted at improving utility infrastructure. Consequently, it's unlikely that UUT revenues can be used to fund resilience projects, other than supporting and moving existing infrastructure, requiring funding from other sources for other resilience tasks.

## Business Licenses and Fees

These fees are generally collected for services rendered by a city or county and may include licenses for operating businesses within the community, recreational fees for community services such as a local swimming pool, and parking fees. These licenses and fees are generally subject to a vote by a city council or county Board of Supervisors. Parking fees may be used to support resilience projects in cases where parking lots/structures are threatened by coastal erosion.

## Transient Occupancy Taxes

In looking for potential revenue sources to fund resiliency projects, cities (especially those on the coast) could look toward Transient Occupancy Taxes (TOTs). Sometimes referred to as hotel taxes, TOTs are levied on hotels and short-term rentals of less than 30 days. Under California law, cities and counties (for hotels and rentals in unincorporated areas) may levy TOTs with a two-thirds vote. According to the California State Controller's Office<sup>11</sup>, the vast majority (over 90%) of cities and counties have some sort of TOT. The most common rate is 10%, but quite a few popular destinations in California have significantly higher rates that allow them to capitalize on the demand for tourism in the area. For example, Anaheim has the highest rate (15%), while Los Angeles, San Francisco, and a few other high-demand cities charge 14%. Although TOTs require a two-thirds vote, **these taxes are often popular since non-residents generally pay for them and they are often seen as a mechanism for reimbursing the costs of hosting visitors** (e.g., public safety, beach recreation). Since 2001, the majority of TOT measures have passed despite the requirement of a two-thirds vote.

One potential issue with TOTs is non-compliance. STRs offer a potentially lucrative source of TOTs if they are brought into compliance while still encouraging the existence of the rental. As discussed in the next section, TOTs from STRs have increased substantially as STRs have become increasingly popular and as more have been brought into compliance.

## Transient Occupancy Taxes from Short-Term Rentals

Easier access to STRs through new platforms has not only increased access to popular destinations, such as the California coast, but also the potential to greatly increase revenues in these areas. In the City of Los Angeles, for example, revenue from short-term rental transient occupancy taxes go to the city's general fund and help pay for community services. However, in order to capitalize on this possibility, cities need to find a way to regulate STRs without imposing high costs on hosts. These costs, such as the murky regulatory environment or high permit fees mentioned above, can impose barriers to entry. This reduces the number of rentals the cities can collect taxes from, discourages small "Mom and Pop" hosts who cannot pay the high fees, and may force some STRs to continue without permits.

Table 6 below summarizes the revenue sources available to local governments in California, along with the typical use for any tax /fee increases, the political hurdles necessary for an increase, and the potential advantages and disadvantages of each tax/fee.

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<sup>11</sup> California Cities Transient Occupancy Tax Revenue, Tax Rate, and Effective Date, Fiscal Year 2016-2017 <https://sco.ca.gov/Files-ARD-Local/LocRep/2016-17%20Cities%20TOT.pdf>

*Table 6: Examination of Revenue Sources for California Cities*

Local Fund Source	Often Used For:	Necessary Approval	Possible Advantages	Possible Shortcomings
<b>Property Tax Levy</b>	School Districts	Requires Ballot Measure: 2/3 for general levy; 55% for schools	Involves entire community	Raises Housing Costs
<b>Special Assessment District (e.g., GHAD, IFD)</b>	Protection against Geological Hazards	Requires Formation of District and Approval of Special Tax	Coastal Property Owners may have higher Ability to Pay	GHADs emphasize property protection over other uses
<b>Sales Tax</b>	Transportation	Revenues have lagged economic growth; Requires 2/3 Ballot Measure	Spread evenly across consumers	Lower income groups pay higher percentage (Regressive tax)
<b>Developer Fee</b>	Low Income Housing, Environmental Mitigation	Requires New Development	Often used to support Affordable Housing	Academic Studies indicate these fees raise the cost of housing in CA
<b>Utility/User Fees</b>	General Fund, Utility Improvement	Requires 2/3 Ballot Measure	Can be used to support utility resilience	Most increase measures have failed
<b>Business Licenses and Fees</b>	Providing Services, General Revenue	Requires City Counsel (or similar) Vote	Helps offset cost of public services	May be regressive. Limited ability to raise revenue
<b>Transient Occupancy Tax</b>	Parks and Recreation, General Fund Revenue	Requires 2/3 Ballot Measure or Increasing Hotels/ STRs	Increased Coastal Access correlated with higher TOTs	Requires new hotel construction or lowering STR restrictions

## Financing Resilience for Local Communities

To return to the quote at the beginning of this section, resilience can be defined as “the ability of an urban asset, location and/ or system to provide predictable performance ... under a wide range of circumstances” (Brugman, 2009). Facing the threat of climate change, California cities need to increase their ability to fund and execute resilience. In all likelihood, climate change adaptation will require local governments to increase taxes and fees in a wide variety of ways, including property and sales tax increases as well as increases in utility rates or user fees to pay for infrastructure improvements.

In California, cities are limited in terms of their ability to raise revenues between the taxes and fees discussed above. As indicated in Table 6 above, each type of tax/fee has advantages and disadvantages. TOTs offer one of the most feasible methods of increasing taxes, particularly for



services oriented for visitors, such as maintenance of beaches and other public parks. Additionally, the potential to increase TOT revenue exists in the prospect of bringing existing STRs into compliance and promoting better regulations. For communities on the California coast, TOTs can provide needed revenues to offset the cost of serving visitors (e.g., public safety) as well as help preserve beaches and other sensitive coastal habitats. In addition to increasing TOT rates, many local communities have the opportunity to increase TOT revenue by allowing for more STRs or by bringing existing STRs into compliance (by paying TOTs). This would allow coastal communities to improve their resilience without burdening their populations and simultaneously increase coastal access for visitors by helping legitimize STRs as a source for affordable accommodations along the coast.

*Table 7: Potential for City Revenue Sources to Finance Climate Resilience*

Local Fund Source	Potential for Climate Resilience Finance
Property Tax Levy	Can help support property protecting infrastructure, especially for schools.
Special Assessment District (e.g., GHAD, IFD)	Can help support protection of private property, in particular shoreline protection.
Sales Tax	Can help support transportation infrastructure.
Developer Fee	Can make new developments more resilient.
Utility/User Fees	Can help support utility infrastructure resilience.
Business Licenses and Fees	Can help support local programs. Parking fees can help offset threats to parking.
Transient Occupancy Tax	Can help support beaches, parks, and visitor supporting services.



# Case Studies— The Potential for Affordability on the Coast

California's coast is available to all, which makes California's coastal communities some of the most in-demand real estate in the country. California's coastal cities tout beachfronts, plentiful coastal access, and offer a calm respite from the larger cities—or at least an escape from the Inland Empire's heat. Unfortunately, many of California's coastal communities have become unaffordable. Not everyone in California can afford to live in, or even visit, them.

This section examines a few case studies of different coastal communities in California. The first case study examines North San Diego County, specifically the Cities of Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside. This region showcases how affluent communities not only discourage construction of affordable housing and lodging but also have the most restrictive regulations on short-term rentals. Data from a summer 2018 sample of STRs demonstrates that

wealthier areas—in particular Del Mar—impose more restrictions and a higher degree of exclusivity in lodging, keeping costs high and inaccessible to most Californians.

Unlike North San Diego County, the second case study examines the different regulatory environments for STRs in Pismo Beach and the City of Santa Barbara. While STRs are legal in Pismo Beach, they are expensive to operate due to the burden of high permitting fees. Additionally, Santa Barbara’s near ban on STRs demonstrates how restrictive regulations increase the cost of accommodations and forces budget conscious visitors away from the coast.

In all of the sample cities, coastal access is limited due to the cost of housing, cost of overnight accommodations, and acute lack of supply for lodging in the high season. However, there are differences in the way each of these communities have approached the issue of providing coastal access via increased affordability and lodging supply. These differences contribute to dramatic disparities in affordability, which could be addressed through policy changes.

## North San Diego County

The communities in North San Diego County line a popular stretch of the California coast and offer access to prime beaches, such as Del Mar City Beach, Carlsbad State Beach, Torrey Pines, Moonlight, Fletcher Cove, Oceanside, and many others. These seaside towns offer smaller communities and a well-maintained coastline often amenable to families. However, due to the lack of affordable real estate and accommodation, many Californians cannot afford to live in or visit these towns.

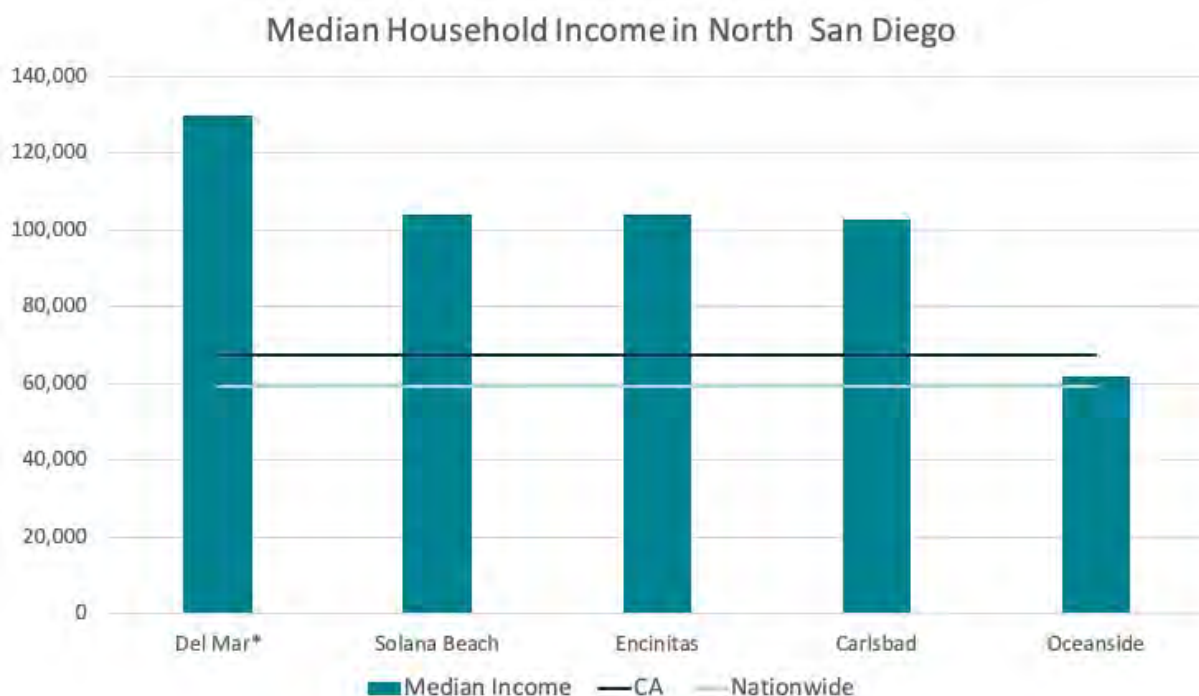
Despite many similarities and close proximity, the five sample cities differ greatly in their degree of affordable accessibility as well as in demographic makeup. As Reineman’s (2017) work predicts, these communities are predominantly comprised of individuals who are wealthy, white, and typically older than the median age for California. The population of Del Mar is the oldest, wealthiest, and least diverse of the focus cities. On the other hand, Oceanside is much less expensive and more diverse.

*Table 8: Demographics in North San Diego County Communities, SANDAG data 2018*

City	Median Household Income	Median Age	Single Family Homes
Del Mar	\$ 129,880.00	48.6	60%
Solana Beach	\$ 111,476.00	44.2	47%
Encinitas	\$ 106,960.00	41.9	63%
Carlsbad	\$ 107,605.00	41	55%
Oceanside	\$ 67,754.00	36.8	53%

San Diego Association of Governments (SANDAG) statistics indicate that Del Mar is the least diverse with over 85% white residents, the most affluent, and also the oldest by median age. Encinitas and Solana Beach are also predominantly white and older. All three coastal communities are significantly less diverse than the rest of California overall. Homogeneity along racial and socioeconomic lines is a trend along the coast; the Californians with the easiest access to the coast by virtue of their residence tend to be white, affluent, and older (Reineman 2017). This is especially evident in Del Mar.

While North Coastal San Diego adheres to this trend, and the lack of access overall, Oceanside is an interesting outlier. The city is much more diverse than the others in the study. Additionally, housing is more affordable. Oceanside demonstrates that more affordability is possible, especially in terms of affordable housing and accommodation, if regulations are in place to promote supply and affordability.

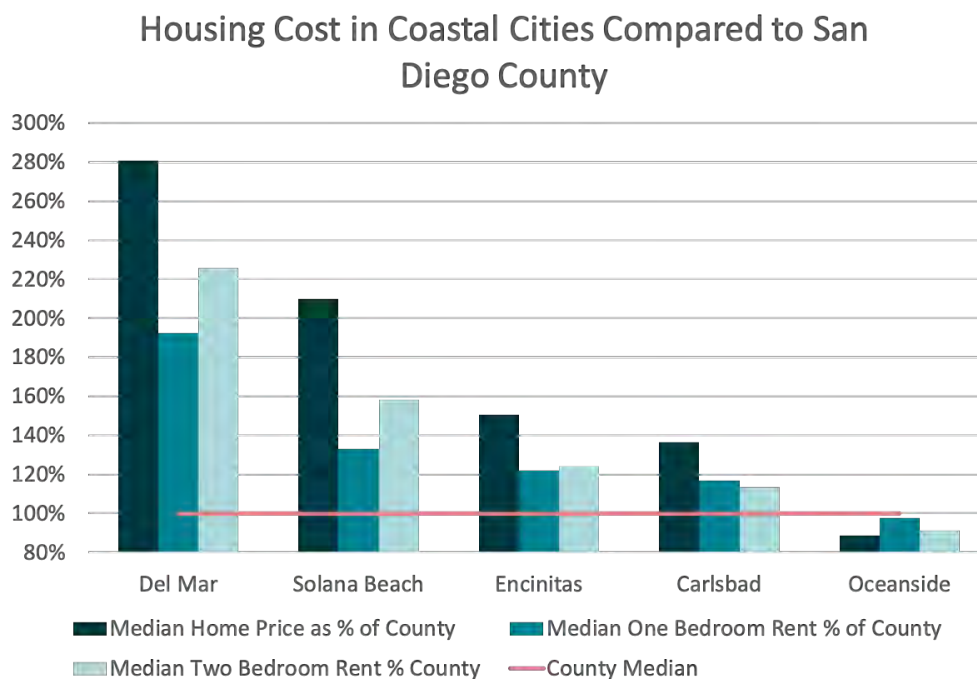


*Figure 11: Median household income in North Coastal San Diego is higher than the statewide and national average.*

# Affordability on the North Coast

Housing affordability is especially important because coastal communities are not only more affluent on average than the rest of the state but also more expensive to live in. The housing shortage—and in particular the lack of affordable housing—is more severe in coastal cities. Simply put, a low-income household cannot afford to live in most of these communities due to a severe lack of more affordable options and multi-family housing. Typically, this lack of affordability creates an enclave of wealthier residents on the coasts and reduces access for lower-income households as they are pushed further inland. While the vacancy rates, according to a 2018 SANDAG assessment, are relatively high, the vacant homes are not affordable for most Californians. Furthermore, many homes in Coastal North San Diego County are second homes which sit unused for much of the year.

In most of the small coastal communities, median home prices and rent are much more expensive than the average for San Diego County. The notable exception is Oceanside. On the other extreme is Del Mar with a median home price nearly 3x the rest of the county. The high cost of living in these communities creates an especially acute need for affordable housing. The lack of affordable housing has been addressed in the San Diego Area Governments (SANDAG) housing needs assessment. This study helps planners determine how much housing needs to be constructed and to target that housing for specific income brackets: Very Low, Low, Moderate, and Above Moderate. The 2017 assessment found that the coastal communities in this case study alone need 5,521 homes for Very Low- and Low-Income households. The diversity in affordability, demographics, and housing needs between these coastal communities allows for comparison. Del Mar, for example, would be expected to have less ease of coastal access than Oceanside and more restrictive attitudes in local politics.



*Figure 12: Housing costs in most coastal communities are far higher than the county as shown by percentages.*



# Affordable Accommodations

Finding affordable overnight accommodations in North San Diego coastal communities is nearly impossible during the summer high season. The meager number of affordable rooms does not begin to meet the needs of the surrounding population. The Coastal Conservancy defines Lower Cost Coastal Accommodations (LCCAs) as those with an average daily rate (ADR) 75% or less of the state average. For July 2019 (high season) this is estimated at \$140.70 per night. A prospective visitor might struggle to find such options in the coastal zone. Some cities, such as Del Mar, appear to have no affordable options at all. Del Mar, despite its popularity as a destination, offers only six hotels—with only 355 rooms between them—a scarcity which helps drive up prices (Schwing 2018, 2). Furthermore, hotels with rates less than \$140 in July typically offer that rate for a single full bed—hardly enough room for a family.

Although camping can provide a more affordable alternative for these families, there are limited options. In many of the coastal communities there are no tent camping sites, only RV parks. This imposes high equipment costs if visitors do not own an RV. In Carlsbad and Encinitas, there are State Beaches which offer tent camping, but these few sites are booked months in advance. This might be particularly problematic for a working-class family with less certainty of the stability of their financial situation and less predictability in time off. Furthermore, camping is not an option for all families as it has high equipment costs (Christensen & King 2017; Coleman 2016). Due to the barriers to entry and the limited availability, many families would not be able to turn to camping in the North San Diego Coastal area as an affordable accommodation option.

As discussed, the coast has lost many of its affordable options since 1989. The coastal region's tourism is especially seasonal, proving a challenge to the hotel business. Zervas (2016) discussed this issue, explaining that hotels face high fixed costs. This makes it especially difficult to adjust their supply of rooms to match demand—to scale up in the summer high season and scale down in the cooler months. As the cost of land on the coast has increased, economy range hotels have increasingly closed down and been replaced by upscale hotels and condominiums (Ainsworth 2017). In San Diego County, no discounted rooms have been included in new developments despite the mandate to provide affordability where feasible (Weisberg, 2015). Most recent hotel projects have been for the construction of upscale and luxury resorts (Access Denied, 2019). These new developments not only take existing LCCAs away from visitors but they also increase the associated costs of a visit by bringing in more high-end clientele and thus more upscale restaurants and shops. The areas with the most expensive hotels and fewest LCCAs typically impose the most restrictive policies on STRs, keeping prices high and lower-income visitors out.

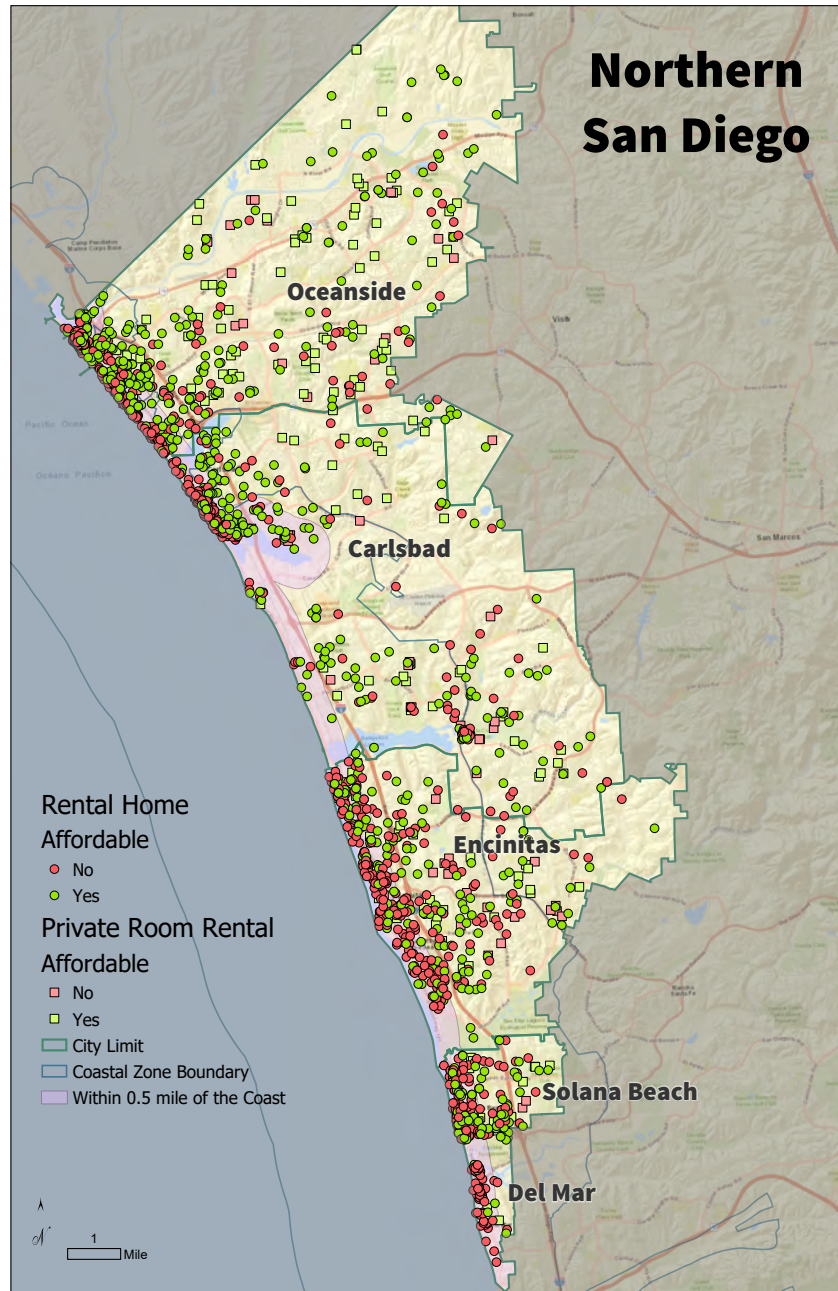
## Short-Term Rentals Provide Affordable Access

In order to evaluate the affordability of short-term rentals in North San Diego County, this paper examines data on the rental price of STRs in Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside from summer 2018. For example, the average listing in Oceanside is \$150 per night, whereas in Del Mar the average is \$265. The data confirms the expectation that the more exclusive areas have less affordability. Furthermore, mapping the rental listings and their distance from the coastal zone shows that prices increase with proximity to the coast. Therefore, affordability decreases.

*Table 9: Average Price for a Short-Term Rental in Select North San Diego County Cities for Two-Person Occupancy. Prices Determined by Capacity of the Rental.*

City	All Listings	Private Room	Entire Home	Listings within .5mi of Coast	Private Room within .5 mile	Home within .5 mile
Del Mar	\$265.20	\$90.36	\$269.99	\$268.33	\$90.36	\$273.41
Carlsbad	\$153.72	\$133.90	\$156.50	\$174.27	\$152.05	\$175.20
Oceanside	\$150.62	\$117.55	\$157.00	\$166.10	\$126.52	\$167.82
Solana Beach	\$199.46	\$137.45	\$204.27	\$215.87	\$154.48	\$217.79
Encinitas	\$177.66	\$176.20	\$178.23	\$194.60	\$200.62	\$194.50

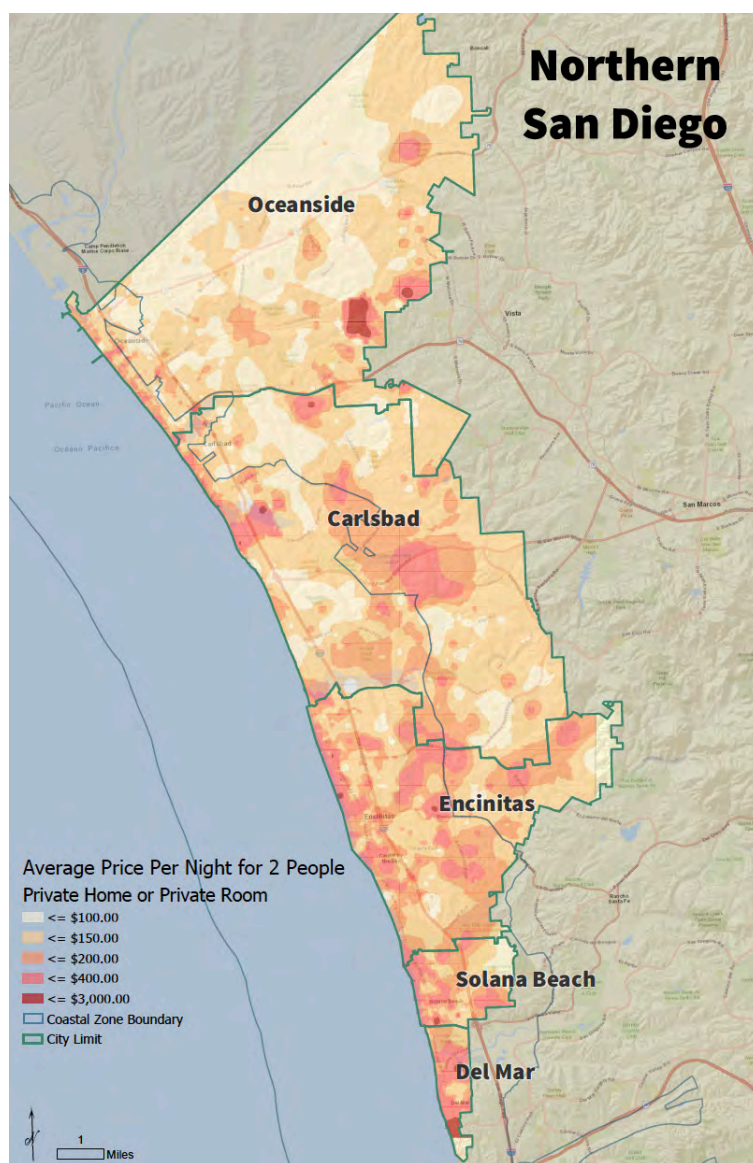
Figure 13 below shows a scatterplot of short-term rental listings from the summer (June, July, and August) of 2018 obtained from an independent source, Transparent Data (<https://www.seetransparent.com>). In this figure, affordable rentals (as defined by the California Coastal Conservancy) are depicted in green and unaffordable listings are depicted in red. As one gets closer to the coast, most listing become unaffordable; although, as indicated in Table 9 above, Oceanside still has many affordable listings within half a mile of the coast.



*Figure 13: Distribution of STRs in North San Diego County Showing Affordability Increasing Further from the Coast. Special thanks to Dr. Kiersten Patsch for mapping.*



Additionally, STR listings in North San Diego County appear to be affordable or expensive in clusters. Figure 14 below constructs an average cost map which grouped the listings in 100-meter segments around average cost and color codes the average price for each 100-meter area. The map shows that prices of STRs cluster into groupings of high costs (for example, greater than \$500 a night) and low costs (less than \$100). Average prices are noticeably lower (the darker red) in Oceanside and further inland. Del Mar has more high-priced clusters (pale yellow, indicating more than \$500 per night). While in some areas STRs are largely unaffordable according to the cost per two people per night, in many cases they are still more affordable than hotels, partially because a group or family would need many rooms at a hotel rather than a single home. Additionally, the supply of STRs helps lower prices and reduce the price hikes in the summer season as discussed in previous sections (Zervas 2015).



*Figure 14: Distribution of Average Price of STRs in North San Diego County Showing Affordability Increasing Further from the Coast. Note that Del Mar, Solana Beach, and Encinitas have far fewer listings at less than \$100, or even \$150.*

Finally, Table 10 and 11 below present affordability by number of listings. As the maps above suggest, the City of Oceanside has both the highest percentage and the highest number of affordable rentals, both homes and private rooms. The City of Carlsbad has similar percentages of affordable rentals, and Solana Beach and Encinitas also providing some affordability. Once again, Del Mar has the lowest percentage of affordable listings no matter how one looks at the data.

*Table 10: Affordability (Defined here as 75% of California Average Daily Rate) for All Listings, compared to those within a half mile of the coast.*

	Affordable by Statewide ADR			
City	Number	Percent of Listings	Within 0.5 mi of coast	Percent of Listings
Del Mar	12	16%	10	13%
Solana Beach	80	30%	40	15%
Encinitas	183	41%	78	17%
Carlsbad	229	52%	89	20%
Oceanside	455	52%	232	26%

*Table 11: Comparing affordability of listings when defined using California ADR or the ADR of San Diego County, which is higher. Although there are more listings at 75% or less of SD ADR, Del Mar still lacks affordability.*

	Affordable by Statewide ADR		Affordable by Local ADR	
City	Number	Percent of Listings	Number	Percent of Listings
Del Mar	12	16%	19	25%
Solana Beach	80	30%	103	39%
Encinitas	183	41%	233	52%
Carlsbad	229	52%	278	63%
Oceanside	455	52%	551	63%

## Tourism as a Revenue Source

The lack of affordable accommodations not only impinges on access for low- and moderate-income Californians but also reduces the potential tax revenue of the municipalities. All of these coastal communities rely on tourism, and the coast is the primary draw. The cities of North San Diego County draw a large share of their tax revenues from the tourism industry, and one of the primary ways in which they do this is through Transient Occupancy Taxes (TOTs). As discussed, TOTs impose a tax on visitors when they stay in the community. Traditionally this tax was collected primarily through the hotel sector, but increasingly STRs have made important contributions to TOT revenues. In all of the North San Diego County cities examined here, TOTs make up a significantly higher portion of the tax revenue for that city when compared with the county overall.

TOTs have been rising over time, despite there not being a drastic boom in hotel construction or dramatic change in consumer preferences. This is likely due to the increased presence of STRs in the coastal accommodation market and efforts by municipalities to collect TOTs from them. Carlsbad and Oceanside are larger cities with greater tourist draw. They also tend to be more affordable and less exclusive than the Encinitas, Solana Beach, and especially Del Mar. These three smaller, more exclusive communities have seen similar growth in TOT revenues, although on a much smaller scale due to their smaller size and reduced number of lodging options. It is harder—and more expensive—to stay in one of these areas.

TOTs can offer municipalities a crucial source of funding for projects such as adaptation to climate change, affordable housing, and public services which tourists place increased demand on. They offer an alternative to GHADs where the residents pay for an independent authority tasked with protection from geological hazards such as sea level rise. Wealthier communities, such as Del Mar and Encinitas, possess GHADs. Solana Beach is also considering adopting a GHAD (City of Solana Beach 2019, 7). Oceanside, less wealthy and more diverse, does not possess a GHAD. The potential problem with GHADs is they tend to focus on armoring rather than more sustainable coastal options, which can reduce coastline and therefore coastal access. Due to the nature of the funds, they can also reinforce exclusivity as the residents nearest a particular stretch of coast pay for its protection.

In order to increase potential TOT revenues, coastal communities could turn towards STRs as a reliable source of revenue. While it takes years and millions in investment to build a hotel, STRs capitalize on and expand the use of existing property. To benefit from this revenue source, municipal governments need to embrace rules that balance the legitimate concerns of neighbors, particularly in residential neighborhoods, with California's stated goal of access for all. Restrictive STR regulations can hinder small, "Mom and Pop" rentals from the market through commercial zone restrictions and exorbitant permitting and licensing fees. The fewer the number of nights available in STRs, then the smaller the TOT revenue leading to a lost opportunity for a community to capture the benefits of the tourism market.

## Regulating STRs

The policies cities enact determine how they structure the market for STRs and can affect access to the coast. Del Mar and Oceanside illustrate this dilemma well. They have chosen divergent responses to STRs that reflect the makeup of their communities. Del Mar has very restrictive regulations that prohibit STRs in residential zones and limit their operation to the Residential-Commercial (RC) zone and the Visitor Commercial (VC) zone. This means that homeowners in a residential zone cannot rent out their vacation home or spare room without risking fines. In 2017, the city attempted to pass additional restrictions to limit STRs to no more than 28 days out of the year and impose a minimum seven day stay for visitors, while restricting STRs to the Residential Commercial and Visitor Commercial areas of the city. In the interest of providing greater access to the coast, the law was rejected by the California Coastal Commission on the grounds the proposed ordinance would negatively impact public access and affordability (Schwing 2018, 2). The staff recommended no nightly minimum and a 180-day cap, while the Commissioners themselves eventually settled on a 3-day minimum and 100-night annual cap. Del Mar rejected the Coastal Commission position and is suing the state to overturn the decision. The attempt is indicative of the attitude in Del Mar towards STRs and the various ways cities enact policies which curtail affordability and reduce lodging supply.

Another policy which can detrimentally impact the affordability and supply of short-term rentals in these communities is permitting. While municipalities need to keep track of their STRs and collect transient occupancy taxes, the high cost of these permits prevents many potential hosts from renting and increases the costs of the rental. Permits range in costs and often come with secondary fees, such as costly inspections and business licenses. Cities in North Coastal San Diego attach a variety of fees to their STR permits. Solana Beach, for example, charges \$100 for a new permit and \$55 annually to renew; Encinitas' permit costs \$150; in Carlsbad the permit is free, but a business license is required at a cost based on revenue; and Oceanside's permit costs \$250. Information on Del Mar's permitting was unavailable due to the pending ban. These high costs can drive some hosts towards renting illegally and others to pass the costs on to their renters, reducing coastal access. These fees are summarized below in Table 12.

Even in cities that allow short-term rentals, there can be high costs that pose a barrier to entry for potential STR operators. Permitting is one example, and punitive fines are another. As discussed earlier in this paper, some regulations on STRs can impose high risks to the host. Fines accomplish just that. Imposed for violations of ordinances, these fines can work to enforce bans on STRs. In many cities the fines are aimed at long-term zoning compliance and obtaining back taxes. The crackdown in Encinitas showcases this with fines starting at \$250. Ordinance violations in Solana Beach start at \$500, and a second violation costs \$1000. While many areas impose these penalties, the amounts and causes are not easily discerned. Oceanside—which has the most permissive policies of this study—makes the penalty known, stating that a violation of policies will result in a misdemeanor and a fine up to \$1000. However, unlike many of the more exclusive communities their policy provides for a greater range of legal STRs. If cities wish to bring operators into compliance and preserve affordability, high penalties undermine this goal.

Oceanside, more affordable and diverse, is much more accommodating to visitors wishing to rent a home or room for a short stay and visit to the coast. Oceanside's policies make a trip to the beach and coast an affordable luxury to many Californians. The city allows short-term rentals in the residential areas provided rentals meet certain limits and adhere to its Good Neighbor Policy. Oceanside has many more STRs but it is also larger than Del Mar or Solana Beach. The higher

number of STRs offers visitors many more accommodation options, especially in high season when rooms on the coast are hard to find and campsites are booked. Similarly, Carlsbad offers more affordable STRs than the other North San Diego County coastal cities. The city requires short-term rental operators to comply with its Good Neighbor Guidelines as well, which include provisions about noise, trash, and parking.

*Table 12: Short-Term Rental Regulations*

Jurisdiction	Attitude toward STRs	Key Regulations
<b>Del Mar</b>	Very <b>restrictive</b> . The City attempted a limit of 28 days per year (blocked by California Coastal Commission). In Court proceedings with California Coastal Commission.	Attempt to prohibit almost all STRs <b>Zone Restrictions:</b> Not permitted in Residential Zones, only permitted in Residential Commercial and Visitor-Commercial and where the development allows it  <b>Night Caps:</b> Proposed 28 days per calendar year. 7 night minimum for all stays
<b>Solana Beach</b>	Fairly <b>restrictive</b> . Rentals allowed in Residential areas if stay is over 7 days, but enforcement of penalties is strict.	<b>Zone Restrictions:</b> Prohibited in Residential areas if less than 7 days  <b>Fees and Permit:</b> \$100 new permit fee with \$55 renewal, \$500 fine for first STR policy violation  <b>Taxes:</b> Host has to collect TOTs
<b>Encinitas</b>	Recent crackdown to be more <b>restrictive</b> .	<b>Zone Restrictions:</b> Single family and duplex dwellings only. Multi-family dwellings and condominiums are prohibited from usage as short-term rentals in residential zones.  <b>Fees and Permits:</b> \$140 permit annually, policy violation fines starting at \$250  <b>Taxes:</b> 10% transient occupancy tax hosts are to collect from renter
<b>Carlsbad</b>	Very <b>restrictive</b> except in the coastal zone.	<b>Zone Restrictions:</b> Banned in residential areas except in the coastal zone; required to comply with “Good Neighbor Guidelines”  <b>Permits and Fees:</b> Permit required (free) and business license required (cost variable)  <b>Taxes:</b> STRs are subject to a 10 percent transient occupancy tax as well as a \$1 per room per night Carlsbad Tourism Business Improvement District assessment due monthly to the city.
<b>Oceanside</b>	<b>Permissive</b> in coastal zone.	<b>Permits and Fees:</b> All STR operators are required to apply for a STR permit (fee required) unless the STR property is a hosted unit or part of a gated HOA; violations are a misdemeanor with up to \$1000 fine  <b>Policies:</b> Minimum 2-night stay, curfew on daytime guests at 10pm, and limits on overnight occupancy  <b>Taxes:</b> TOT collected by Airbnb in agreement with City  <b>Night Caps:</b> Minimum 2-night consecutive stay

The different approaches of Del Mar and Oceanside reflect the nature of regulations in these communities. Del Mar restricts affordability through little affordable development and harsh restrictions on STRs, preserving the exclusivity of the community. Oceanside's policy is not perfect, but the openness to STRs aligns with the diversity of the community and lower housing costs. Oceanside is one of the few coastal communities that has not carved out an affluent, exclusionary enclave for its residents on the coast. Del Mar, and other communities with strict regulations severely limiting the ability of STRs to operate along the coast, reduce the supply and affordability for visitors. Communities with more reasonable regulations—designed to create harmony between STRs and permanent residents—can promote STRs, thereby increasing the supply of accommodations and lowering cost. This helps promote access to the coast without costly investments in new hotels or campgrounds.

## City of Pismo Beach

In Pismo Beach the story of short-term rentals and affordability is more complicated. Pismo Beach's policy is touted as one of the model STR ordinances by the California Coastal Commission, yet the city lacks affordability in accommodations. While the City is open to short-term rentals, possibly because of its reliance on tourism for the economy, it's like the majority of the other North San Diego cities: white, wealthy, and older, demographics which have been shown to dominate the coastal zone in the state (Reineman 2017). Despite this similarity, Pismo Beach has a more permissive regulatory environment than Del Mar and other small, wealthy towns. The city is more open to the existence of STRs without attempting bans and stringent restrictions on rental operators. However, without measures to reduce costs there remains a persistent lack of Lower Cost Coastal Accommodations (LCCAs) to meet the needs of the majority of Californians and provide access for all.

### Affordability in Pismo Beach

Pismo Beach is an affluent area, like much of the coast, with high median incomes and home values out of reach for most Californians. The concentration of affluence in housing creates a need in Pismo Beach and in Santa Barbara, as it did in North San Diego County, for the construction of intentional housing for those of lower means. The Regional Housing Needs Assessment conducted by Pismo Beach (2019) revealed the city needs 62 homes to meet the needs of extremely low, very low, and low-income families—41% of their overall housing need. Like much of the coastal region, these costs and lack of affordability push families inland and away from coastal access.

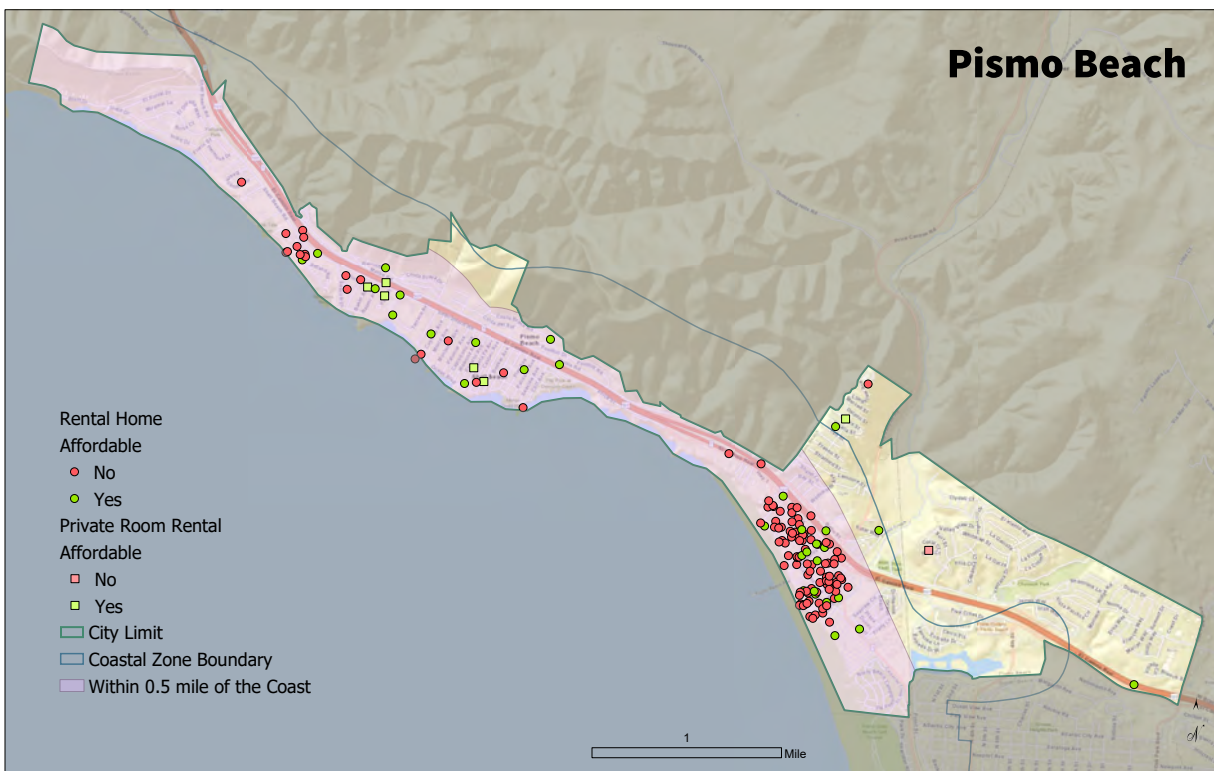
### Affordable Accommodation and STRs

The lack of affordability in Pismo Beach extends to both traditional lodging options and short-term rentals despite the city's hospitableness. The city appears to lack any affordable hotel options. It is, however, close to state beaches with camping options. As previously mentioned, those options fill up quickly and may not meet the needs of all visitors. In particular, camping may not be an option for those who lack the means to purchase equipment.

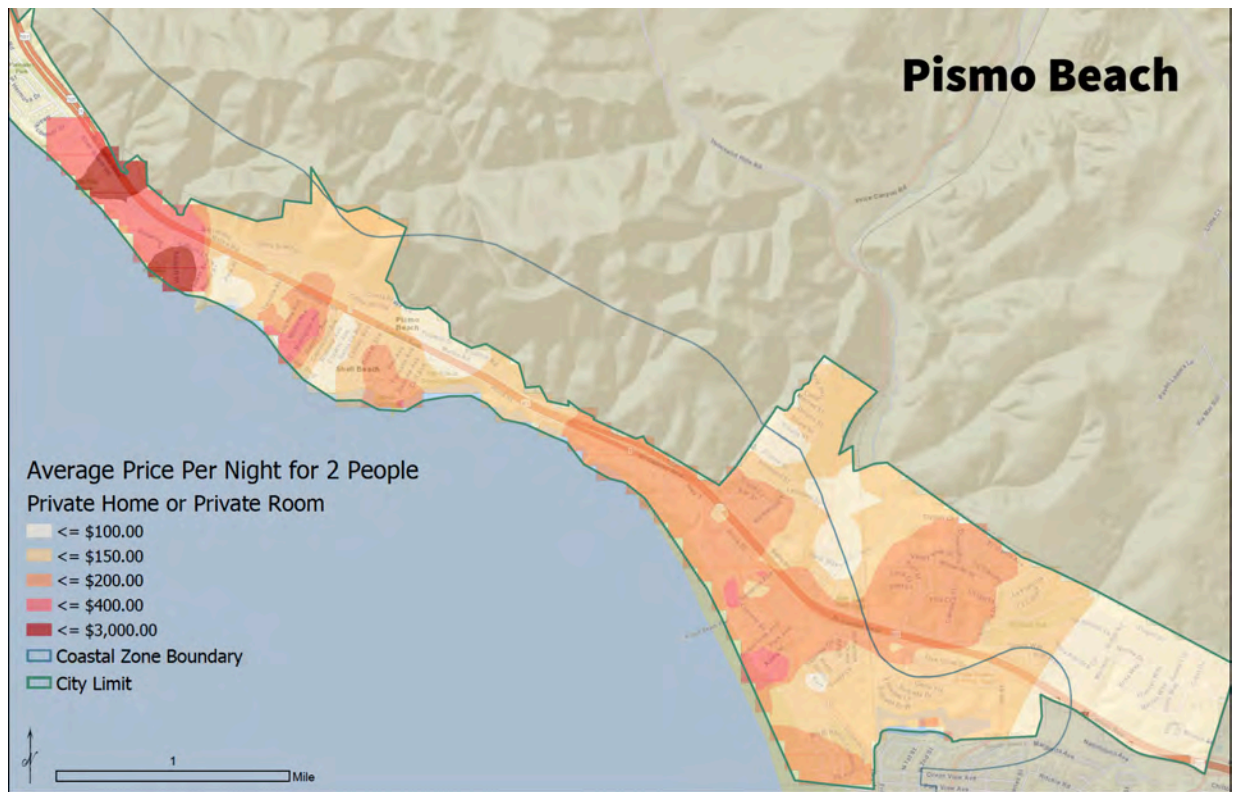


While STRs offer lower rates than some hotels, this study found only 38 rentals that would be considered Lower Cost Coastal Accommodations (LCCAs) by the Coastal Conservancy standard. This amounts to only 25% of all rentals in the area. It is worth noting that almost all (96%) of Pismo Beach rentals are within a half mile of the coast where prices tend to be higher, but that percentage of affordability is still very low.

Although Pismo Beach generally embraces STRs, the city requires operators to apply for a permit—at cost of \$399—and a business license, totaling over \$450 in comprehensive fees. This permit cost has the impact of (1) discouraging homeowners from becoming hosts and therefore reducing the supply of rental, and (2) passing on that high cost on to visitors in the form of higher rates. Overall this reduces affordability. Mapping the location of STRs in Pismo Beach shows that they overwhelmingly are near the coast but also expensive. The location is ideal for visitors, but likely inaccessible to those with stricter budget constraints because of the lack of lower cost accommodations.



*Figure 15: Mapping the STR listings in Pismo Beach shows the close proximity to the coast and general lack of affordability.*



*Figure 16: Looking at average cost clusters for Pismo Beach shows the concentration of expensive listings.*



## Reliance on Tourism

Although there are not sufficient LCCAs in either Santa Barbara or Pismo Beach, there are many hotels. These fill up in the high season and the campgrounds book up far in advance. There are over 150 hotels between these two communities, and both derive much of their economic base from tourism. Pismo Beach collects nearly half its revenue via TOTs, and their collection has increased over time<sup>12</sup>. This reliance on tourism may contribute to Pismo Beach’s openness to STRs as part of its efforts to foster tourism and keep the town thriving. In fact, Pismo Beach’s STR policy notes that the loss of TOT revenue in part motivated the regulation. With the high cost of new hotel construction, existing informal home sharing and the promise of more STRs via new platforms offer a much faster source of renewable tax revenues. This may explain why Pismo Beach lacks the affordable hotels that Oceanside offers but has a relatively permissive STR policy. The caveat is, of course, the high fees which keep affordability low and impact access to the coast.

## Regulating Short Term Rentals

Despite the over \$500 cost to operate a legal STR, Pismo Beach has been heralded by the Coastal Commission for its model STR ordinance. However, the combined cost of the permit application, business license, and the added delay of inspections reduce the ability of operators to charge affordable rates for their rental listings. The city allows short-term rental operators to share their primary residence year-round with no nightly cap if they are present for the duration of the stay and pay the \$500 in fees associated with obtaining a permit. If the STR is not the primary residence, or the operator is not present, the unit has to be in specific zones. While there is a limit of 182 days per year on unhosted stays, the duration means a unit can be rented for more than the entirety of the high season.

While the City’s rules promote the supply of additional accommodations and in turn increased access to the coast, the expensive fees create a barrier to entry for potential short-term rental operators and thus restrict the number of potential accommodations along the coast. As expenses of permitting, licensing, and potential fines are passed on to renters, affordability diminishes. This reduces access for those who need access the most. It also reduces the City’s TOT revenue since fewer properties are registered and therefore fewer taxes being collected.

Table 13: Short Term Rental Regulations in Pismo Beach

Jurisdiction	Attitude toward STRs	Key Regulations
Pismo Beach	Relatively Permissive	<p><b>Zone Restrictions:</b> Allowed in almost all residential zones and planned zones at primary residences</p> <p><b>Permit and Fees:</b> \$399 permit application fee, business license required (fee required), minimum violation \$750</p> <p><b>Taxes:</b> host collects TOTs</p> <p><b>Night Caps:</b> Limited to 182 days per year <i>without the owner present</i></p>

12 Data compiled from the Comprehensive Annual Report for 2018 in Pismo Beach. <https://www.pismo-beach.org/DocumentCenter/View/53246/FY-2018-Annual-Financial-Report>

# Santa Barbara

Unlike Pismo Beach, Santa Barbara has a restrictive policy towards short-term rentals. The city has more in common with Del Mar and their attempted ban on STRs. The City of Santa Barbara regulates STRs as hotels for zoning purposes. Therefore, the City of Santa Barbara considers any listings operating outside of areas already zoned for hotels illegal. With this ban, the city removed the option for many homeowners to rent out unused space to visitors and confined visitors to tourist areas. These rules reinforce the exclusivity of the community and impose great risk to hosts who may be forced to list their vacant property illegally. Such listings also do not contribute to city TOT revenues.

## Affordability in Santa Barbara

Santa Barbara's policies towards STRs reflect the expense and exclusivity of the city overall. The median home price in Santa Barbara, according to Zillow.com (2019) is \$1.14 Million—almost twice the average for Santa Barbara County let alone California overall. Santa Barbara's assessment reveals the need for 1,461 additional homes in the Very Low- and Low-income categories, or 47% of their total housing need. The lack of affordability extends to hotels as well. In Santa Barbara the ADR in July 2018 was \$227.60, and a prospective visitor only finds a couple of options with “affordable” rates in July—two with rates less than \$137 nightly. These options are further from the beaches and appear not to offer sufficient beds (at that rate) for a family to stay overnight. Santa Barbara is close to state parks with campgrounds as well as RV parks; however, as previously discussed, there are limitations not only on the number of sites but also on the viability of camping as an option for some families.

## STRs, Legality, and Zoning in Santa Barbara

The study of rental listings from summer 2019 reveals the nuances of the Santa Barbara policy on the affordability of STRs. The City of Santa Barbara is unique, in this study, because in 2015 it began a “heightened enforcement program” of its zoning regulations with the objective to remove STRs from areas where they had been allowed before 2015 (Kracke v. City of Santa Barbara, 2019).

**By classifying rentals as “hotels,” and therefore restricting them to zoning that allows hotels within the city, Santa Barbara has greatly reduced the affordability of rentals near the coast.** These zoning laws, then, allow very few legal rentals within close proximity to the coastline as shown in Figure 16. The crackdown on rentals outside the commercial zone, including those in the coastal zone, constituted a change in policy for the city. Prior to 2015, the city had an informal practice of recognizing and allowing STRs provided they paid TOTs and received no complaints (Kracke v. City of Santa Barbara, 2019). In 2010 and 2014, the city attempted to bring more STRs into compliance, hoping to increase TOT revenues (Kracke v. City of Santa Barbara, 2019).

In 2015, Santa Barbara changed its enforcement and began what constitutes a ban on STRs, because even where zoning allowed for STRs, other requirements and the difficulty of navigating the system prevent operation<sup>13</sup>. As a result, only 7% of all listings in Santa Barbara fall within a half mile of the coast and meet the California Coastal Conservancy's definition of Lower Cost. Although one-third (33%) of citywide listings are affordable, these cluster further from the coast as shown in Figure 17. Many of the more affordable listings for Santa Barbara were actually outside of the city limits where the regulations are less strict. Furthermore, obtaining a permit to legally operate a STR in Santa Barbara is nearly impossible. The City in 2017 had not issued a permit in over two years, according to a recent lawsuit, even for homes in the correct zoning (Santa Barbara Short Term Rental Alliance, 2017). Many homeowners face this obstacle even after going through the costly process of inspections—and even remodels.

The city's ban on STRs violates the California Coastal Act and fails to comply with the California Coastal Commission, according to a recent lawsuit (Kracke v. City of Santa Barbara, 2019). The Court found that Santa Barbara's enforcement of zoning regulations changed the access and use of the coast, and that in order to do so they would have needed permission from the Commission to remove STRs in the coastal zone since STRs allow access for more visitors, especially those of lower incomes. A ban on STRs, because of the access they provide, would not be legally enforceable (Kracke v. City of Santa Barbara, 2019).

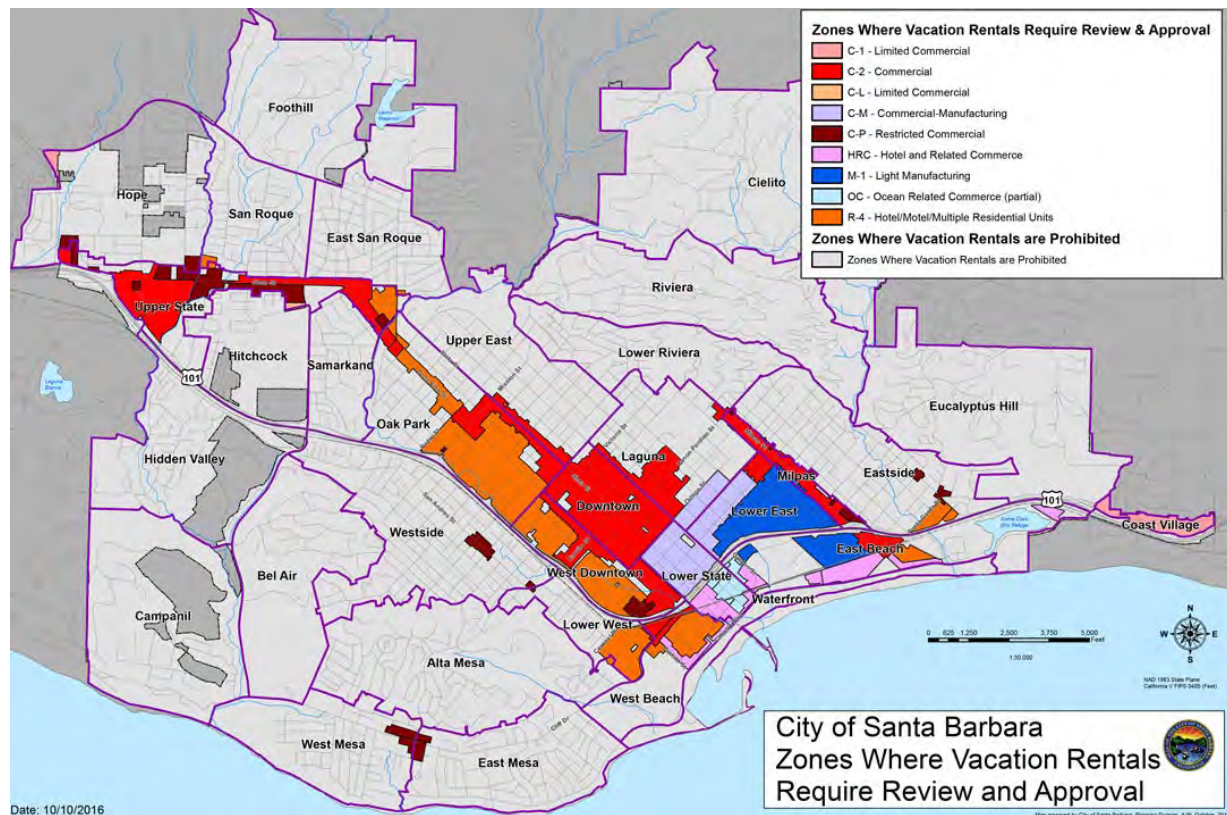


Figure 17: Map provided by the City of Santa Barbara showing zoning where hotels (and STRs) are legal, 2017.

<sup>13</sup> Council Member for the City of Santa Barbara is quoted in the Ventura Superior Court findings as stating: "I think it's incredibly confusing...it truly isn't possible, except in very rare circumstances for someone to provide the off-street parking, to meet the code requirements, to actually pull that off, as evidenced by there's only one who—after a two-year process—to successfully navigate that system" (Kracke v. City of Santa Barbara, 2019, 9).



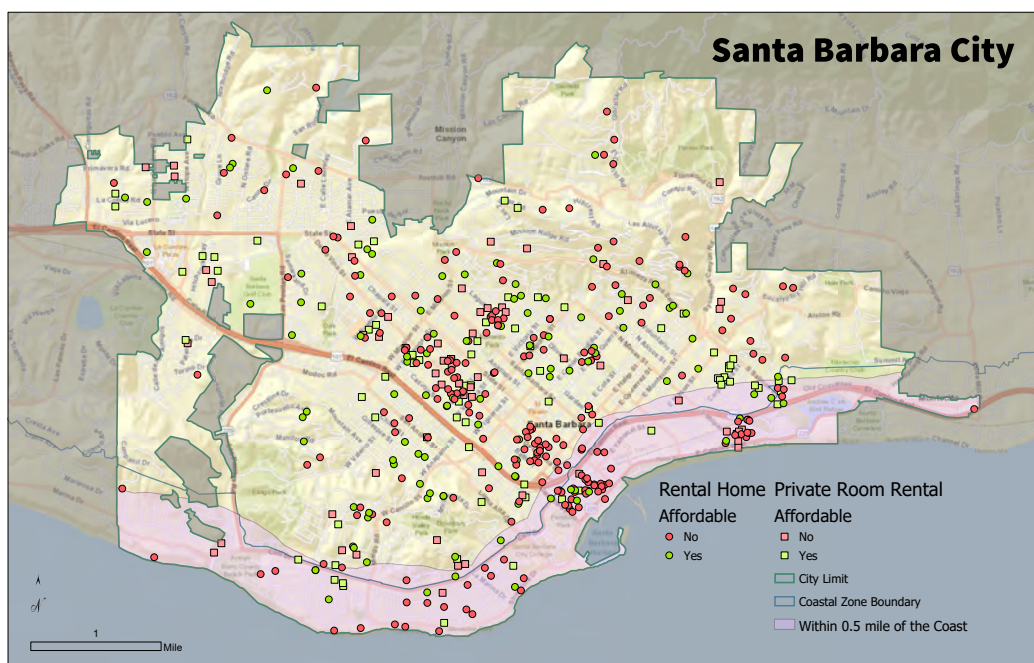


Figure 18: Summer 2018 STR listings for the city of Santa Barbara. Listings do not adhere entirely to the map of legal areas and tend to be less affordable along the coast (only 7% of listings within a half mile are Lower Cost Coastal Accommodations)

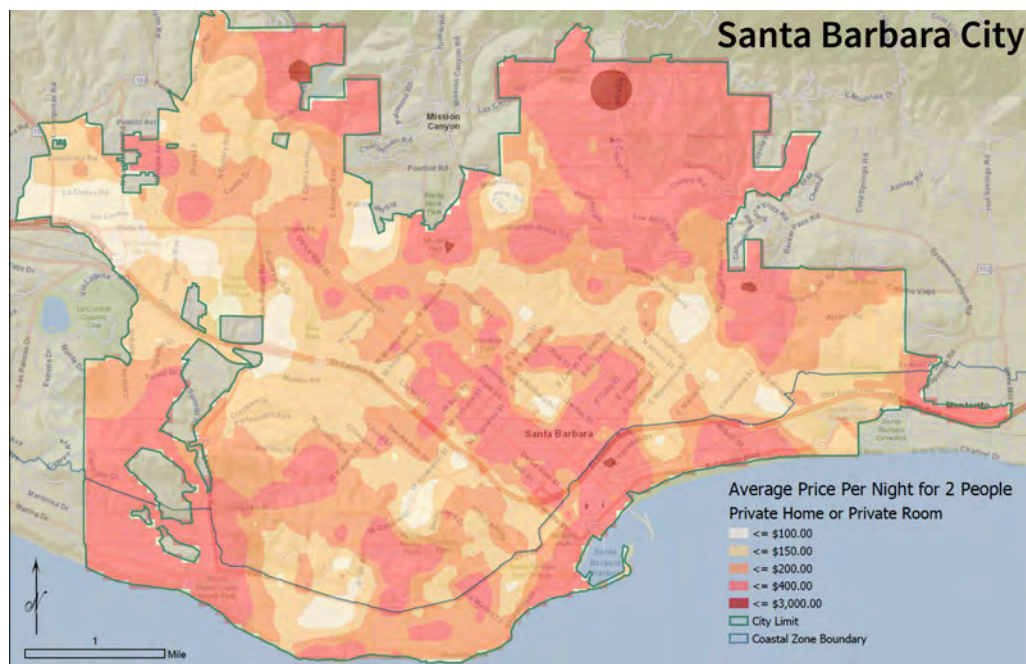


Figure 19: A map of average price clusters in Santa Barbara City, showing the high cost (yellow) along the majority of the coast.

## Regulating Short Term Rentals

Santa Barbara and Pismo Beach make an interesting comparison of policy implications since their policies differ significantly in how they regulate STRs. Santa Barbara shares much in common with Del Mar, severely restricting STRs and thereby reducing the supply of coastal accommodation. In Santa Barbara, STRs constitute hotels for zoning purposes and are therefore illegal if operating outside of the areas where hotels are allowed. With this ban, the city removed the option for many homeowners to rent out unused space to visitors and confined visitors to tourist areas. These rules and regulations reinforce the exclusivity of the community. Such listings also do not contribute to city TOT revenues. **Bans on STRs claim to preserve neighborhood characteristics and promote public safety; however, they really succeed in restricting access to expensive coastal communities and preserving their exclusivity.** With little local support for affordable housing development or lower-cost accommodation options (the most feasible being STRs), many inland low-income and underserved populations are effectively barred from visiting the City of Santa Barbara.

Table 14: STR Regulations in Santa Barbara City

Jurisdiction	Attitude toward STRs	Key Regulations
Santa Barbara	Very Restrictive, STR's effectively banned	<p><b>Zone Restrictions:</b> Considered hotels and therefore illegal outside of areas within the commercial zone that allow hotels</p> <p><b>Permits and Fees:</b> Permit required, if STR is in hotel district and therefore legal</p> <p><b>Taxes:</b> Required to be collected</p>

# Discussion

The case studies in this section indicate that restrictions on STRs can take many forms—from outright bans to high permitting/licensing fees to restricting visitors to areas which already serve tourists through more traditional overnight accommodations. Perhaps unsurprisingly, our case studies also show a very strong correspondence between communities, like Del Mar and Santa Barbara, which have limited affordability for traditional long-term rentals and have few affordable options for potential homeowners who are not already affluent and restrictions on short-term rentals. One common argument against STRs is that they increase prices for long term residents and lead to gentrification. However, the case studies in this section indicate that the areas restricting STRs the most (Del Mar and Santa Barbara) are also areas that have already limited affordability for long-term residents. Conversely, the City of Oceanside has more affordability for both long-term and short-term residents than any other coastal city in this study. Oceanside has also created a “Good Neighbor Policy” (included in an appendix to this study), which does levy significant penalties against STR hosts and tenants who violate these policies, indicating that cities can strike a balance between protecting and preserving residential neighborhoods and allowing access to the coast. Our case studies also reveal, however, that many policies that are designed to preserve residential neighborhoods along the coast, already enclaves of affluence, effectively limit options for middle class and underserved communities who not only have been priced out of the residential market but now find themselves restricted out of the short-term rental market as well. Access for all has now become access for the affluent only.

Pismo Beach also represents an interesting case study since its policies have received some support within the coastal community. Unfortunately, a close inspection indicates that Pismo Beach still has a limited number of affordable rentals despite being more accommodating than some other communities. Our analysis reveals that Pismo Beach’s permitting and licensing fees are quite high even compared to other communities in this study. Pismo Beach also restricts STRs to primary residents. Ostensibly a policy limiting STRs to primary owners reduces the demand for second homes. However, like most other coastal communities in these studies (except Oceanside), Pismo Beach’s home prices are already beyond the means of the vast majority of Californians, restricting STRs to primary homeowners simply restricts affordability of STRs. Similarly, high permitting and licensing fees discourage homeowners with more modest (and hence affordable) accommodations from renting out their homes short-term. In many cases, this may lead to homes that are unoccupied despite a high demand for STRs.





# Solutions

## Access for All

The California Coastal Act guarantees “maximum access”<sup>14</sup> to California’s iconic coast and beaches. To that end, the Coastal Commission has endorsed promoting coastal access and prohibiting private beaches anywhere in California. However, as discussed in more detail in the first section of this study, among many threats to coastal access in California the most significant is the high cost of coastal real estate which has forced millions of Californians to migrate inland to find more affordable housing. This inward migration has disproportionately impacted people of color and Californians from low to moderate-income groups. Those displaced inland face much higher costs for a coastal visit than those living closer to the coast. Today, too many of California’s beaches have become effectively inaccessible to minority communities and lower income residents.

One possible method to increase access to the coast is to promote affordable overnight accommodations. Although Californians have a variety of options for staying on the coast, most are expensive and many are unavailable during peak season between June and September. The same factors that have driven up the price of residential real estate along the coast have also driven up the cost of overnight accommodations in that area. Studies by the California Coastal

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14 1976 California Coastal Act, Section 30210.

Conservancy and the California Coastal Commission indicate this problem is getting worse: many low-cost accommodations have closed and in many cases, the real estate has been transferred to other uses.

## Short-Term Rentals

Short-term rentals (STRs) have long been one of the alternative lodging options available to California's coastal visitors. STRs use existing homes and structures to provide additional accommodation for coastal access. Since most homes are unoccupied some of the time, STRs provide a simple, sustainable solution to the problem of coastal access. When planning for sea-level rise, using short-term rentals in existing structures may be a more sustainable alternative to building new structures for lodging on the coast. Unlike hotels, increasing the quantity of available STRs does not require more construction along California's coast. In simple economic terms, allowing more STRs increases the supply of short-term accommodations on the coast. Further, many STRs provide kitchens and accommodations for multiple households, further lowering the costs of overnight stays, especially for low and moderate-income groups and large families.

Limiting STRs along the coast, particularly during the busy summer months, limits coastal access. During the summer, traditional overnight accommodations are scarce and often must be booked months in advance. Every family that cannot find or afford a short-term rental is a family that cannot stay overnight on the coast and perhaps cannot visit at all.

At the local level, one of the primary reasons given for discouraging STRs is that short-term renters contribute to noise, parking problems, and may otherwise disrupt a quiet residential neighborhood. In many ways, these arguments against STRs are a replay of the arguments used to block other types of housing in coastal communities that led to the housing crisis in the first place. **These STR restrictions imply that Californians, who can no longer afford to *live* near the coast, can now no longer afford to *visit* the coast.**



## Best Practices for Regulating STRs

The case studies and literature review contained in this paper point toward regulatory practices that can allow access to the coast while also ensuring that neighborhoods remain safe. However, some regulations pertaining to STRs can also have the effect of limiting access, especially for lower income households and underserved communities. To ensure regulations promote access, we recommend the following best practices.

Best Practice	Rationale
<b>Simple, streamlined registration</b>	Reduces the costs to operators as costs are passed on to renters and reduce affordability
<b>Make permitting easy and swift</b>	Allows for more affordability by making it easier to increase the supply of STRs and also encourages registration with the City
<b>Cities require TOT payment and cooperate with STR platforms where possible</b>	Ensures TOTs are collected from all operators
<b>Allow STRs in most or all coastal neighborhoods</b>	Increases affordability near the coast, helping increase coastal access for those who need it most
<b>No minimum on number of nights</b>	Ensures that families who cannot afford multiple nights can still visit the coast
<b>Maximum night cap of 180 nights or more. No night cap on shared space rentals</b>	Helps promote affordability via greater supply of STRs supported by Commission
<b>Ensure compliance with “Good Neighbor Policies” and make renters aware of rules</b>	Promotes harmony between STRs and the residents neighboring them and promotes public safety
<b>Require parking when reasonable</b>	Reduces traffic associated with STRs and promotes agreement with local residents. Reduces parking costs for visitors

**Best Practice: Simple, streamlined registration, especially for owners renting out their homes for limited periods.**

The case study of Pismo Beach in this report is particularly instructive. Although Pismo Beach is accommodating to STRs in many regards, its permitting fee, coupled with a business license requirement, push costs up to over \$450 per rental per year. By comparison, a California Driver’s License costs \$37 and is typically good for several years. Costly inspections of residences already in compliance with local codes should be limited to properties that are rented more frequently.

**Best Practice: Make permitting easy and the process swift.**

In addition to lowering permitting fees, communities should make it easy and quick for owners to legally register their property for as a short-term rental and pay the required transient occupancy taxes. Allowing online registration, providing a one-page registration sheet, and ensuring the permitting process is straightforward and efficient are among the ways communities can achieve this goal.

**Best Practice: Cities should require and enforce the payment of TOT taxes on STR rentals, collaborating, when possible, with STR Platforms to ensure maximum collection.**

The generation of TOT taxes by STRs is an important benefit to the communities where rentals are allowed, and communities should maximize the collection of those taxes to support local services. When possible, cities should collaborate with STR platforms to ensure that all taxes are collected. This practice is already underway in some coastal areas, including the City of Carlsbad. These practices ensure that all STRs are in compliance with the tax policies and generate revenues that can be used to increase resilience.

**Best Practice: Allow STRs in most or all coastal neighborhoods.**

Some coastal cities (e.g., Carlsbad) allow STRs to operate in the Coastal Zone, promoting coastal access with fewer restrictions. However, many communities (e.g., Santa Barbara) have restricted STRs to commercial zones where hotels already exist. This practice significantly reduces the availability of short-term rentals and often pushes visitors into already busy tourist areas. If this commercial area is away from the coast (as is the case for much of Santa Barbara) then such policies may also increase traffic/parking problems along the coast as more families decide to drive to the beach. Restricting rentals to commercial zones further from the coast also increases the rates of those STRs nearest the coast, pushing low- and moderate-income Californians to less sought-after areas. The net effect here is, once again, a reduction in access to the coast for low- and moderate-income households.

**Best Practice: To ensure maximum access, communities should not place minimum restrictions on the number of nights that a residence can be rented.**

Del Mar and many other coastal communities have placed restrictions on the minimum number of nights a visitor must stay. Placing three-night or seven-night restrictions on renting limits access, especially for families who can only afford a one- or two-nights' stay.

**Best Practice: Discourage restrictions which limit the total number of nights a residence can be leased as an STR.**

Some jurisdictions have imposed a maximum number of nights per year that a residence can be leased as an STR. These restrictions also reduce the supply of overnight accommodations on the coast. For example, when Del Mar imposed a 28-day maximum, the California Coastal Commission staff recommended that this restriction on coastal access be modified to a 180-night maximum (or "cap"); however, the final Commission recommendation was for a 100-night cap.

**Best Practice: Communities should expect short-term renters to adhere to all rules and regulations regarding noise, excess visitors, and trash. All short-term renters should be made aware of this when they check-in.**

The City of Oceanside's **Good Neighbor Policy** (in appendix) provides a good example of this best practice. The city provides all short-term renters with a one-page overview of city rules for STRs including fines for those who violate these rules. These rules limit noise and trash and additional visitors are limited to day-time hours. The City of Oceanside's policies include serious fines (and in some case eviction) for those who violate these policies.

**Best Practice: In communities where parking is an issue, communities should require STRs provide adequate parking. Communities and short-term rental owners should also encourage local modes of transportation besides cars, such as STR-provided bicycles, local buses and shuttles, bike rentals, etc.**

By encouraging rental owners to provide parking, hosts and cities can reduce the impact of traffic on the surrounding neighborhoods and also makes the cost of visiting less expensive for visitors who avoid parking costs or the cost of citations for illegal parking. It should also be noted, however, that some cities (e.g., Santa Barbara) have used parking requirements to create barriers to entry for new STRs. The increasing availability of short-term bike rentals by private vendors may also reduce parking at busy beaches and other coastal sites.

Enforcing these regulations will require some additional city resources. However, the transient occupancy and other taxes generated by STRs and the visitors they bring in should generate more than sufficient revenue to cover these costs. These regulations should also be enforced fairly, and enforcement should not be aimed at reducing the supply of STRs but rather at making sure all operators are following city regulations and tax policies.<sup>15</sup>

## Creating Policies that Encourage Access for Low Income and Underserved Communities

Increasing STRs along California's coast will, by definition, increase access and will also likely lower prices. However, given the high price of accommodation, there may still be an affordability gap for many coastal visitors. The state, local governments, non-governmental organizations, homeowners, and short-term rental platforms must work together as stakeholders in order to ensure access for all. This process will likely involve a give and take among all stakeholders, but the ultimate goal should be clear: to make California's coast more accessible to everyone.

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<sup>15</sup> The importance of fair enforcement is illustrated by the ruling in *Kracke v. City of Santa Barbara*. The case centers around a change in enforcement by the City. Prior to 2015, Santa Barbara had conducted amnesty programs to "bring into compliance" STR owners and increase their collection of TOTs. However, after 2015 the City began "aggressive" enforcement of its zoning regulations, resulting in reducing the number of STRs, many of which were in the coastal zone. The key issue in the case was that by reducing the number of rentals in the coastal zone, the City effectively limited access, and this "development" required approval from the California Coastal Commission. The judge ruled that in light of this, and the lack of Commission approval for the change in enforcement, the City must return to the practices from prior to 2015 and allow STRs in the coastal zone.

In order to encourage access for low and moderate-income groups as well as underserved communities, the state or local communities may need to take other steps. We believe the following steps should be given serious consideration:

Recommendation	Rationale
State agencies, local governments, foundations and community organizations could <b>support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast.</b> STRs should be part of the solution.	<p>Cooperation with NGOs helps these programs reach those most in need of easy access to the coast.</p> <p>STRs better serve large groups and families due to multiple rooms and varied facilities, such as kitchens.</p> <p>Many STRs are also more affordable for these groups.</p>
<b>Expand the Explore the Coast Overnight Program to Include STRs</b> and include STRs in other pilot programs	It is easier to expand the supply of affordable accommodations through STRs, unlike other lodging forms such as hotels and campgrounds which require new construction on the coast.
Create <b>affordable STR program with determined eligibility</b>	Eligibility criteria helps ensure that Californians most in need of affordable accommodation have access to those STRs with affordable rates

**Recommendation: State agencies, local governments, foundations and community organizations could support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast. STRs should be part of the solution.**

A number of non-governmental organizations could be involved in sponsoring programs that would encourage greater access from underserved communities. For example:

- **Jr. Lifeguards:** Most coastal communities in Southern California have Jr. Lifeguard programs. However, access to these programs is often limited by how far households are willing to take their kids to these programs. Since these programs are typically during weekday mornings, STRs may help a group from underserved areas stay during the week.
- **Churches:** Coastal community churches may wish to sponsor church groups from underserved communities. Cities may wish to devote a share of transient occupancy taxes to support outreach efforts between communities of faith, which also create access to the coast.
- **Environmental and Social Justice Groups:** Environmental and social justice groups may wish to support or foster programs that encourage access to the coast. This could include subsidizing programs such as the Jr. Lifeguard and interfaith programs mentioned above.
- **YMCAs or Similar Organizations: (e.g., Scouts):** Local YMCAs, scouting, and similar organizations can sponsor overnight trips to coastal communities. Affordable STRs can provide part of the solution.

- **Surfing Organizations:** Local or national surfing organizations may wish to sponsor surfing events that encourage surfers from underserved areas.
- **Other Community Organizations:** Organizations such as Veterans of Foreign Wars (VFW), Chambers of Commerce, and various other local groups could sponsor alliances with underserved groups to sponsor coastal access.
- **Foundations:** Both community foundations and larger foundations may wish to sponsor or subsidize programs that encourage visitors from underserved communities to come to the coast. Local governments can partner with these foundations.

**Recommendation: The state or local governments should expand pilot programs which increase coastal access. STRs should be part of the solution.**

For example, in 2017, the California legislature approved [AB 250](#), which requires the State Coastal Conservancy to develop and implement a specified Lower Cost Coastal Accommodations (LCCA) Program intended to facilitate improvement of existing and development of new lower cost accommodations within one and a half miles of the coast. Although current lower-cost accommodations categories include hotel and motels, hostels, camping, RV's and trailers, dorm rooms, and residential outdoor education facilities (ROEFs) they do not include short-term rentals. We recommend that the State Coastal Conservancy work with the legislature to recognize short-term rentals as an additional category as part of the Explore the Coast Overnight program. As discussed in this paper, unlike other coastal accommodations, it's relatively easy to expand the supply of affordable STRs if the correct programs and incentives are in place. In contrast, creating new hotel rooms or other overnight accommodations is much more costly and also leads to more development along the coast, which many coastal groups oppose.

**Recommendation: Create an Affordable STR program which provides reasonably priced overnight accommodations for eligible households.**

Even with reduced restrictions on STRs in coastal communities, many families may be left out. Inexpensive STRs may be booked long in advanced by more experienced users. To ensure maximum access, the state (or possibly local governments) should consider a program which makes affordable STRs available eligible households. Eligibility might include means testing using household income or other legal criteria. The end goal would be to encourage access to the coast for families who might not go otherwise. Local governments may consider waiving or lower taxes and STR providers may consider waiving or lowering their booking fees.

Such a policy is also consistent with several recent Coastal Commission decisions involving the development of hotels along the coast. For some hotel developments the commission has required that 25% of rooms be set aside as affordable. Providing affordable STRs could be part of a city or county's local coastal program or could be used to mitigate for other development along the coast.

One simple solution would be to create a lottery which distribute visitor passes (ranked by number or letter) to eligible California households. These households would be allowed to book affordable STRs (and possibly other accommodations) before households with lower lottery outcomes. Eligibility could be based on income, zip code, or any other legal mechanism.

# Conclusion

Short-term rentals provide a relatively simple way to increase access to the coast. Since most STRs use already existing property, they should be considered a relatively sustainable solution which can significantly increase the availability of overnight accommodation along the coast.

The expansion of STRs over the past few years has created concern in many coastal communities about neighborhood disturbances and has led many communities to enact severe restrictions on STRs. As stated in the recent *Kracke v. City of Santa Barbara* decision involving the City of Santa Barbara's ban on STRs in the Coastal zone, these restrictions effectively limit access to the coast, particularly for lower income households and underserved communities. STRs need to be properly regulated. However, as the *Kracke* case demonstrated, too frequently local regulations are designed specifically to restrict access to STRs and hence access to the coast. Increasing coastal access regulations should be simple and transparent to all, and registration should be simple, inexpensive, and swift. Costly inspections on already permitted residential property should be avoided. The goal of any community registration process should be to help STR owners comply with existing rules and regulations and to pay their taxes (generally transient occupancy taxes), not to exclude visitors from accessing the coast.

# Glossary

**Affordable Housing:** In California, housing is designated as affordable based on an area’s median household income. Housing is deemed affordable if costs—rent or a mortgage, including utilities—account for no more than 30% of a household’s income spent. Communities in California set aside some housing for “very-low income” families, those earning less than 50% of area median income; however, the demand for this housing significantly exceeds the supply.

**Business License:** Many cities require business licenses to allow individuals/companies to conduct business within a jurisdiction. The cost of a license typically varies by the sales/profit of that business. Some jurisdictions require short-term rental operators, or **hosts**, to obtain a business license at an additional cost to a rental permit.

**California Coastal Commission:** A twelve-member governmental body established by voter initiative in 1972 and later made permanent by the 1976 California Coastal Act. It plans and regulates the use of land and water along the coastal zone and is tasked with enacting the policies of the California Coastal Act via quasi-judicial authority. The Coastal Commission provides regulatory oversight for land use and public access in the California Coastal Zone.

**California Coastal Conservancy:** A State agency established in 1976 to protect and preserve natural lands and waterways, improve access to the coast, and support coastal economies. A non-regulatory agency, the Conservancy supports projects and resource plans on issues pertaining to the coastline and watersheds.

**Coastal Zone:** The region where a body of water borders and intersects with land. Generally, the California coastal zone extends 1,000 yards from the mean high tide line of the ocean, or to the first major ridgeline in rural/recreational areas.

**Gentrification:** The process of investing in, repairing, or rebuilding an area that is deteriorating or blighted, which is accompanied by an influx of more affluent households. Gentrification typically changes the character of a neighborhood and displaces low-income families.

**Geologic Hazard Abatement District (GHAD):** GHADs allow the formation of local property tax districts for the purpose of prevention, mitigation, or control of geological hazards. These projects are funded by additional property tax levies within a GHAD. GHADs may be used to protect property against coastal erosion.

**Good Neighbor Policy:** Typically, part of a broader city ordinance, this policy regulates disturbances in residential neighborhoods, particularly for short-term rentals. These policies require occupants of short-term rentals to limit noise, trash, late night visitors, and other behavior that could damage the quality of life in the neighborhood. The City of Oceanside has a Good Neighbor Policy—which is included in this report—and this policy provides an example of legislation which could be used to govern conduct in short-term rentals.

**Host:** The owner of a residential property who rents out some or part of that space to visitors on a short-term (less than 30 day) basis.

**Hotel Tax:** See Transient Occupancy Tax.

**Lower-Cost Coastal Accommodation (LCCA):** The California Coastal Conservancy defines LCCAs as accommodations which have a daily rate that is 75% or less of the statewide average daily rate (ADR) for an overnight accommodation for a given time period. This report uses the LCCA rate for July 2019, \$140.72.

**Non-market good or service:** Economists refer to goods, which are provided for free (often by nature), as non-market goods. Unlike market goods, which have prices and are valued accordingly by the market, non-market goods are often undervalued since their provision is free.

**Maximum Capacity:** The number of people who may legally inhabit a short-term rental, often defined as the number of beds + 2; although, the number may be fewer in certain cities due to local ordinances or host restrictions.

**Mean High Tide Line:** The average of the maximum line of intersection between the water at high tide and the land. This defines the coastal boundary and in California, the boundary of public land. According to the California Coastal Act, all land seaward of the mean high tide line is public property. Note that the mean high tide line will shift with sea level rise.

**Mello-Roos:** The 1982 Mello-Roos Community Facilities Act was created in the wake of Proposition 13 to provide an alternate method of financing necessary public improvements and services. It allows an authority to set up a Community Facilities District (CFD) with an associated Special Tax that can be used for necessary improvements and services that otherwise lack funding. The Special Tax is levied against each property in the CFD.

**Mom and Pop:** While originally a colloquial term applied to any small business, academic literature on short-term rentals often refers to hosts, who lease their own home or a second home, as “mom and pop” operators. Mom and Pop operators are particularly sensitive to restrictions on short-term rentals.

**Multi-Family Dwelling:** A building or structure that is designed to house several different families in separate housing units. The most common type of multi-family dwelling are apartment buildings. Multi-family dwellings can only be constructed where a certain level of density is permitted. These buildings differ from Single Family Detached Dwellings, where each structure houses one family.

**Permit Fee:** The cost charged by a city or county to obtain legal documentation of a short-term rental. Typically, these permit fees are non-refundable.

**Property Tax:** A tax assessed on real estate holdings levied by the governing authority of the jurisdiction where the land or property is located.

**Proposition 13:** A proposition passed by California voters in 1978 which lowered property taxes by about 57%. Tax increases are limited to no more than 2% per year. As a result of Proposition 13, many homes and businesses are assessed and pay taxes at a much lower rate than the market value of the property.

**Registration:** In this report, the term refers to the process by which a homeowner notifies the city or municipality that they intend to rent out their space as a short-term rental and agrees to pay the associated transient occupancy taxes.



**Resilience (to Climate Change):** The characteristic of any system to maintain its integrity despite shocks from extreme weather and other phenomena accelerated by climate change. Financial resilience is the ability of communities to raise funds for climate change adaptation.

**Restrictive Zoning:** Also referred to as Exclusionary Zoning, restrictive zoning is the use of zoning ordinances to exclude certain types of construction or land use inside a community. Many California cities have restrictive zoning laws which impede the development of multi-family and other types of affordable housing.

**Sales Tax:** A tax levied on sales, typically retail sales. In California, the state sales tax rate is set at 7.25%. This rate is made up of a base rate of 6% plus a local rate of 1.25% that goes directly to city and county budgets. Cities and counties can add additional sales tax levies to fund local projects, such as transportation.

**Short-Term Rental (STR):** A home or room available to rent for a period of less than 30 days.

**Tax Increment Financing (TIF):** TIF refers to additional property tax levies within a set district to raise funding (e.g., for climate change resilience). GHADs and Mello-Roos levies are two examples of TIFs.

**Transient Occupancy Tax (TOT):** A tax charged to travelers when they rent out a space for less than 30 days, such as a hotel room, home, hostel room, etc. TOTs are levied by cities and counties (for unincorporated areas), and revenues collected go to these jurisdictions. In California, TOT rates range from 10% to 15%.

**Utility User Tax (UUT):** A tax paid by the users of a public service, such as electricity, water, telephone, sewage, trash, and natural gas.

**Willingness to Pay (WTP):** An economic concept referring to the largest sum of money an individual will pay for a “non-market” good or service, such as a trip to the beach. WTP is often used as a measure of demand for non-market goods, such as a day at the beach.

**Zoning:** A legislative process which divides an urban area into different zones with specific uses, such as residential, commercial, industrial, etc. Each zone is regulated with regard to density, location, size, and type of construction permitted. In California, as in most states, local authorities largely determine zoning. Some communities’ policies can lead to restrictive zoning, which often limits the development of multi-family housing or use of short-term rentals.

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**Special thanks to Dr. Kiersten Patsch for assistance with the GIS mapping of the rental listings.**

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**Subject:** Public Comment on October 2020 Agenda Item Wednesday 11a - City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals) Meg Monahan <monahan.shops@gmail.com> Fri, Oct 2, 1:24 PM (3 days ago) to

**Date:** Monday, October 5, 2020 at 12:45:58 PM Pacific Daylight Time

**From:** meg monahan <monahan.shops@gmail.com>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

**Category:** W11a

[SouthCoast@coastal.ca.gov](mailto:SouthCoast@coastal.ca.gov) ☐

I support the staff's modified recommendation.

As a 35 year resident of Laguna Beach, who owns a home within two blocks of the ocean, we have had our neighborhood disrupted in the past by small lots that was developed originally in the 1940's. We have R-2 zoning on one side and R-1 zoning on the other side. In the past, short-term rentals have

- Loud weekend parties that overwhelmed the neighborhood with noise and parking
- Loss of permanent neighbors that were replaced by weekend visitors – our neighborhood was losing continuity
- Loss of affordable housing units. Smaller rental units were being converted into short-term rentals and therefore our service workers, we no longer available.
- Concern with added crime – as we would not know who are neighbors are – instead we are overwhelmed

Please keep short-term rentals out of residential zones. There are plenty of rental units and potential rental units available in other zones. Thank you very much for your consideration.

Meg Monahan

345 Flora Street

Laguna Beach, CA

**Subject:** Public Comment on October 2020 Agenda Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

**Date:** Monday, October 5, 2020 at 11:40:57 AM Pacific Daylight Time

**From:** Jonah Breslau <jbreslau@laane.org>

**To:** SouthCoast@Coastal <SouthCoast@coastal.ca.gov>, Staben, Jeff@Coastal <Jeff.Staben@coastal.ca.gov>, Brownsey, Donne@Coastal <donne.brownsey@coastal.ca.gov>, Bochco, Dayna@Coastal <dayna.bochco@coastal.ca.gov>, Padilla, Stephen@Coastal <Stephen.Padilla@coastal.ca.gov>, Turnbull-Sanders, Effie@Coastal <effie.turnbull-sanders@coastal.ca.gov>, Aminzadeh, Sara@Coastal <sara.aminzadeh@coastal.ca.gov>, Hart, Caryl@Coastal <caryl.hart@coastal.ca.gov>, Wilson, Mike@Coastal <mike.wilson@coastal.ca.gov>, Rice, Katie@Coastal <katie.rice@coastal.ca.gov>, Escalante, Linda@Coastal <linda.escalante@coastal.ca.gov>, Howell, Erik@Coastal <erik.howell@coastal.ca.gov>, Uranga, Roberto@Coastal <roberto.uranga@coastal.ca.gov>, Groom, Carole@Coastal <carole.groom@coastal.ca.gov>

**Category:** W11a

**Attachments:** laguna lcp october FINAL.docx, LCOA comparision memo .docx, UH comments on laguna beach LCP.pdf

Dear Chair Padilla, Commissioners, and staff:

Please find the attached comments on behalf of UNITE HERE Local 11 and LAANE regarding the proposed LCP amendment for the City of Laguna Beach.

Thank you for your time and consideration.

-Jonah

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Jonah Breslau  
*He/him/his*  
Research Analyst  
Los Angeles Alliance for a New Economy (LAANE)  
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C:773 603 5174



# UNITEHERE! Local 11

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464 Lucas Ave., Suite 201 • Los Angeles, California 90017 • (213) 481-8530 • FAX (213) 481-0352

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October 2, 2020

Steve Padilla, Chair  
Coastal Commissioners  
Jack Ainsworth, Executive Director  
55 Market Street, Suite 300  
San Francisco, CA 94105

VIA EMAIL: to [jeff.staben@coastal.ca.gov](mailto:jeff.staben@coastal.ca.gov)

**RE: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)**

Commissioners:

We write to the California Coastal Commission ("Commission") on behalf of the 30,000 hotel, airport, and stadium workers that UNITE HERE Local 11 ("Local 11") represents in Southern California and the Los Angeles Alliance for a New Economy ("LAANE"). We appreciate the tremendous improvements in the proposed LCP Amendment ("Amendment") to the Laguna Beach LCP Implementation Plan, in that it dramatically reduces the number of potential unhosted STRs in Laguna Beach. **However, we object to the potential existence of up to 300 unhosted STRs in Laguna Beach, and urge the Commission to require all new STRs to be hosted in order to produce legitimate, low-cost overnight accommodations (LCOAs) and protect housing.** Our data demonstrates that unhosted STRs in Laguna Beach – and in many coastal cities across Los Angeles County – are very expensive when compared to hosted STRs, and are therefore inconsistent with Section 30213 of the Coastal Act (see attached memorandum, titled "Comparison between hosted, unhosted, and existing LCOAs across Los Angeles County").

This data point highlights our core objection to the Commission's prevailing analysis of STRs in the Coastal Zone, namely that STRs increase coastal access. We encourage the Commission to change this approach by analyzing the quantitative evidence that demonstrates a lack of affordability among unhosted STRs in particular, the comparative costs between unhosted STRs and hosted, and the overall impacts of STRs on affordability in the Coastal Zone, e.g. impacts on housing and impacts on already-existing LCOAs. See attached memorandum for an in-depth explanation and evidence of these claims, which we submitted last time this item came before the Commission.

The Commission should apply this new framework to this item. The proposal outlined in the Amendment would grandfather in an existing 117 unhosted STLs, more than an ample number

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of this type of STR. Based on the data we uncovered, these units would likely only create luxury options for the richest travelers. In fact, unhosted STR units are often marketed as luxury products.<sup>1</sup>

In sum, while the Amendment before the Commission is an improvement from the current LCP application, it does not ensure that one of the Coastal Act's central mandates – to increase and protect lower-cost visitor serving facilities – is upheld to the highest degree. We encourage the Commission to take up an entirely different framework for analyzing the impacts of STRs on coastal access that relies on rigorous, quantitative evidence.

Finally, the Commission does not need to rely on a strategy for producing LCOAs that necessarily displaces housing. Instead, the Commission should continue to strengthen its approach to the protection of existing LCOAs and the requirement for new hotels to include lower- to moderate-cost rooms.

Please find the letter we submitted on the most recent LCP amendment for a more detailed version of our central arguments.

Sincerely,

Danielle Wilson  
Research Analyst, UNITE HERE Local 11

Jonah Breslau  
Research Analyst, Los Angeles Alliance for a New Economy (LAANE)

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<sup>1</sup> For example, a whole home available in Laguna Beach on VRBO is described as “a chic and upscale haven – the perfect accommodation for a luxurious beach vacation.”  
<https://www.vrbo.com/96873?noDates=true&unitId=96873>

**To:** Honorable Chair Padilla, Commissioners, and Staff

**From:** UNITE HERE Local 11

**Date:** 8/12/2020

**RE:** Item 10c, City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-00640-1;  
comparison between hosted, unhosted, and existing LCOAs across Los Angeles County

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We calculated the cost difference between hosted, unhosted, and existing motels/B&Bs (existing LCOAs) across Los Angeles County, including various coastal cities and Laguna Beach. Based on these figures, the currently-proposed LCP amendment is inconsistent with goals of the Coastal Act and the City of Laguna Beach's LCP, as unhosted STRs are not more affordable than hosted STRs or existing LCOAs. **To ensure that the LCP amendment is consistent with these standards, the Commission should require the new STRs that the policy would create to be hosted.**

<b>Jurisdiction</b>	<b>Home-sharing average (hosted, as of June 2020)</b>	<b>Whole apt/home Average (unhosted, as of June 2020)</b>	<b>Cost of existing motel or bed and breakfast options*</b>
<b>County of Los Angeles</b>	\$110.66	\$299.16	\$137.90**
<b>Santa Monica</b>	\$137.19	\$218.58	\$124
<b>Redondo</b>	\$96.37	\$255.09	\$137
<b>Manhattan</b>	\$100.95	\$430.91	\$136.90
<b>Hermosa</b>	\$269.44	\$416.76	\$161
<b>RPV</b>	\$162.63	\$549.33	\$120
<b>Laguna Beach</b>	N/A	\$500	\$182.43

\* With the exception of the County of Los Angeles figure, the other figures reflect the average cost of existing motels/B&B options for the night of August 15, 2020.

\*\* This figure reflects an average of 3 motels/B&Bs in 6 major hotel submarkets across Los Angeles County

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August 12, 2020

**VIA EMAIL**

Jeff Staben, Executive Assistant  
c/o California Coastal Commission  
45 Fremont St #2000  
San Francisco, California 94105  
[Jeff.staben@coastal.ca.gov](mailto:Jeff.staben@coastal.ca.gov)

**RE: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)**

Dear Chair Padilla, Staff, and Honorable Commissioners:

On behalf of the 30,000 hotel, airport, and stadium workers that UNITE HERE Local 11 (“Local 11”) represents in Southern California, we write to the California Coastal Commission (“Commission”) to urge you to deny the Local Coastal Program (“LCP”) amendment as it is currently proposed. It is inconsistent with the City of Laguna Beach’s LCP, and would create a significant increase in unhosted Short-Term Rentals (“STRs”), which have not been proven to increase coastal access. As we have argued in the past, the premise upon which STRs are analyzed by this body, e.g. the assertion that STRs increase coastal access, is inaccurate. Rather, STRs cannibalize existing motels and other lower-cost options, in addition to our state’s decreasing supply of housing. **Instead, the Commission should modify the amendment to require new STRs to be *hosted*, meaning that the resident of the housing unit must be present during the rental. This would ensure both that the short term rentals created would be the lowest cost accommodations possible, and that people actually *live* in these units rather than having empty units that function as de facto hotels.**

Amid an unprecedented housing crisis and global pandemic, there is no better time for the Commission to revisit the framework with which it has analyzed STR regulation ordinances across the state. While we appreciate the staff and Commission’s attention to this matter, we are disappointed in the outcome of the negotiations with Laguna Beach, which go too far to promote the interests of STR platforms, without doing enough to protect working people in need of housing, and address the *barriers* to coastal access, such as the continuing loss of existing Lower-Cost Overnight Accommodations (“LCOAs”), as exemplified by Laguna Beach’s own Surf & Sand Resort.

- I. If the Commission goes forward with the proposed LCP amendment, it should only permit legitimate “home-sharing,” in order to mitigate the negative impacts of STRs while creating affordable lodging opportunities.**

Contrary to analysis in the staff report, there is no evidence that the proliferation of STRs actually increases public coastal access. Thus, we object to staff's assertion that the LCP amendment is consistent with various Coastal Act policies, namely, Section 30213 of the Coastal Act which states, "Low cost visitor and recreational facilities . . . shall be protected, encouraged, and where feasible provided." **To the contrary, the proliferation of unhosted STRs simply creates more luxury options for the richest travelers. In fact, unhosted STR units are often marketed as luxury hotel rooms. Moreover, these types of high-end units tend to crowd out existing affordable motels and mid-range hotels, decreasing LCOAs. LCOAs like motels and bed and breakfast inns have to abide by strict permitting and anti-discrimination regulations, and it is unfair and bad policy to dump hundreds of new units onto the market that are not covered by the same requirements.** Thus, STRs do not increase the overall supply of LCOAs, and we believe the LCP amendment is inconsistent with Section 30213 of the Coastal Act.

As we wrote in a memo last summer, existing studies demonstrate that AirBnb and other STR platforms do not provide significantly cheaper lodging options than hotel rooms, and they appear to have only a marginal effect on willingness to travel. In a Smith Travel Research study conducted for the period December 1, 2013 to July 31, 2016, AirBnB rates were only 8% (or \$14 per night) lower than hotel rooms on average in the Los Angeles/Long Beach market, and only 11% lower than hotel rooms on average in the San Francisco/San Mateo market. In neither of these cases was the average AirBnb offering "affordable," per the Commission's own definition. For a more in-depth analysis and sources, see Exhibit A, California Coastal Commission & Short-Term Rentals, including 7/12/19 Local Government Workshop.

The proposed LCP amendment would preserve the existing 97 STRs and allow for up to 606 new units, totaling 703 units. The staff report admits that there are 1,305 existing hotel/motel lodging units within the city's coastal zone (p. 3), which means that *more than a third* of the city's overnight accommodations could become STRs. Without the ability to guarantee that the STRs would be affordable, they could potentially crowd out existing motels and mid-range hotels, limiting access to already-existing affordable LCOAs.

**The only way to ensure that the new STRs would provide low cost visitor accommodations and not unfairly compete with existing affordable LCOAs is to require the host to be on-site.** The Coastal Commission has previously voted to require limited amenities and smaller hotel rooms in new hotels in order to ensure that "lower cost facilities are maintained as lower cost while avoiding conflicts with the Coastal Act's restriction on setting room rates." The requirement for hosts to live on-site presents a similar opportunity to ensure that STRs remain affordable.<sup>1</sup> This is exactly the approach that cities like Santa Monica have taken, demonstrating that it is possible to balance the need for overnight accommodations with the need to protect affordable housing and neighborhood livability via legitimate home-sharing. Through enabling *actual* home-sharing of hosted units, Santa Monica has had marked success in

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<sup>1</sup> Public Workshop: Lower Cost Visitor Serving Accommodations, Dec. 10, 2014, p. 11, available at: <https://documents.coastal.ca.gov/reports/2014/12/W3-12-2014.pdf>

enforcement of its policies, including fine collection, tax collection, and the return of valuable residential units to the housing market.<sup>2</sup>

**II. Due to the potentially negative impacts on housing, the proposed LCP amendment conflicts with the Coastal Act and various policies within the city's LCP.**

The STR industry's business model – which relies on the conversion of residential units to de facto hotel rooms – has decreased the housing supply in many major U.S. metropolitan markets, and resulted in an increase in rents. A national study published by the National Bureau of Economic Research found that in low owner-occupancy cities (like many California coastal communities), each 1% increase in AirBnB listings is associated with a .024% increase in rent. The proposed LCP amendment would result in an 158% increase in STRs.<sup>3</sup>

Last year, during the Southern California Association of Government's (SCAG) Regional Housing Needs Assessment (RHNA) allocation process, the body voted to shift much of the state's burden to produce more housing onto coastal cities.<sup>4</sup> The City of Laguna Beach voted to oppose SCAG's decision to allocate 390 units in the current RHNA cycle, a modest, yet sizable task given that the city only permitted 78 units from 2013 to 2021.<sup>5</sup> Given the proposal to convert over 600 existing units of housing into STRs, the city would have to produce 990 units of housing during the current RHNA cycle to generate a sufficient net gain of units.

- a. Due to its potentially negative impacts on housing, the LCP amendment conflicts with the Coastal Act, specifically Public Resources Code § 30604(g), and cannot be approved as it is currently proposed.*

Public Resources Code § 30604(g) states that “The Legislature finds and declares that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.” While the proposed amendment prohibits the conversion of any unit that “is restricted by covenant or similar instrument for the purpose of providing affordable housing”<sup>6</sup> into an STR, it does not protect units that are accessible to persons of low and moderate income regardless of a covenant. As the proposed LCP amendment would allow 606 units of housing to be converted to STRs, it does not protect existing affordable housing, and therefore conflicts with Section 30604(g) of the Coastal Act (p. 20).

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<sup>2</sup> Between 2016 and 2018, the City of Santa Monica was able to decrease the number of unlawful STRs from 1700 to 502. See “Short-Term Rental Program Update,” p. 7-8, available at: <https://www.smgov.net/WorkArea/DownloadAsset.aspx?id=53687101095>

<sup>3</sup> The staff report states that 383 total STRs exist citywide, and proposed LCP amendment would create the potential for 606 new units.

<sup>4</sup> Hillary Davis, et al, “Potential housing mandates take coastal cities by surprise,” *Los Angeles Times, Daily Pilot* (Nov. 16, 2019), available at: <https://www.latimes.com/socal/daily-pilot/news/story/2019-11-16/potential-housing-mandates-take-coastal-cities-by-surprise>

<sup>5</sup> Jeff Collins, et al, “California needs more housing, but 97% of cities and counties are failing to issue enough RHNA permits,” *OC Register* (Dec. 9, 2019), available at: <https://www.ocregister.com/2019/12/09/losing-the-rhna-battle-97-of-cities-counties-fail-to-meet-state-housing-goals/>

<sup>6</sup> Page 3 of Exhibit 5 of the Exhibits to the Staff Report, p. 28.

- b. The proposed LCP amendment conflicts with various policies within the Land Use Element (“LUE”) of the city’s LCP, and should therefore be denied.*

In order for the proposed amendment to be approved by the Coastal Commission, it must be in conformance with, and adequate to carry out, the policies of the certified Land Use Plan (LUP) portion of the certified LCP.

The LUE of the LUP states the following policy goals:

Policy 2.3: Preserve and enhance the qualities that contribute to the character of the residential community, including quiet neighborhoods, pedestrian use of streets, and appropriate levels of illumination and nighttime activity and seek to mitigate the effects of high-volume thru-traffic.

...

Policy 6.4: Promote the provision of housing to serve the City's low- and moderate-income households, including City employees.”

...

Policy 6.6 Preserve and promote an increase in the stock of residential rental units in the City.

Action 6.6.1. Consider establishing development incentives, such as relaxed open space and setback requirements, to maintain higher, nonconforming density in older, nonconforming multi-family residences.

Action 6.6.2 Evaluate increasing the allowable residential square footage within mixed-use developments and create incentives to encourage residential development above the street level in commercial zones.

...

Policy 6.12 Promote mixed-use development in commercial zones, where appropriate, to encourage the provision of lower-cost housing and to reduce traffic trips.”<sup>7</sup>

All of these policies seek to protect the character of neighborhoods and access to housing, even in commercial zones. The proposed LCP amendment would permit hundreds of new STR units that could potentially impact the character of the city, in addition to the availability and affordability of housing. As the amendment conflicts with policies and goals within the city’s certified LCP, it cannot be approved in its current form.

A policy that only permits home-sharing would better align with these policy goals. The presence of the host on site will protect the “quiet neighborhoods” of policy 2.3 and ensure that commercial zones have the residential units necessary to promote “mixed use development” and encourage “the provision of lower-cost housing,” as in policy 6.12. Moreover, the provisions of the proposed amendment that allow for the conversion of nonconforming residential units into unhosted STRs clash with policy 6.6 and actions 6.6.1 and 6.6.2, which all aim to promote residential uses in all parts of the city, even commercial zones. Creating more commercial, unhosted STRs out of these precious residential units that exist in the commercial zone will

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<sup>7</sup> Laguna Beach Land Use Element, p. 47, p. 57-60.

undermine the City's efforts to pursue the policies that promote residential uses downtown. At the same time, hosted rentals will allow residents to continue living in these units while still promoting coastal access.

**III. Instead of increasing the proliferation of STRs, the Commission should increase incentives to build new LCOAs and protect existing LCOAs.**

It is especially egregious to allow such a proliferation of STRs when the state's existing supply of LCOAs is disappearing. For example, last year the Commission made a landmark enforcement decision in the case of Shore Hotel in Santa Monica, which infamously displaced 72 LCOAs with a luxury resort. Additionally, Local 11 has written in the past to express concerns about Laguna Beach's Surf & Sand Hotel and the loss of affordable accommodations that were originally provided, as the hotel transformed over decades from a 13-room motel to a 167-room luxury resort. The Commission should pursue enforcement action against the Surf & Sand – both for the loss of LCOAs and other potential unpermitted development (i.e. the loss of coastal bluff and public access; see Exhibit B) – and uphold the outstanding appeal unless any further development remediates these two concerns. To increase coastal access, the Commission should focus on protecting existing LCOAs rather than allow for the proliferation of STRs, which displace long-term residents in favor of tourists.

**IV. Conclusion**

UNITE HERE Local 11 supports strong measures, such as a ban, or a bonafide home-sharing ordinance, to ensure that the proliferation of STRs do not further exacerbate gentrification along the coast. We encourage the Commission to continue the necessary discussion around the impact of STRs on coastal access. We maintain that there is no evidence that STRs actually increase coastal access, and we urge the Commission to consider a more holistic framework of analysis that accounts for the overall impacts of STRs on our neighborhoods, housing, and, in turn, coastal access for all. Instead of trying to create LCOAs out of housing, the Coastal Commission should promote regulated home-sharing and enforcement of the Coastal Act on lodging providers like the Surf & Sand.

Sincerely,

Danielle Wilson  
Research Analyst  
UNITE HERE Local 11



# Exhibit A



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July 9, 2019

*Via Electronic Mail*

Mr. John Ainsworth, Executive Director  
Chair Dayna Bochco, and Commissioners  
California Coastal Commission  
45 Fremont Street #2000  
San Francisco, California 94105  
[c/o Jeff Staben, Jeff.staben@coastal.ca.gov]

Re: California Coastal Commission & Short-Term Rentals, including  
7/12/19 Local Government Workshop

Dear Mr. Ainsworth, Chair Bochco, and Commissioners:

On behalf of UNITE HERE, we write to comment on local ordinances regulating short-term rentals (“STRs”) in the Coastal Zone. UNITE HERE believes that local governments in California have the power and a duty to stringently regulate STRs in their communities.

Commission staff have taken the position that STRs represent a “low-cost” accommodation option for coastal areas, but there is little evidence to support this assertion. There is, however, substantial and mounting data showing that the explosion of illegal STRs following the emergence of AirBnB and similar, platform-based companies has undermined the availability of affordable housing, particular in desirable locations like the Coast. STRs increase the cost of all housing by converting units from residential use to tourist use, decreasing supply and thereby increasing price. This contributes to the gentrification of coastal cities, which are increasingly beyond the reach of working- and middle-class residents. This affordability crisis has forced UNITE HERE members to choose between paying an even larger share of their family income on housing or living further and further from coastal areas, and the neighborhoods where they have built communities and where the hotels in which they work are located.

Local governments should not be hamstrung in their responses to the growth of STRs. UNITE HERE does not believe that the adoption or enforcement of general zoning laws regulating STRs is “development” requiring a coastal development permit (“CDP”). But until that issue is resolved by the courts, the

Commission should give local governments the utmost flexibility in addressing the problems that STRs create in their communities.

This letter is divided into three parts. First, we outline the legal debate on Coastal Commission review of STR ordinances and advocate for local flexibility in addressing STR growth.

Second, we outline key problems with the Commission staff's current approach to STRs, including the unsupported assumption that STRs represent a low-cost accommodation option and the undervaluing of affordable housing and environmental justice as goals.

Finally, we set forth a series of recommendations on the Commission's criteria for approving local STR ordinances. The Commission should approve local STR ordinances that require registration and licensing, limit STRs to primary residences to avoid the problem of corporate STR hotels, and set enforceable limits on the number of days a residence may be rented out. Consistent with recent appellate precedent, the Commission should also require individual STR owners and STR brokers like AirBnB to obtain CDPs prior to engaging in short-term rentals.

We appreciate the complex nature of STRs in the coastal zone and the work staff has done thus far on this topic. The approach to coastal cities' STR ordinances outlined in this letter will help ensure access to the Coast for Californians, a goal that we all share.

## **I. The Commission should preserve local flexibility in addressing STRs.**

UNITE HERE does not believe that the enforcement of general zoning ordinances banning or substantially limiting STRs in residential areas is "development" within the meaning of the Coastal Act. *See* Pub. Resources Code § 30600(a). The Commission staff report for this workshop cites *Greenfield v. Mandalay Shores Community Association* (2018) 21 Cal.App.5th 896 as the basis for staff's view that coastal communities are required to obtain a coastal development permit ("CDP") when they adopt or enforce such ordinances. But *Mandalay Shores* involved only the question of whether a *private* homeowner association could ban STRs in the Coastal Zone, not whether a generally applicable land-use ordinance constituted "development" requiring a CDP. *See Mandalay Shores*, 21 Cal.App.5th at 901 ("STRs may not be regulated by *private actors* where it affects the intensity of use or access to single family residences in a coastal zone.").

No California case has previously interpreted the term “development” to include land-use ordinances adopted pursuant to local police power. The two reported cases that have directly addressed the question of whether local zoning ordinances regulating STRs are “development” have answered that they are not. *Johnston v. City of Hermosa Beach*, No. B278424, 2018 WL 458920 (Cal. Ct. App. 2018) (rejecting the claim that an STR ordinance is a “development” requiring a CDP: “The Ordinance was enacted pursuant to the City’s police power and did not fall under the auspices of the Coastal Commission. The absence of a certified LCP did not eliminate the City’s ability to enact and amend zoning ordinances.”); *Homeaway.com, Inc. v. City of Santa Monica*, No. 216CV06641ODWAFM, 2018 WL 1281772, at \*5 (C.D. Cal. Mar. 9, 2018) (“The Coastal Act does not preempt the police powers of California municipalities absent clear conflict with the act. Because the Court finds that Plaintiffs have not met their burden to establish that the Ordinance constitutes either an amendment to the LUP or “development” under the Coastal Act, Plaintiffs have likewise not demonstrated that the Ordinance clearly conflicts with the Coastal Act.”).

The Commission’s jurisdiction over STR ordinances is particularly tenuous in the many cities in which STRs have long been illegal and the local government is simply adopting a new and more rigorous enforcement system. *See Homeaway.com*, 2018 WL 1281772, at \*4 (“Plaintiffs have not convinced the Court that it should adopt a broad interpretation of ‘development,’ which would include every possible change in the law that might result in a change in land use.”).

Until this issue is resolved by the courts, it is crucial that the Coastal Commission to exercise its jurisdiction conservatively, preserving the greatest amount of local control as possible.

## **II. The Commission should revise its approach to STRs in the Coastal Zone.**

### **1. There is little support for the assertion that STRs are, in fact, “lower cost” accommodations.**

Commission staff have referenced the Coastal Act’s goal that “[l]ower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided,” Cal. Pub. Res. Code § 30213, as the justification for rejecting outright STR bans and for overturning elements of ordinances that are deemed too restrictive. As you know, UNITE HERE supports making coastal areas accessible to working-class visitors, including its members. But the goal of encouraging lower cost tourist accommodations is only one of the Coastal Act’s goals. The first and most important one is to “[p]rotect, maintain, and, where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and

manmade resources.” Cal. Pub. Res. Code § 30001.5(a). The second one, which is directly pertinent to the regulation of STRs, is to “[a]ssure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.” Cal. Pub. Res. Code § 30001.5(b) (emphasis added).

As this section and the next explain, there is no evidence that STRs are a significantly lower cost alternative to other forms of accommodations, and there is overwhelming evidence that the explosion of STRs is contributing to the housing crisis in California cities, including its coastal areas.

Commission staff appear to simply assume that STRs are a lower-cost alternative to other forms of coastal accommodations, such as hotels and motels. But there is little evidence to support this. AirBnB, which dominates the STR market, is notoriously secretive about its data, making study of its impact (as well as enforcement of existing laws) difficult.<sup>1</sup>

But existing studies demonstrate that AirBnB and other STR rentals are not significantly cheaper than hotel rooms; that AirBnB and other STR brokers have generally cannibalized other low-cost accommodation offerings (such as motels) rather than adding to the stock of low-cost accommodations; and that the availability of STRs appears to have only a marginal effect on willingness to travel.

Smith Travel Research (“STR”) was granted access to proprietary AirBnB data for 13 markets, including Los Angeles, for the period December 1, 2013 to July 31, 2016.<sup>2</sup> It compared “entire house/apartment” listings on AirBnB with hotel offerings in the same market, excluding “shared room” homestays of the type most local STR regulations permit. STR found that for the Los Angeles/Long Beach market, AirBnB rates were only 8% (or \$14 per night) lower than hotel rooms on average, at \$153 versus \$167 per night.<sup>3</sup> In San Francisco/San Mateo, AirBnB rates were only 11% lower than hotel rooms on average, at \$207 per night versus \$232

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<sup>1</sup> See, e.g., Paris Martineau, “Inside Airbnb’s ‘Guerrilla War’ Against Local Governments,” WIRED, March 20, 2019, available at: <https://www.wired.com/story/inside-airbnbs-guerrilla-war-against-local-governments/> (describing claims by City of New Orleans that AirBnB “deliberately obfuscated” data related to enforcement efforts); Paris Martineau, “AirBnB and New York City Reach a Truce on Data Sharing,” WIRED, May 24, 2019, available at: <https://www.wired.com/story/airbnb-new-york-city-reach-truce-on-home-sharing-data/> (describing AirBnB’s unsuccessful fight against New York City subpoenas of host and guest information).

<sup>2</sup> STR, “Airbnb & Hotel Performance: An analysis of proprietary data in 13 global markets” (2017), available at: [https://www.str.com/Media/Default/Research/STR\\_AirbnbHotelPerformance.pdf](https://www.str.com/Media/Default/Research/STR_AirbnbHotelPerformance.pdf)

<sup>3</sup> *Id.* at 19.

per night for hotel rooms.<sup>4</sup> These comparisons likely overstate the difference in price between AirBnB rates and hotel rates, since STR does not appear to have included the normally separate “cleaning fee” added to the ultimate price of an AirBnB booking. In neither California case was the average AirBnB offering “affordable,” as the Commission defines the term.<sup>5</sup>

In coastal areas, AirBnB and other STR rates can be expected to be higher than the average price of hotel and motel rooms, since coastal housing is generally more expensive than housing in other parts of the State. For example, a survey conducted by the City of Morro Bay in 2017 found that the average room rate for all hotels and motels in the City was \$129.85, while the average rate for the short-term rental of an entire home with two occupants (and no specific dates selected) was \$248.45.<sup>6</sup> In the City of Del Mar, where the rate for a hotel room is \$314 per night on average, a recent survey of STRs in the city found the average rate of \$331 per night.<sup>7</sup>

Nor is there any reliable data that the growth in STRs has made it possible for more people to travel. In two recent surveys, between 96% and 98% of survey respondents said that if AirBnB and other STR services did not exist, they still would have taken the trip.<sup>8</sup> This is consistent with the general conclusion that AirBnB and other STRs are not adding new, affordable supply to coastal communities, but are simply cannibalizing the market shares of lower-cost options like motels and mid-scale hotels.

Absent substantial, verifiable data showing that STRs are “lower cost” than other forms of visitor accommodation that comply with local zoning regulations,

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<sup>4</sup> *Ibid.*

<sup>5</sup> See Coastal Conservancy/Sustinere, “Lower Cost Coastal Accommodation Analysis.”

<sup>6</sup> City of Morro Bay, “Lower-Cost Visitor-Serving Accommodations Technical Memorandum” (December 2017), at 9, 19, available at: <http://www.morro-bay.ca.us/DocumentCenter/View/11734/Final-Low-Cost-Accommodations-Memo-Dec-2017?bidId=>

<sup>7</sup> “Coastal Commission tells Del Mar to expand short-term rentals.” SAN DIEGO TRIBUNE, June 17, 2018.

<sup>8</sup> Guttentag, Daniel Adams, “Why Tourists Choose Airbnb: A Motivation-Based Segmentation Study Underpinned by Innovation Concepts” PhD diss., University of Waterloo (2016), available at: [https://uwspace.uwaterloo.ca/bitstream/handle/10012/10684/Guttentag\\_Daniel.pdf](https://uwspace.uwaterloo.ca/bitstream/handle/10012/10684/Guttentag_Daniel.pdf); Morgan Stanley Research, *Surprising Airbnb Adoption Slowdown in US/EU, and What It Means for Hotels and OTAs*. Report on Global Insight AlphaWise survey, November 2017, available at: <https://financedocbox.com/Investing/66040838-Surprising-airbnb-adoption-slowdown-in-us-eu-and-what-it-means-for-hotels-and-otas.html>

such as hotels, motels and bed & breakfasts, the Coastal Commission does not have a basis on which to limit coastal cities' ability to regulate STRs.

## **2. AirBnB and other STR platforms have had a significant, negative impact on housing affordability.**

Since its inception, AirBnB's and other STR platforms' business model has been based on violating local zoning laws regulating STRs. The companies' carefully crafted public images—and the rhetoric that it uses to describe that business model, such as “hosts”<sup>9</sup> and the “sharing economy”<sup>10</sup>—convey the sense that those who list STRs are ordinary homeowners sharing a room or a couch with a visitor. But in fact, while such home-sharing listings do exist, they represent a miniscule amount of AirBnB's revenues in places like Los Angeles. Instead, AirBnB is dominated by property owners renting out entire units of housing as commercial, transient accommodations. Much of this revenue is generated by owners listing multiple units, including large, commercial property-management companies. AirBnB's business model has reduced the availability of housing and increased rents.

A 2015 study of AirBnB's impact in the City of Los Angeles, for example, found that AirBnB listings for shared rooms accounted for less than one quarter of one percent of AirBnB's Los Angeles revenue. Instead, ninety percent of AirBnB revenue came from listings of entire housing units. Fully thirty-five percent of AirBnB revenue came from leasing companies renting more than one entire unit of housing.<sup>11</sup> Commercial property management companies listing multiple units for rent—sometimes using fake pseudonyms like “Shawn and Sal” to convey an impression that they were individual homeowners—earned the lion's share of AirbnB revenue.<sup>12</sup> A subsequent study conducted by CBRE Hotels' Americas

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<sup>9</sup> The term “host” inaccurately suggests STR listings typically involve property owners who are present during the visitor's stay. UNITE HERE uses the more neutral terms AirbnB “listers” or “operators” throughout this letter.

<sup>10</sup> See Abbey Stemler, “The Myth of the Sharing Economy and Its Implications for Regulating Innovation,” 67 EMORY L.J. 197, 198 (2017)

<sup>11</sup> Roy Samaan, “Airbnb, Rising Rent and the Housing Crisis in Los Angeles,” LOS ANGELES ALLIANCE FOR A NEW ECONOMY (March 2015), at p. 9, at: <https://www.laane.org/wp-content/uploads/2015/03/Airbnb-Final.pdf>.

<sup>12</sup> Roy Samaan, “Short-Term Rentals and LA's Lost Housing,” LOS ANGELES ALLIANCE FOR A NEW ECONOMY (August 24, 2015), at p. 2, at: [http://www.laane.org/wp-content/uploads/2015/08/Short-Term\\_RentalsLAS-Lost\\_Housing.pdf](http://www.laane.org/wp-content/uploads/2015/08/Short-Term_RentalsLAS-Lost_Housing.pdf); see also Dayne Lee, “How Airbnb Short-Term Rentals Exacerbate Los Angeles's Affordable Housing Crisis: Analysis and Policy Recommendations,” 10 HARV. L. & POLICY REV. 229 (2015).

Research found that multi-unit AirBnB listings increased by 87% in Los Angeles between 2015 and 2016, and represented fully 81% of Airbnb revenue in 2016.<sup>13</sup>

Southern California trends are mirrored in other destination cities. A study conducted by McGill University researchers found that 66% of revenue (\$435 million) and 45% of all New York City AirBnB reservations in 2017 were illegal under New York State law. The researchers estimate that AirBnB listings had removed between 7,000 and 13,500 units of housing from New York City's long-term rental market, including 5,600 entire-home listings that were available as STRs 240 days or more during the year.<sup>14</sup> The CBRE study mentioned earlier found that multi-unit, entire-home operations were the fastest growing AirBnB segment in terms of the number of listers, units, and revenue generated in 2016, and represented \$1.8 billion in AirBnB revenues that year. Property owners listing 10 or more units represented a quarter of all multi-unit listers nationally, generating \$175 million in revenue.<sup>15</sup>

The large-scale conversion of housing units to more or less permanent, commercial STRs has had the effect that standard economics would predict—the reduction in housing supply has resulted in an increase in rents. The McGill University study of New York City estimated a 1.4% increase in median rent over a three-year period due to AirBnB, with greater increases occurring in trendy neighborhoods like Brooklyn.<sup>16</sup> A study of Boston found that each standard deviation increase in AirBnB listings was associated with a 0.4% increase in asking rents.<sup>17</sup>

A national study published by the National Bureau of Economic Research (“NBER”) found that in low owner-occupancy cities (like many California coastal communities), each 1% increase in AirBnB listings is associated with a .024%

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<sup>13</sup> CBRE Hotels' Americas Research, “Hosts with Multiple Units – A Key Driver of Airbnb Growth A Comprehensive National Review Including a Spotlight on 13 U.S. Markets” (March 2017), at p. 14, at: [https://www.ahla.com/sites/default/files/CBRE\\_AirbnbStudy\\_2017.pdf](https://www.ahla.com/sites/default/files/CBRE_AirbnbStudy_2017.pdf).

<sup>14</sup> David Wachsmuth *et al.*, “The High Cost of Short-Term Rentals in New York City,” McGill University School of Urban Planning (January 30, 2018), at p. 2, at: <https://www.mcgill.ca/newsroom/channels/news/high-cost-short-term-rentals-new-york-city-284310>.

<sup>15</sup> CBRE Hotels' Americas Research, “Hosts with Multiple Units – A Key Driver of Airbnb Growth A Comprehensive National Review Including a Spotlight on 13 U.S. Markets”, at p. 4.

<sup>16</sup> David Wachsmuth *et al.*, *supra*, at p. 2.

<sup>17</sup> Keren Horn & Mark Merante, “Is home sharing driving up rents? Evidence from Airbnb in Boston,” 38 JOURNAL OF HOUSING ECONOMICS 14-24 (December 2017).



increase in rent.<sup>18</sup> While this might not sound like much, consider that AirBnB *rentals* increased by an average 27% *annually* in one coastal city, Santa Monica, between 2010 and 2018 according to data analytics company AirDNA,<sup>19</sup> and that the City’s median move-in rent was \$3,000 per month for a two-bedroom unit in 2017.<sup>20</sup> Applying NBER’s formula and conservatively assuming a 27% increase in *listings* annually, Airbnb listings were responsible for nearly 10% of the median rent increase for a two-bedroom apartment in Santa Monica between 2010 and 2017, or approximately \$1,100 per year in additional rent payments.<sup>21</sup> This impact is in line with other cities. For example, New York City’s Comptroller determined that Airbnb had been responsible for nearly 10% of the total rent increase in that City between 2009 and 2017, meaning that “renters citywide paid a whopping \$616 million in additional rent in 2016 due to the exponential growth of Airbnb listings.”<sup>22</sup>

The NBER study mentioned earlier found robust evidence that increases in AirBnB listings were linked to the growth of short-term rental markets, “consistent with absentee landlord[s] switching from the long- to the short-term rental market.”<sup>23</sup>

As summarized by a recent Economic Policy Institute study, “Airbnb—though relatively new—is already having a measurable effect on long-term housing supply and prices in some of the major cities where it operates.”<sup>24</sup> Given the desirability of

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<sup>18</sup> Kyle Barron, Edward Kung, Davide Proserpio, “The Sharing Economy and Housing Affordability: Evidence from Airbnb,” NATIONAL BUREAU OF ECONOMIC RESEARCH (April 1, 2018), at <https://papers.ssrn.com/abstract=3006832>.

<sup>19</sup> <https://www.airdna.co/market-data/app/us/california/santa-monica/overview>.

<sup>20</sup> Santa Monica Rent Control Board, 2017 Annual Report, at p. 14, at [https://www.smgov.net/uploadedFiles/Departments/Rent\\_Control/Reports/Annual\\_Reports/2017%20Annual%20Report%20FINAL.pdf](https://www.smgov.net/uploadedFiles/Departments/Rent_Control/Reports/Annual_Reports/2017%20Annual%20Report%20FINAL.pdf).

<sup>21</sup> See Santa Monica Rent Control Board, 2010 Annual Report, at p. 4, available at [https://www.smgov.net/uploadedFiles/Departments/Rent\\_Control/Reports/Annual\\_Reports/Annual\\_Report\\_10.pdf](https://www.smgov.net/uploadedFiles/Departments/Rent_Control/Reports/Annual_Reports/Annual_Report_10.pdf) (median monthly rental for two-bedroom apartment in 2010 was \$2,000).

<sup>22</sup> New York City Comptroller Scott M. Stringer, “Comptroller Stringer Report: NYC Renters Paid an Additional \$616 Million in 2016 Due to Airbnb” (May 2, 2018), available at <https://comptroller.nyc.gov/newsroom/comptroller-stringer-report-nyc-renters-paid-an-additional-616-million-in-2016-due-to-Airbnb/>.

<sup>23</sup> Barron *et al.*, *supra*, at p. 6.

<sup>24</sup> Josh Bivens, “The economic costs and benefits of Airbnb,” ECONOMIC POLICY INSTITUTE (Jan. 30, 2019), available at: <https://www.epi.org/publication/the-economic-costs-and-benefits-of-airbnb-no-reason-for-local-policymakers-to-let-airbnb-bypass-tax-or-regulatory-obligations/>

STRs in the Coastal Zone, the impact on housing affordability in California's coastal communities can be expected to be even greater.

### **3. Commission staff has undervalued housing affordability and environmental justice in its evaluation of STR ordinances.**

Unfortunately, when assessing local STR ordinances, Commission staff have undervalued the importance of protecting housing stock and underanalyzed the impact of STRs on housing affordability. As against extensive empirical evidence of STRs' impact on housing affordability, Commission staff's analysis has been anecdotal and conjectural.

Staff's treatment of the City of Santa Cruz's proposed cap on non-hosted STRs in City of Santa Cruz LCP Amendment Number LCP 3-STC-17-0073-2-Part B is an example. Here is staff's analysis:

[W]ith respect to housing availability, it is not clear that the ban and cap will have a meaningful impact on housing supply generally, and it is even less clear that they will affect the availability of affordable housing in the City. STRs make up a very small percentage of the City's overall housing stock (about 2.5%), and evidence from other jurisdictions suggests that many STRs are second homes whose owners are likely to let their properties sit vacant if they are unable to offer them to visitors as STRs. In addition, many, if not most STRs, are located in some of the most desirable areas of the City, where long-term rentals would likely be out of reach for the vast majority of people even if these houses were made available in that way; they certainly do not represent affordable housing. Many are homes offered as STRs so local residents can afford to live in the City at all.

There are many problems with this analysis. Staff offered no basis on which to conclude that the use of 2.5% of the City's housing stock for tourist rather than residential use would not meaningfully impact affordability.

Staff's analysis of Santa Cruz's STR ordinance next stated anecdotally that "many STRs are second homes whose owners are likely to let their properties sit vacant if they are unable to offer them to visitors as STRs" or are "homes offered as STRs so local residents can afford to live in the City at all." But staff provided no basis for these conclusions either, and as explained above, credible empirical studies have demonstrated that most STRs are not "second homes" or primary residences used for "home shares," but investment properties owned as part of multi-unit STR portfolios. In fact, Commission staff's assumption is the opposite of what the best empirical studies have found: that AirBnB "is *positively* correlated with the share of homes that are vacant for seasonal or recreational use . . . and *negatively* correlated

with the share of homes in the market for long-term rentals.”<sup>25</sup> In other words, “because of Airbnb, absentee landlords are moving their properties out of the long-term rental and for-sale markets and into the short-term rental market.”

Staff next argued that STR conversion should not be seen as a problem because most STRs are located in “the most desirable areas of the City, where long-term rentals would likely be out of reach for the vast majority of people.” This misunderstands how housing markets work. By removing housing units from the residential market and converting them to tourist use, STR owners reduce the overall supply of housing in the City. Because of intense demand for housing in coastal cities—the apartment vacancy rate in Santa Cruz/Watsonville is reported to be less than 2%<sup>26</sup>—the reduced supply results in price increases across the housing market. The fact that many STRs would not themselves be “affordable” if used for long-term rentals ignores that taking them off the market leads to increased competition for the housing stock that remains.

Given the scale of the housing crisis in California generally, and in coastal areas specifically, it is important that the analysis that is informing Commission decisions on these issues be sound. It is also a mandate under the Coastal Act.

In Public Resources Code § 30604(g), the Legislature declared “that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.” *See also* Pub. Resources Code 30604(f) (“The commission shall encourage housing opportunities for persons of low and moderate income.”). Commission staff should prioritize these objectives as it reviews local STR ordinances aimed at preserving affordable housing.

The Coastal Act’s recently added provisions on environmental justice are also directly relevant. Under Public Resources Code § 30604(h), the Commission is directed to take into account environmental justice when acting on coastal development permits. In its Environmental Justice Policy, the Commission recognized the “historical use of discriminatory housing policies in California and their impact on present day demographics in the coastal zone.”<sup>27</sup> Indeed, for much of California’s history, African-Americans, Latinos, and Asians were legally barred

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<sup>25</sup> Kyle Barron, Edward Kung, and Davide Proserpio, “Research: When Airbnb Listings in a City Increase, So Do Rent Prices,” *HARVARD BUSINESS REVIEW*, April 17, 2019, available at: <https://hbr.org/2019/04/research-when-airbnb-listings-in-a-city-increase-so-do-rent-prices>.

<sup>26</sup> See Beacon Economics, “An Analysis of Rent Control Ordinances in California” (January 2016), at p. 10, available at: [https://caanet.org/app/uploads/2016/02/Jan2016\\_Rent\\_Control\\_Study.pdf](https://caanet.org/app/uploads/2016/02/Jan2016_Rent_Control_Study.pdf)

<sup>27</sup> California Coastal Commission, “Environmental Justice Policy” (March 8, 2019), p. 8, available at: [https://documents.coastal.ca.gov/assets/env-justice/CCC\\_EJ\\_Policy\\_FINAL.pdf](https://documents.coastal.ca.gov/assets/env-justice/CCC_EJ_Policy_FINAL.pdf)

from moving into desirable neighborhoods by restrictive covenants, or were denied government loans in redlined neighborhoods.<sup>28</sup>

Working- and middle-class communities of color are doubly impacted by this history when it comes to STRs. They are much less likely to own a residence, much less a non-primary residence, from which they could derive STR revenue.<sup>29</sup> And they are much more likely to be impacted by housing-cost increases that are driving waves of displacement and homelessness across the region.

In its Environmental Justice Policy, the Commission “recognizes that the elimination of affordable residential neighborhoods has pushed low-income Californians and communities of color further from the coast, limiting access for communities already facing disparities with respect to coastal access and may contribute to an increase in individuals experiencing homelessness.” It states that it “will increase [its] efforts with project applicants, appellants and local governments, by analyzing the cumulative impacts of incremental housing stock loss, and by working with local government to adopt local coastal program policies that protect affordable housing and promote a range of affordable new residential development types.” Yet, in evaluating one of the major factors pushing low-income communities of color out of coastal areas, Commission staff has largely ignored these objectives.

### **III. The Commission should endorse effective local STR regulations.**

An increasing number of cities in California are adopting regulations aimed at limiting the adverse impacts that STRs have on our communities. These impacts include the decrease in affordable housing as residential units are converted to tourist use; pressure on small, neighborhood-serving businesses and merchants as their resident customers are replaced by transients; and negative externalities on communities, as formerly tranquil residential areas are converted into tourist zones.

The regulations that have proved most effective follow a straightforward model, one that allows for true “home sharing” of primary residences while prohibiting the wholesale conversion of residential units into *de facto* hotels. UNITE HERE makes the following recommendations:

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<sup>28</sup> Rothstein, Richard, “Why Los Angeles is still a segregated city after all these years,” LOS ANGELES TIMES, August 20 2017, available at: <https://www.latimes.com/opinion/op-ed/la-oe-rothstein-segregated-housing-20170820-story.html>.

<sup>29</sup> Bivens, ““The economic costs and benefits of Airbnb” (noting that “[a]cross racial groups, more than 80 percent of wealth in one’s primary residence was held by white households” and that the holdings of nonprimary housing wealth by race and ethnicity are again even more skewed, with white households holding more than 86 percent of this type of wealth”).

**Recommendation #1: The Coastal Commission should endorse and uphold the following elements in local ordinances that regulate STRs:**

- a. **STR owners should be required to register with a city and to share information about their listings regularly.** Requiring STR owners to register in order to offer an STR, and including robust reporting and disclosure requirements covering STR brokers like AirBnB, will enable local governments to control STR growth and facilitate the collection of transient occupancy taxes. Charging STR owners registration fees will provide the necessary funding for municipal oversight.
- b. **STRs should be limited to an operator's primary residence; second homes and investment properties should be ineligible for use as STRs.** Commercial property companies are taking housing units off the residential market, sometimes even disingenuously listing properties on STR platforms under fake, individual names to make them sound like true "home shares."<sup>30</sup> City ordinances that limit STRs to primary residences provide security for the local housing stock. STR owners are permitted to rent spare rooms or their entire unit, allowing for true "home sharing" and an ample number of tourist accommodations.
- c. **Enforceable limits should be set on the number of days a residence can be used as an STR.** The ability to rent STRs year-round creates an incentive for property owners to take residential units off the market and convert them to *de facto* hotels.<sup>31</sup> Limiting the number of days during a year that a residence can be used as an STR – whether it is a primary residence or not -- addresses this problem and ensures that only true primary residences are being marketed as STRs. A cap of 60 days per year is, in our experience, the level to achieve this objective.

**Recommendation #2: The Commission should update its criteria for local STR regulations and update its guidance to Coastal Zone cities on STR ordinances.**

- a. **Any local ordinance that has the above elements should *not* be overturned by the Commission.** Coastal cities that produce STR regulatory ordinances that include requirements for registration and licensing, a primary residence

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<sup>30</sup> Roy Samaan, "Short-Term Rentals and LA's Lost Housing," *Los Angeles Alliance for a New Economy*. August 24, 2015, p. 2, available at [http://www.laane.org/wp-content/uploads/2015/08/short-term\\_rentalslaslost\\_housing.pdf](http://www.laane.org/wp-content/uploads/2015/08/short-term_rentalslaslost_housing.pdf)

<sup>31</sup> Roy Samaan, "Airbnb, Rising Rent and the Housing Crisis in Los Angeles," *Los Angeles Alliance for a New Economy*. March 2015, p. 9, available at <https://www.laane.org/wp-content/uploads/2015/03/Airbnb-final.pdf>

stipulation, and enforceable limits on duration of rentals must be allowed to keep those policies moving forward.

- b. **Guidance to coastal cities should be updated to affirm support for the elements above.** The December 6, 2016 memo from Steve Kinsey to Coastal Planning/Community Development Directors with subject line “Short-Term/Vacation Rentals in the California Coastal Zone” should be updated with the above elements and shared with all coastal cities’ planning and community development directors.

**Recommendation #3: The Commission should require STR owners and STR brokers like AirBnB to obtain CDPs prior to converting to STR use in the Coastal Zone.**

The California appellate-court decision in *Greenfield v. Mandalay Shores Community Association*, 21 Cal.App.5th 896, makes clear that when private actors convert their properties to STR use in the Coastal Zone, they are engaged in “development” and are required to obtain a CDP. The same reasoning should apply to STR brokers like AirBnB, which like the homeowners’ association in *Mandalay Shores*, are directly involved in the process of STR conversion.

In *Mandalay Shores*, 21 Cal.App.5th at 901-02, the court held that a private homeowner association’s ban on STR use in a condominium complex was a “change in the density or intensity of land use” meeting the definition of “development” and necessitating a CDP. This is consistent with other cases holding that converting the use or ownership of an individual property can require a CDP. *California Coastal Comm. v. Quanta Investment Corp.*, 113 Cal.App.3d 579, 609 (1980) (conversion of apartments into stock cooperative constitutes development); *see also La Fe, Inc. v. Los Angeles County*, 73 Cal.App.4th 231, 241-242 (1999) (lot line adjustments which did not increase the overall size of the landholding or the number of parcels within it was nevertheless a “development”). By the same reasoning, a private homeowner’s (or a corporate property owner’s) decision to place a residential unit on the market as an STR is a “change in the density or intensity of land use” requiring a CDP. Just as other forms of visitor accommodations must obtain CDPs before proceeding, so must an STR owner offering tourist accommodations.

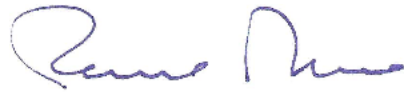
The CDP requirement for STR use should also apply to STR brokers like AirBnB when they operate in the Coastal Zone. STR brokers are directly involved in the conversion of residential units to STR use and the resulting “change in the density or intensity of land use.” STR brokers provide a platform for the listing of STRs—both legal and illegal—and profit by taking a percentage of the booking transaction for the STR. Like the homeowner association in *Mandalay Shores*, they are directly involved in the “development” process.

Accordingly, the Coastal Commission should require that STR brokers like AirBnB obtain a CDP prior to booking STR transactions in the Coastal Zone. At a minimum, the Commission should prohibit STR brokers like AirBnB from booking STR transactions in the Coastal Zone unless the STR being booked has obtained a CDP. *See HomeAway.com, Inc. v. City of Santa Monica*, 918 F.3d 676, 679 (9th Cir. 2019) (upholding Santa Monica's prohibition against STR brokers booking transactions involving non-registered STRs).

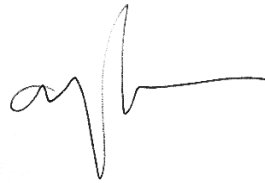
## CONCLUSION

UNITE HERE looks forward to continued dialogue with the Commission and its staff on the best ways of supporting local regulation of STRs. We welcome the opportunity to participate in the July 12 workshop and to working with the Commission and its staff going forward to ensure that the Coast is a home to all Californians.

Sincerely,



Paul More, Esq.  
McCracken Stemberman & Holsberry



Anna Evans-Goldstein  
UNITE HERE Local 11



Lee Strieb  
UNITE HERE International Union

cc: [Coastal Commissioners – depending on if we address them or not]

UNITE HERE California affiliate leaders

# Exhibit B



# UNITE HERE! Local 11

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December 12, 2019

**VIA US MAIL & EMAIL:**

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**RE: Surf and Sand Resort Development History and Appeal No. A-5-LGB-19-0010**

Dear Chair Bochco, Executive Director Ainsworth, and Commissioners:

On behalf of the 30,000 hotel, airport, and stadium workers that UNITE HERE Local 11 (“Local 11”) represents in Southern California and Arizona, we write to the California Coastal Commission (“Commission”) to ask you to open an enforcement investigation related to development of Surf and Sand Resort located in Laguna Beach, California (“Resort” or “Property”) owned and operated by JC Resorts (“Owner”), and to pursue remedies associated with any potential violations of the California Coastal Act (“Coastal Act”), Pub. Res. Code §§ 33000-30900 (inclusive of Commission Regulations under 14 Cal. Code. Regs. §§ 13001-13666.4, revealed by your investigation.

In short, in April 2019, the Commission found “Substantial Issues” raised in Laguna Beach residents Mark and Sharon Fudge’s Appeal No. A-5-LGB-19-0010 (“Appeal”) regarding the Resort’s most recent renovation plans associated with the City of Laguna Beach (“City”) Coastal Development Permit (“CDP”) 18-2147.<sup>1, 2</sup> These development plans have stalled because it is not clear that the entire project is fully described, which creates questions as to compliance with Coastal Act policies addressing public access, coastal bluff development, and visual resources.<sup>3</sup>

The persuasive claims made by the appellants in connection with the Appeal led us to investigate the broader history of development on the Resort. Due to various gaps in the record, the documentation in existing development permits and other records that we have uncovered does not adequately account an apparent history – potentially in violation of the Coastal Act – of upscale development that has resulted in adverse impacts, including:

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<sup>1</sup> Please note that pages cited herein are either to the page’s stated pagination (referenced herein as “p. ##”) or the page’s location in the hyperlinked PDF document (referenced herein as “PDF p. ##”).

<sup>2</sup> Commission (4/26/19) Draft Minutes of Meeting of April 10-11, 2019, PDF p. 9 (Item 17.a), <https://documents.coastal.ca.gov/reports/2019/5/W24/W24-5-2019-report.pdf>.

<sup>3</sup> Commission (3/21/19) Staff Report Item Th17a (Appeal – Substantial Issue – A-5-LGB-19-0010), PDF p. 2. <https://documents.coastal.ca.gov/reports/2019/4/Th17a/Th17a-4-2019-report.pdf>

1. The loss of affordable accommodations originally provided when the Property was built as a 13-room motel in 1948 due to the Property's subsequent conversion into a 167-room luxury Resort;
2. The Resort's encroachment of and prevention of public access to the beach adjacent to the Property via the reported use of hotel beach chairs, towels, and umbrellas directly in front of the Property; and
3. The destruction of the sea bluff face on Bluebird Beach.

Local 11 respectfully urges the Commission to open an enforcement investigation related to the Property's development history to determine whether JC Resorts and/or its predecessors obtained the necessary CDPs and other approvals for the Resort, as well as the potential violations of the Coastal Act referenced above and discussed further below.

## **I. BACKGROUND ON THE PROPERTY SHOWS ELIMINATION OF COASTAL BLUFFS**

Originally built as a 13-room motel in 1948, the 167-room luxury Resort currently sits along an oceanfront lot located on South Coast Highway in Laguna Beach.<sup>4</sup> Building permits indicate that the original certificate for hotel/resort use was issued in 1969 (*see* Fig. 1 below). Historic photographs taken after renovations occurred give us an image of what Bluebird Beach might have looked like had the Surf and Sand Resort refrained from developing over coastal bluffs (*see* Figs. 2 and 3 below)

**FIGURE 1: PRE-APPLICATION SITE DEVELOPMENT REVIEW EVALUATION (2014)** <sup>5</sup>

City of Laguna Beach – Community Development Department Pre-Application Site Development Review Meeting Evaluation	
Evaluation Meeting Number: 14-2301	Date: December 10, 2014
Prepared by: Evan Jedynak, Assistant Planner Belinda Ann Deines, Associate Planner	
Attendees: Blaise Bartell, JC Resorts; Chris Dutton, Designer	
Site Address: 1555 South Coast Highway	Assessor Parcel Number: 644-217-10
Zone/Specific Plan: C-1 (Local Business District)	
<p><b>Background:</b> The subject property is a building site approximately 2.5 acres (110,349 square feet) in total lot area. The property is an oceanfront lot located on South Coast Highway. The frontage along South Coast Highway is approximately 500 feet. The property is currently developed as a hotel/resort with 165 total rooms, a parking garage, and conference rooms located across multiple structures. Building permits indicate that the original certificate for hotel/resort use was issued in 1969. A variance is requested to exceed the maximum allowed height limit in order to install a new elevator, partially enclosed access stairs, and landings open to the exterior. Staff informed the applicant that the floor area of an elevator is only counted on one story for the purpose of determining total square footage. The proposal also includes replacement of existing guardrails. The existing staircase and guardrails are not in compliance with current ADA and building code regulations. Staff advised that the guardrails could be replaced with permits issued over the counter and would not require Design Review Board approval. City records show that the property has been granted the following entitlements:</p>	

<sup>4</sup> CBS Local (1/20/12) Southlands Best Boutique Hotels: Surf and Sand Resort, <https://losangeles.cbslocal.com/2012/01/20/southlands-best-boutique-hotels-surf-and-sand-resort/>.

<sup>5</sup> Commission (3/21/19) Staff Report Item Th17a Exhibits, PDF p. 109 (Dec. 2014 City Pre-Application Site Development Review Meeting Evaluation), <https://documents.coastal.ca.gov/reports/2019/4/Th17a/Th17a-4-2019-exhibits.pdf>.

**FIGURE 2: SURF & SAND HOTEL POSTCARD (1966) <sup>6</sup>**



**FIGURE 3: SURF & SAND APARTMENT (DATE UNKNOWN) <sup>7</sup>**



Through a series of renovations and expansions (*see* Fig. 4 below), JC Resorts and former Property owners have since turned the 13-room motel into a 167-room luxury resort complete with an on-site spa, high-end restaurant, seaside bar and pool.<sup>8</sup> The Property now sits directly on the sandy beach and the coastal bluff is all but gone (*see* Figs. 5 and 6 below), presumably demolished for the expansion of the Property. Furthermore, as of November 1, nightly rates for the Surf and Sand Resort ranged from \$299 to \$549 for the week of November 4<sup>th</sup>.<sup>9</sup>

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<sup>6</sup> Flickr (2019) 1966 Surf & Sand Postcard, <https://www.flickr.com/photos/hollywoodplace/6511808715>.

<sup>7</sup> Surf and Sand Photo (undated) provided by appellant Sharon Fudge.

<sup>8</sup> JC Resorts (2019) Surf & Sand Resort “About” Webpage, <https://www.surfandsandresort.com/about-laguna-beach-resort/>.

<sup>9</sup> JC Resorts (2019) Surf & Sand Resort “Reservations” Webpage (accessed 11/1/19), [https://reservations.travelclick.com/106547?NCK=8777415908&rooms=1&datein=11%2F04%2F2019&dateout=11%2F05%2F2019&Adults=2&Children=0&code=&\\_ga=2.202344596.442261.1572639181-622536474.1572639181#/datesofstay](https://reservations.travelclick.com/106547?NCK=8777415908&rooms=1&datein=11%2F04%2F2019&dateout=11%2F05%2F2019&Adults=2&Children=0&code=&_ga=2.202344596.442261.1572639181-622536474.1572639181#/datesofstay).

**FIGURE 4: SURF & SAND ENTITLEMENT HISTORY <sup>10</sup>**

Table B. Surf and Sand Parking Entitlement History		
Date	Entitlement	Summary
December 11, 1967	Variance 2009	For a motel that exceeded the height limit, a conference facility, and a two-level parking facility.
December 16, 1968	Variance 2045	To amend VA 2009 to include a restaurant/bar, one additional motel room, and a reduction in conference facility floor area.
July 10, 1986	Conditional Use Permit 86-6	For additions to a motel, and to allow residential use as part of a commercial development.
July 31, 1986	Variance 4016	To encroach into the required front yard, exceed the maximum building height, not provide sufficient parking, not meet minimum parking bay width standards, and not bring existing nonconformities into conformity.
***		
August 28, 1986	Design Review 86-167	For additions to a hotel, elevated decks, and grading.
May 28, 1987	Conditional Use Permit 87-27 Design Review 87-159 Variance 4189	To amend CUP 86-6 to reduce density to 222 hotel rooms and one residential apartment with 349 on-site parking spaces, to encroach into the additional building setback at the street and oceanfront, and to provide less than the required parking spaces.
February 4, 1988	Design Review 88-002	For exterior alterations.
January 19, 1989	Conditional Use Permit 89-01 Design Review 89-002 Variance 4450	To allow valet parking of cars, additions to the hotel, an apartment in a hotel complex, front yard encroachment, additional building setback encroachment, to not meet landscape parking standards, and to not bring nonconformities into conformity.
January 11, 2001	Design Review 00-292 Variance 6764	For exterior alterations, additions of windows, site walls, a rooftop mechanical enclosure, new chimney, and to exceed the maximum building height with existing and new construction.
July 24, 2001	Design Review 01-247	For façade alterations, repaving of the existing parking lot, and new landscaping.
September 11, 2008	Design Review 08-209	For a new exterior fireplace and built-in benches.

**FIGURE 5: SURF & SAND RESORT PHOTO LACKING BLUFF FACE (2010) <sup>11</sup>**



<sup>10</sup> Commission, *supra* fn. 5, PDF pp. 17-18 (Nov. 2018 City Department Planning Commission Staff Report).

<sup>11</sup> Laguna Beach Info (2010) Surf & Sand Resort, <https://www.laguna-beach-info.com/surf-and-sand-laguna-beach-hotel.html>.

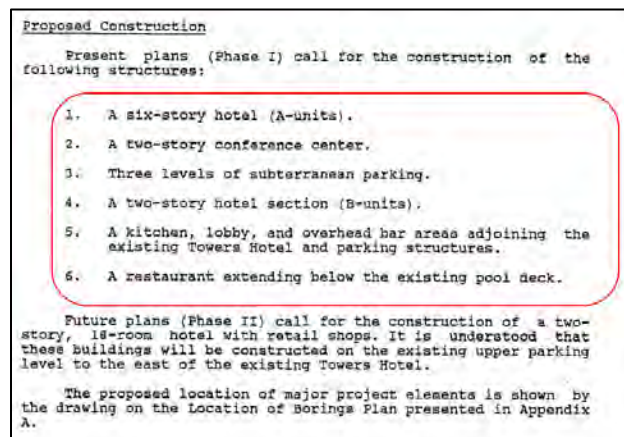


**FIGURE 6: SURF & SAND RESORT PHOTO (2013)** <sup>12</sup>



The City of Laguna Beach (“City”) permitting records suggest major hotel expansion and renovation between 1980 and 1990 (see Fig. 4 above). A 1986 geotechnical study titled “Surf and Sand Hotel Expansion” proposed the construction of a six-story hotel, a two-story conference center, three levels of subterranean parking, a two-story hotel section, a kitchen, lobby with overhead bar areas, and a restaurant extending below the existing pool deck (see Fig. 7 below). The City approved a 1986 building application to remodel the existing hotel exterior, add a total of 72 net rooms, construct a conference building, relocate the Boardwalk restaurant to an oceanfront location, reduce retail and relocate and enlarge lobby, and add three levels of parking (see Fig. 8 below).


**FIGURE 7: PROPOSED CONSTRUCTION (1986)** <sup>13</sup>



<sup>12</sup> OC Mom Blog (2019) Guide to Bluebird Street Beach in Laguna Beach (image captured in 2013), <https://ocmomblog.com/guide-to-bluebird-street-beach-in-laguna-beach/>.

<sup>13</sup> 1986 Building File Documents, PDF p. 13 (Sep. 1986 Surf & Sand Geotechnical Study), <http://bit.ly/2sieVxb>.

**FIGURE 8: BUILDING PERMIT APPLICATION (1986)**<sup>14</sup>

	<b>APPLICATION FOR BUILDING PERMIT</b> DEPARTMENT OF COMMUNITY DEVELOPMENT CITY OF LAGUNA BEACH, CA. 92651		305 FOREST AVENUE, (714) 497-3311	APPLICANT TO FILL IN INFORMATION AND DECLARATIONS WITHIN RED LINES. USE BLUE/BLACK PEN ONLY. <b>PRINT ALL INFORMATION</b>		VALUATION OCC. GROUP    OCC. LOAD    GATE	PLAN CHECK NO.
	JOB ADDRESS <b>1555 So. Coast Hwy.</b>		AV. BY NO.	DATE OF APPLICATION <b>4/21/86</b>	CITY BUSINESS LICENSE #	NOT VALID UNLESS MAJORING COUNTRY	
OWNER'S NAME (SIGNATURE MAY BE REQUIRED) <b>J.C. Resorts</b>		OWNER'S PHONE <b>949-779-2037</b>	CONTRACTOR <b>229-7977</b>		STATE LICENSE #	TYPE CONST.    PERMIT NO.	
OWNER'S MAILING ADDRESS <b>533 Coast Blvd. So./La. Jolla, Ca.</b>		CONTRACTOR'S ADDRESS <b>1221 5th St. #B/San Diego</b>		CONTRACTOR'S PHONE <b>229-7977</b>	STATE LICENSE #	DRIVE APPROVED ZONING PUBLIC WORKS FIRE	
LOT 1555 AREA 1.55 ACRES PLAT 1555		PLAT 1555 AREA 1.55 ACRES PLAT 1555	DESCRIPTION OF WORK <b>Relocate Existing hotel exterior, Addition of 72 net rooms, Conference Bldg., Relocate Boardwalk Restaurant to Ocean Front, Reduce Retail and Relocate, Enhance Lobby, 3 Levels Parking</b>		OWNER'S PHONE <b>229-7977</b>	GEOTECHNICAL REPORT REQUIRED	
LAND AREA 1.55 ACRES EXIST. BLDG. 123,382 SQ. FT.		CARPORT 40 SQ. FT. GARAGE 140 SQ. FT.	NEW CONSTRUCTION 191 CARP. SQ. FT. 1555 CARP. SQ. FT.	EXIST. BLDG. 123,382 SQ. FT.	OWNER'S PHONE <b>229-7977</b>	YES    NO	

Unfortunately, Local 11 was unable to locate the appropriate CDPs for the above-referenced expansions, should they exist. However, according to its 1989 CDP No. 5-89-136, the Commission granted a CDP allowing, *inter alia*, for the demolition of 19 hotel units and one apartment unit, the construction of 45 hotel units and a new apartment unit, the addition of 95 new parking spaces, and other ancillary uses of varying sizes (e.g., wedding pavilion, dining terrace, banquet room, stair and stair tower on two natural rock outcroppings, seafood bar on an approximate nine feet of fill on sandy beach).<sup>15</sup>

Initially, the Commission approved the CDP without the ancillary uses, as recommended by Commission staff that JC Resorts agreed to in April 1989, but later amended the CDP to include the ancillary uses subject to special conditions requiring deed restrictions that barred shoreline protective devices (“Special Condition 5”) and required public lateral access and passive recreational use along the Property’s shoreline that included access along a ten-foot privacy buffer adjacent to the Property when other dry beach areas are unavailable (“Special Condition 6”) (*see* Fig. 9 below).<sup>16</sup> Special Condition 5 and 6 were predicated on the Commission’s significant concerns over beach erosion from even relatively small structures, which ultimately can result in the public’s loss of important public ownership rights to beach access.<sup>17</sup>

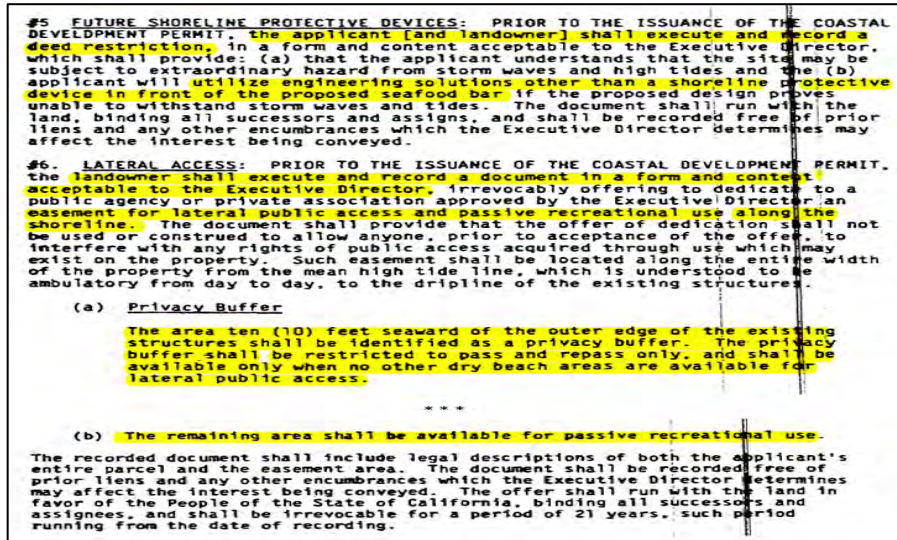
<sup>14</sup> 1986 Building File Documents, PDF p. 43 (Apr. 1986 JC Resorts building permit application for Property), <http://bit.ly/2sieVxb>.

<sup>15</sup> 1989 Surf & Sand CDP Documents, PDF p. 7 (Nov. 1989 Commission CDP # 5-89-136), <http://bit.ly/2RFYCFc>.

<sup>16</sup> *Ibid.*, PDF pp. 41-44 (May 1989 Commission Staff Report CDP # 5-89-136A).

17 *Ibid.*, PDF pp. 50-55 (“It is widely recognized that large structures such as groins and breakwaters will have significant and obvious impacts on sand supply and beach profiles, but even a relatively small structure such as the one proposed can have an impact on the site and the adjoining area ... it is generally agreed that where a beach is eroding, a seawall will come to define the boundary between the sea and the upland ... when the beach in front of the structure disappears over time the natural shoreward migration of the beach is blocked by the structure ... The Commission is led inexorably to the conclusion that if the seawall works effectively on a retreating shoreline, it results in the loss of the beach, at least seasonally ... Seawalls affect the public’s ownership and use rights by tending to eventually fix the line of mean high tide at or near the seawall ... First, changes in the shoreline profile, particularly changes in the slop of the profile, alter the useable area under public ownership ... The second effect on access is through a progressive loss of sand as shore material is not available to nourish the bar ... Third, seawalls cumulatively affect public access by causing greater erosion on adjacent public beaches ... Fourth, seawalls, by their occupation of beach area which may be seasonally either subject to wave action or actually below the most landward locations of the mean high tide lines, interfere directly with areas of the beach in which the

FIGURE 9: SPECIAL CDP CONDITIONS (1989)<sup>18</sup>



While the above-discussed CDP approval does not document the status of the retreating sandy beach or loss of the Bluebird Beach sea bluff in 1989, today, the loss of both these public resources is evident (*compare* Fig. 2 & 3 [photos of historic state] *with* Fig. 5 & 6 [photos of recent state])—just as feared by the Commission in 1989.<sup>19</sup>

Moreover, based on our review, there is at least one documented instance of illegal development by the Resort that may have contributed to this outcome, a January 1980 incident related to the improper installation of loose rock and wall along the Property (*see* Fig. 10 below).

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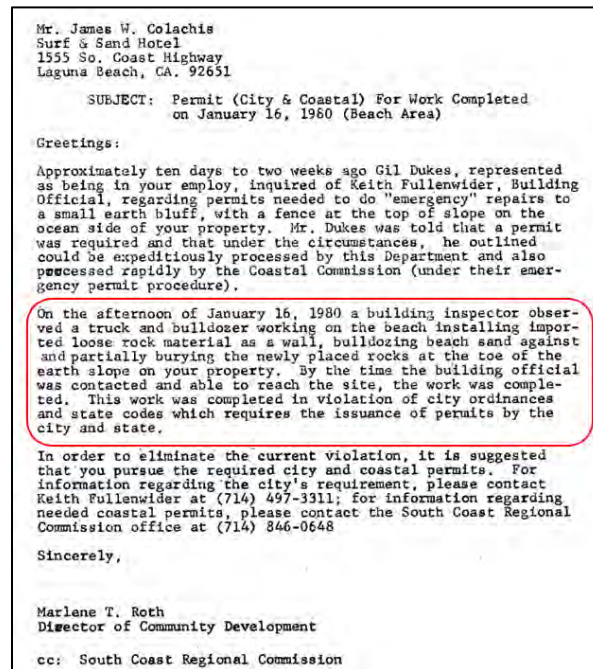
*public has ownership interest* or public trust related rights ... [finally] a dedication of an *easement in favor of the people* of the State of California over the sandy beach at 1555 South Coast Highway will operate directly to *compensate the public for, and thus alleviate, the burdens described above.*" Emphasis added.)

<sup>18</sup> *Ibid.*, PDF pp. 43-44.

<sup>19</sup> *Ibid.*, PDF p. 55 ("The Commission recognizes that the *seawall will probably change the beach profile* by steepening it and increasing beach erosion around it; this in turn *will interfere with and decrease the amount of sandy beach available for public access.*" Emphasis added.).



**FIGURE 10: LETTER ON UNPERMITTED DEVELOPMENT (1980)<sup>20</sup>**



## **II. LOCAL 11 REQUESTS AN ENFORCEMENT INVESTIGATION INTO POTENTIAL COASTAL ACT VIOLATIONS AT THE RESORT, INCLUDING THE LOSS OF LOW COST ACCOMMODATIONS, ENCROACHMENT ON PUBLIC ACCESS TO COASTAL RESOURCES, AND THE DESTRUCTION OF BLUEBIRD BEACH SEA BLUFF**

The mission of the Commission's Enforcement Program is to uphold the requirements of the Coastal Act, including protection of coastal resources, ensuring public access to coastal resources, and ensure compliance with all terms and conditions of previously issued CDPs.<sup>21</sup> Under the Act, the Commission has a variety of tools to enforce the requirements of the Coastal Act, such as:

- Issuing Cease and Desist Orders barring certain activities (*see* Pub. Res. Code §§ 30809, 30810; *see also* 14 Cal. Code Regs. §§ 13181, 13187);
- Issuing Restoration Orders requiring affirmative actions to be taken (*see* Pub. Res. Code § 30811; *see also* 14 Cal. Code Regs. §§ 13191, 13196);
- Levying administrative civil penalties up to \$11,250 per day for public access violations (*see* Pub. Res. Code § 30821); and
- Initiating civil actions for equitable relief or civil penalties or both (*see* Pub. Res. Code § 30820; *see also* 14 Cal. Code Regs. §§ 13172-13172).

<sup>20</sup> 1970s-1980s Surf & Sand Documents, PDF p. 31 (Jan. 1980 City Letter to Surf & Sand Resort regarding work completed on January 16, 1980), <http://bit.ly/2REF3wV>.

<sup>21</sup> Commission (2019) Enforcement: Coastal Act Violations Webpage, <https://www.coastal.ca.gov/enforcement/>.



Based on the above-referenced history and current state of the Property, the Resort seems to violate several provisions of the Act (as discussed below).

#### A. LOSS OF AFFORDABLE ACCOMMODATIONS SHOULD BE RECTIFIED

The Coastal Act's public access policies encourage "maximum access" to be provided for the public (Pub. Res. Code § 30210), which shall not be interfered with by private development (*id.*, § 30211), and that "[l]ower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided[]" (*id.*, § 30213, emphasis added). In carrying out these public access policies, the Coastal Act calls for the need to regulate the time, place, and manner of coastal beaches factoring, *inter alia*, the capacity of a site to sustain use and varying intensities, the fragility of the natural resource, and the balancing of equities between individual property owners and the public's constitutional right of access coastal resources. *Id.*, § 30214.

With regards to the Coastal Act's low-cost overnight accommodations ("LCOA(s)"), the Commission has jurisdiction over preserving access to the coast by encouraging and maintaining LCOAs. To this end, while it cannot set room rates by law (*id.*, § 30213), the Commission has denied development permits that would have adverse impacts on LCOAs, and approved developments (such as "higher-cost accommodation projects") that have either included a) on-site LCOAs, b) off-site LCOAs, or c) payment of in-lieu fees for future LCOAs.<sup>22</sup> For example, the Commission denied the demolition of Steep Ravine cabins in Marin County in 1974 because of its potential to be converted into LCOAs in the future.<sup>23</sup> Alternatively, the Commission approved a 360-room hotel convention center in 1981 on the condition that either land is dedicated for or the construction of a 75-bed hostel on/off-site.<sup>24</sup>

Here, through a series of renovations by JC Resorts and prior Property owners, the Surf & Sands Resort has been transformed from a 13-room motel/apartment building into a 167-room luxury resort. While the exact date at which the Property was converted from a motel into a luxury resort is unclear to Local 11, the 1986-1989 development plans indicate an intensification of uses and addition of amenities consistent with the upscale remodeling of the Property aimed at increasing room prices beyond those typically accessible to individuals served by LCOAs.<sup>25</sup> As pointed out by Commission staff, nearly 25,000 economy hotel rooms along the State's coast have been lost since 1989, and who knows how many since 1975 when LCOAs were first deemed threatened and in need of protection.<sup>26</sup> According to a 2017 study, only five percent of

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<sup>22</sup> Commission (10/26/16) Staff Report Item Th6 (Public Workshop: Lower Cost Visitor Serving Accommodations), p. 24, <https://www.ioes.ucla.edu/wp-content/uploads/th6-11-2016.pdf>.

<sup>23</sup> *Ibid.*, p. 9.

<sup>24</sup> *Ibid.*

<sup>25</sup> 1986 Building File Documents, *supra* fn. 13, PDF p. 13 (Sep. 1986 Surf & Sand Geotechnical Study), <http://bit.ly/2sieVxb>.

<sup>26</sup> Commission, *supra* fn. 22, p. 18 (Fig. 3); *see also id.* at p. 7 (Commission noting that "Coastal Act Section 30213 has its genesis in the 1975 California Coastal Plan[.]" which included Plan Policy 125 under its Equality of Access section and provided "Lower-cost visitor facilities such as campgrounds, rustic shelters, ranch houses converted to inns, bed and board in private homes, *summer home rentals* where several families can share the cost, and new tourist accommodations that provide some *moderately priced units and short-term rentals* of other recreational facilities (e.g., boats) shall be *given priority over exclusively expensive facilities* (e.g., *private residential developments*, some yacht clubs)." Emphasis added.).

the 6,841 Orange County coastal rooms were considered affordable.<sup>27</sup> Without the Commission's vigilance in enforcing the Coastal Act's LCOA public access policies, large swathes of beach and other coastal resources are in jeopardy of being privatized by affluent property owners like hotel operator JC Resorts.

There remains the question as to whether the loss of LCOAs at the Property has ever been considered since the adoption of the Coastal Act. Development that displaces LCOAs without mitigation is inconsistent with the Coastal Act's requirement to protect, provide, and maximize access for all.<sup>28</sup> Additionally, because the lack of LCOAs disproportionately affects minorities of lower-income backgrounds from accessing coastal resources,<sup>29</sup> the loss of LCOAs at the Property presents an environmental justice issue under the Coastal Act.<sup>30</sup>

Before considering the merits of the active Appeal regarding JC Resorts' current development plans, the Commission must adequately assess the loss of LCOAs from past actions taken by JC Resorts and its predecessors, which may have occurred without any LCOA mitigation. The failure to sufficiently protect against and mitigate for lost LCOA in connection with prior CDPs and development approvals would not excuse taking appropriate action now regarding the JC Resorts' current development plans to expand its luxury Resort.

## **B. RESORT ENCROACHMENT ON PUBLIC ACCESS SHOULD BE STOPPED**

In maximizing access and recreational opportunities to coastal resources, the Coastal Act protects against developments that interfere with the public's right to access the sea, dry sand, and rocky coastal beaches from the nearest public roadway and along the coast. *See* Pub. Res. Code §§ 30210-30212. Here, pursuant to the granting of the 1989 CDP, the public has a right for lateral access and passive recreational use of the shoreline along the Property, including pass and repass access along the ten-foot "privacy buffer" immediately adjacent to the Property when dry beach is unavailable (*see* Fig. 6 above [Special Condition 6]).<sup>31</sup> However, reports indicate Resort guests routinely occupy the privacy buffer and sandy beach directly in front of the Property via hotel beach chairs, towels, and umbrellas stretched across (*see* Fig. 11 below). While Commission staff noted copies of an online advertisement for private cabana on the beach by the Resort dating from 2004,<sup>32</sup> beach chairs and towels and white umbrellas can be seen as recently

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<sup>27</sup> Sustinere (2016) Lower Cost Coastal Accommodation Analysis, PDF p. 4 (Presentation to the Commission by the Coastal Conservancy), <https://documents.coastal.ca.gov/reports/2017/5/w6/w6-5-2017-slides.pdf>.

<sup>28</sup> Commission, *supra* fn. 22, p. 1.

<sup>29</sup> *Ibid.*, pp. 8, 10, 24.

<sup>30</sup> Pub. Res. Code § 30107.3 ("‘Environmental justice’ means the fair treatment of people of all races, cultures, and incomes with respect to the development, adoption, implementation, and enforcement of environmental laws, regulations, and policies." Emphasis added); *see also* Pub. Res. Code § 30013 ("The Legislature further finds and declares that in order to advance the principles of environmental justice and equality ... apply to the commission and all public agencies implementing the provisions of this division." Emphasis added.); Pub. Res. Code § 30604 ("When acting on a coastal development permit, the issuing agency, or the commission on appeal, may consider environmental justice, or the equitable distribution of environmental benefits throughout the state." Emphasis added).

<sup>31</sup> *See also* 1989 Surf & Sand CDP Documents, *supra* fn. 15, PDF p. 34 (1989 Irrevocable Offer to Dedicate Public Access Easement and Declaration of Restrictions granted by JC Resorts).

<sup>32</sup> Commission, *supra* fn. 3, PDF p. 13.

as 2013 and 2015 and 2018 (see Figs. 11-13 below), and anecdotal evidence from residents and visitors suggest the practice is still common during the summer.

**FIGURE 11: SURF & SAND RESORT PHOTO CAPTURE (2013)** <sup>33</sup>



**FIGURE 12: SURF & SAND VIDEO CAPTURE (FALL 2015)** <sup>34</sup>



<sup>33</sup> OC Mom Blog, *supra* fn. 12, (2013 photo of white umbrellas in front of Surf & Sand).

<sup>34</sup> YouTube (10/3/15) Gopro Bluebird Beach, mm:ss 00:46, <https://www.youtube.com/watch?v=qJlyXJ6jhNA>.

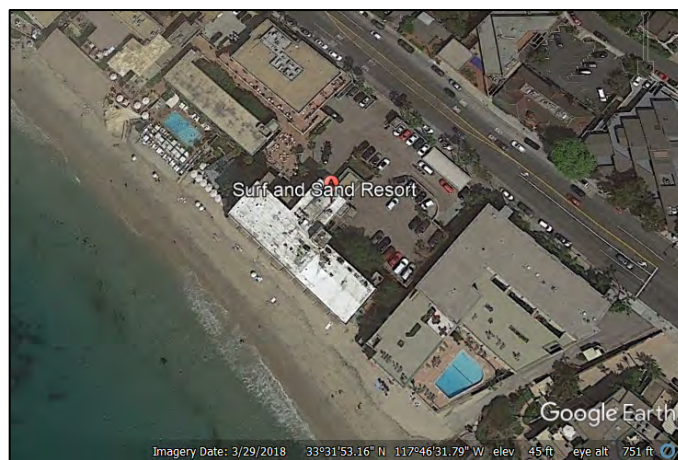


**FIGURE 13: SURF & SAND RESORT SATELLITE IMAGERY (SUMMER 2018)** <sup>35</sup>



This practice may impede the public use of Bluebird Beach, which is made worse during non-summer months when there is less sandy beach accessible (*see* Figs. 14-16 below).<sup>36</sup> This practice would be contrary to both the Coastal Act's public access policies (*see* Pub. Res. Code §§ 30210-30212), and the spirit of Special Condition 6 under the Resorts 1989 CDP. Local 11 urges the Commission to investigate whether JC Resorts continues to provide umbrellas and other equipment on or around the privacy buffer, or any other practices that impede public access to this coastal resource.

**FIGURE 14: SURF & SAND SATELLITE CAPTURE (SPRING 2018)** <sup>37</sup>



<sup>35</sup> GoogleEarth (image captured 6/8/18).

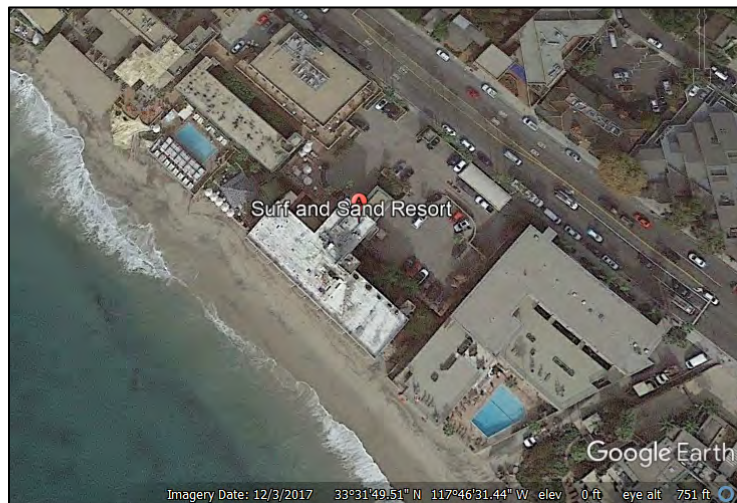
<sup>36</sup> 1989 Surf & Sand CDP Documents, *supra* fn. 15, PDF p. 54 (Commission noting research showing beach in front of a seawall is narrower than a beach not affected by a seawall, the "effect of that narrowness is to reduce the area located seaward of the ordinary high water mark ... that would otherwise be available for public use ... [an] effect can occur even where the maximum summer width of the beach is essentially unchanged, and represents a temporal loss of access due seawall construction.").

<sup>37</sup> GoogleEarth (image captured 3/29/18).

**FIGURE 15: SURF & SAND SATELLITE CAPTURE (FALL 2016)** <sup>38</sup>



**FIGURE 16: SURF & SAND SATELLITE CAPTURE (WINTER 2017)** <sup>39</sup>



### **C. DESTRUCTION OF THE BLUEBIRD BEACH BLUFF FACE SHOULD BE MITIGATED**

In addition to protecting public access, the Coastal Act also seeks to preserve scenic and visual qualities as “resources of public importance” and require development to “minimize the alteration of natural land forms ... and, where feasible, to restore and enhance visual quality in visually degraded areas.” Pub. Resources Code § 30251, emphasis added; *see also id.*, § 30253 (new development shall “[a]ssure stability and structural integrity, and neither create nor contribute significantly to erosion, geologic instability, or destruction of the site or surrounding area or in any way require the construction of protective devices that would substantially alter

<sup>38</sup> GoogleEarth (image captured 10/18/16).

<sup>39</sup> GoogleEarth (image captured 12/3/17).

*natural landforms along bluffs* and cliffs[,] ... [and] [w]here appropriate, *protect* special communities and neighborhoods that, because of their *unique characteristics, are popular visitor destination points for recreational uses.*" Emphasis added).

Here, major remodeling and new development at the Surf and Sand between the implementation of the Coastal Act in 1972 and the adoption of the City's Local Coastal Program ("LCP") in 1993 appear to violate LCP provisions through the apparent expansion of non-conforming buildings onto the sea bluff. Commission staff appears to agree finding Substantial Issues raised in the Appeal.<sup>40</sup>

Rather than preventing the further destruction of Bluebird Beach's sea bluffs, it appears JC Resorts and its predecessors have redeveloped the Property in a manner that has destroyed sea bluff. Again, the failure to adequately protect against and mitigated for the lost sea bluff in connection with prior CDPs and development approvals does not excuse taking appropriate action now regarding the JC Resort's current development plans to expand its luxury Resort.

### III. CONCLUSION

In summary, our research suggests that JC Resorts has prioritized upscale development of the Property over the wellbeing of our coastline, as well as continuing a practice of potentially impeding public access to vital coastal resources—contrary to the Coastal Act policies and the Property's 1989 CDP. Past failures to protect against the loss of LCOAs, public access to coastal resources, and the Bluebird Beach sea bluff must be rectified and potentially rectified before allowing yet another expansion of this luxury Resort.

To this end, Local 11 urges the Commission to open an enforcement investigation related to the Property's development history to determine whether JC Resorts obtained the necessary CDPs and other development approvals. In considering yet another expansion of this luxury Resort, the Commission should pursue all appropriate restoration and mitigation associated with the loss of LCOAs at the Property and destruction of the unique Bluebird Beach sea bluffs. So too, we ask that the Commission investigate whether Surf and Sand's practice of placing resort beach chairs and umbrellas violates Special Condition 6 of its 1989 CDP.

If found warranted based upon your investigation, Local 11 urges the Commission to consider all remedies at its disposal, including: 1) granting the Appeal and rejecting JC Resorts most recent development plans until appropriate measures are taken for the loss LCOAs and sea bluff; 2) commencing a Cease and Desist Order to bar the Resort's usurpation of the public

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<sup>40</sup> Commission, *supra* fn. 3, PDF pp. 13-15 (Commission's finding of Substantial Issues given "The *City's record does not adequately establish or explain* whether the project approved by the City is *consistent with the bluff top and oceanfront protections and restrictions policies of the certified LCP* ... Since the *total extent of the proposed project is not clear from the City's record*, the appeal raises a *substantial issue as to whether the project must bring existing non-conformities into conformance with the certified LCP* ... If the project approved by the City constitutes new development (this question is discussed above), then the *location of the bluff edge is important*. As discussed above, the appeal raises substantial issues as to whether the project involves new development. Therefore the Commission finds that the *project does raise a substantial issue regarding conformity with LCP.*" Emphasis added).

beach and prevent public access; 3) seeking administrative civil penalties for each day the Resort knowingly blocked public access to coastal resources; 4) commencing a Restoration Order to mitigate the loss of the Bluebird Beach sea bluff; and 5) pursuing civil action to for all equitable relief and civil penalties allowed pursuant to Pub. Res. Code § 30820 and 14 Cal. Code Regs. §§ 13172-13172.



## Laguna Short Term Lodging Ordinance

George Weiss <gweisslaguna@gmail.com>

Tue 10/6/2020 11:41 AM

To: SouthCoast@Coastal <SouthCoast@coastal.ca.gov>

October 5, 2020

Dear Coastal Commission,

### **Some history:**

In 2017 The City of Laguna Beach proposed allowing 734 units of rental housing in mixed use and commercial zones while adding parking and lot size requirements. The Coastal Commission judged this proposal to be untenable and Coastal Commissioners voted it down 9 to 2. In 2019 the City of Laguna Beach submitted revised version of this ordinance that waived parking and lot size requirements. Unfortunately, the City did a poor job of vetting its rental housing stock in these zones and was found to be in violation of State law and was forced to withdraw the ordinance.

A few months ago, the City resubmitted it's STL Ordinance this time with over 100 units removed from the original STL candidate list mentioned above. If passed this ordinance would have allowed the conversion of 600 plus units, including multi-unit apartments and approximately 100 homes to be converted to STL year-round. Again, this proposal was not approved by Coastal and changes were requested that protected against the loss of housing.

### **Today:**

While Laguna's newest Short-Term Lodging ordinance has been improved, it will **still** have negative impacts on moderate and market rate rental housing. There is no reason for allowing the conversion of **ANY** rental apartments or homes to be converted to short term lodging if it displaces renters. The latest version of this ordinance will still do that, and I ask the Commissioners to reject this latest ordinance and push for a Home Sharing solution instead.

Home Sharing will preserve rental housing, protect renters from eviction while allowing for affordable overnight stays. This is one of the mandates of the Coastal Commission and I think a solution that would work for **all parties**.

### **The City of Laguna Beach's Affordable Housing record is poor**

Having served as Chair of Laguna's Housing and Human Services Committee in 2016-17 I saw firsthand that our City government **doesn't care about affordable or moderate income rental housing**. In late 2019, fifteen Title 8 apartments for Seniors were converted to market rate housing. The residents have been evicted and all left by December 31st, 2019. The City did **nothing** to preserve this housing. These units, built in 1984 represent the last time Laguna Beach voluntarily developed any affordable housing. Our City Government is not sensitive to housing and I'm concerned Laguna Beach will become more elitist as more affordable rental housing is converted to STL.

Please reject this latest version of Laguna's Short-Term Lodging ordinance. Rental housing must be preserved and doing so under a Home Sharing solution is the best solution for everyone.

Thanks, George Weiss, Laguna Beach, CA





LYNN S. MOHRFELD, CAE  
President & CEO

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**Vacant**

PAST CHAIR  
**MICHAEL PACE**  
InterContinental Mark Hopkins  
San Francisco

October 6, 2020

Steve Padilla, Chair  
Coastal Commissioners  
Jack Ainsworth, Executive Director  
55 Market Street, Suite 300  
San Francisco, CA 94105

VIA EMAIL: to [jeff.staben@coastal.ca.gov](mailto:jeff.staben@coastal.ca.gov)

**RE: Item W11a: City of Laguna Beach LCP Amendment No. (LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals))**

Dear Chair Padilla:

As a representative of California's lodging community, I respectfully request the California Coastal Commission strengthen the proposed LCPs to protect local housing stock and neighborhoods by requiring homeowners to be present during guest stays at short-term rental units.

As hospitality professionals, the lodging industry relies on maintaining the unique culture of our coastal communities and ensuring that employees have access to affordable housing. Unfortunately, California is in the grips of statewide housing shortage which is, in large part, forcing lower-income families out of coastal areas as rental costs increase and units are removed from the long-term market.<sup>1</sup> Though some new housing is being built on the coast, it is not meeting the local demand and shortages are being exacerbated by transitions to short-term rentals. Numerous studies show that where property owners do not live at the residence, the transition to short-term rental operations reduces the existing long-term rental housing stock and raises rental costs in excess of normal inflation.<sup>2 3</sup>

*Protecting the  
rights and interests  
of the California  
lodging industry*

414 29TH STREET  
SACRAMENTO, CA  
95816-3211  
916.444.5780  
[www.calodging.com](http://www.calodging.com)

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<sup>1</sup> California Legislative Analyst's Office, Lower-Income Households Moving to Inland California from Coast, Sept. 16, 2016, <https://lao.ca.gov/LAOEconTax/Article/Detail/133>

<sup>2</sup> BBC, What Airbnb really does to a neighbourhood, Aug. 30, 2018, <https://www.bbc.com/news/business-45083954>

<sup>3</sup> Barron, Kyle and Kung, Edward and Proserpio, Davide, The Effect of Home-Sharing on House Prices and Rents: Evidence from Airbnb (March 4, 2020). Available at SSRN: <https://ssrn.com/abstract=3006832> or <http://dx.doi.org/10.2139/ssrn.3006832>

The loss of this housing forces many workers to leave the area and invariably hollows out the character of coastal communities that hotels rely on. Requiring homeowners to be present during short-term rental stays will prevent homeowners from acquiring large numbers of units to build short-term rental empires, alleviating pressures which, if left unchecked, will drive out renters.<sup>4</sup>

Further, requiring homeowners to be present will help prevent guests from throwing dangerous parties without hosts' knowledge. These types of parties are a frequent occurrence, in spite of COVID-19 restrictions, and often lead to nuisances or in severe cases, shootings. For example, in Orinda California a guest hosted a party and sent out invites to hundreds of people, unbeknownst to the host. During the party, several neighbors called officials to complain about the noise, but, before police could respond, the situation escalated and several people were shot. This incident is not isolated and may have been prevented if the homeowner was at the premises.<sup>5</sup>

Finally, while some home-share operators may cite the economic benefits from the tourism they host, many of the benefits are not passed on to the local communities. Across the state, local governments have struggled to track short-term rental operations and collect necessary taxes used to mitigate their impact on local infrastructure.<sup>6 7</sup> By requiring homeowners to be present at the operating site, enforcement agencies would have a clearer path to implement commission rules and regulate short term rentals. Unlike other registration requirements where owners may argue lack of knowledge with the ordinance, under an owner-presence rule, if an owner is not present then they are in violation of the ordinance. This clear test is both less restrictive for complying homeowners and likely more workable for enforcement personnel.

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<sup>4</sup> CNBC, Short-term rental market faces consolidation as start-ups and small landlords offload properties, May 30, 2020, <https://www.cnbc.com/2020/05/30/short-term-rental-market-faces-consolidation-as-airbnb-owners-scramble.html>

<sup>5</sup> SF Chronicle, Fifth victim dies after Halloween party shooting at Airbnb in Orinda, Nov. 1, 2019, <https://www.sfchronicle.com/crime/article/4-people-killed-at-Orinda-house-party-reports-say-14767586.php>

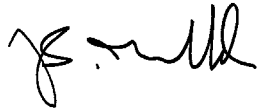
<sup>6</sup> LA Times, Thousands of online listings are violating L.A.'s new short-term rental law, Aug. 9, 2020, <https://www.latimes.com/california/story/2020-08-09/los-angeles-short-term-rental-violations>

<sup>7</sup> LA Times, Short-term vacation rentals on Huntington Beach City Council agenda, Sept. 18, 2020, <https://www.latimes.com/socal/daily-pilot/news/story/2020-09-18/short-term-vacation-rentals-on-huntington-beach-city-council-agenda>

By following in the footsteps of cities such as Garden Grove, Westminster, Anaheim, and Santa Monica, the commission can implement measures which protect our coastal communities, maintain our unique Californian culture and safety, and ensure host accountability.

Therefore, I respectfully request the California Coastal Commission order short-term rental operators to require homeowners be present during guest stays.

Sincerely,

A handwritten signature in black ink, appearing to read 'Lynn Mohrfeld', with a stylized, cursive script.

Lynn Mohrfeld  
President + CEO  
California Hotel & Lodging Association  
[lynn@Calodging.com](mailto:lynn@Calodging.com)

I rent an apartment full time in LAGUNA Beach; and do not want property owner to rent for short term rentals. Thank you

Mona Roberts

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As a resident of Laguna Beach, urge you to prohibit new, unhosted STRs. I am very concerned about short term rentals in our community. Whole home rentals turn homes into de facto hotels, exacerbate the regional housing crisis, and erode neighborhood character. Between the over 100 existing whole home rentals, our ample stock of hotel rooms at a variety of price levels, and the potential for home-sharing in the commercial zone, Laguna Beach has many ways to welcome visitors to the coast. Rather than reduce our limited supply of housing, please permit regulated home-sharing in the commercial zone.

While millions of Californians struggle with increasing rents and mortgage payments, Coastal Commission staff still recommends that Laguna Beach allow up to 1 in 5 residences in the commercial zone to be converted to unhosted, whole home rentals. If someone proposed bulldozing 20% of the housing in your neighborhood to build luxury hotels, you would be concerned, too. Given the high rates at whole home rentals, this is an unacceptable loss of housing.

Rather than allowing hundreds of new whole home rentals, please only allow home-sharing, which protects communities and housing. With the reduction in amenities inherent to sharing space, homesharing creates lower cost accommodations that promote visitor access to our beautiful city. As the Coastal Commission staff mentioned, there are over a hundred single family homes in the commercial zone that could accommodate homeshares. But there may also be two- and three-bedroom apartments that could also promote homesharing, as well as units that could allow for couchsurfing and other low cost opportunities for coastal access.

Please do not permit any more whole home rentals in Laguna and recommend instead that the city allow some amount of homesharing in the commercial and mixed-use zones to supplement our existing abundant supply of visitor-serving accommodations.

Thank you,  
Natalie Generalovich

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RE: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

As a resident of Laguna Beach, urge you to prohibit new, unhosted STRs. I am very concerned about short term rentals in our community. Whole home rentals turn homes into de facto hotels, exacerbate the regional housing crisis, and erode neighborhood character. Between the over

100 existing whole home rentals, our ample stock of hotel rooms at a variety of price levels, and the potential for home-sharing in the commercial zone, Laguna Beach has many ways to welcome visitors to the coast. Rather than reduce our limited supply of housing, please permit regulated home-sharing in the commercial zone.

Short term rental visitors do not use COVID mitigation strategies and do not abide by HOA guidelines for use of property. They make trying to live a productive life as a volunteer or employee difficult.

While millions of Californians struggle with increasing rents and mortgage payments, Coastal Commission staff still recommends that Laguna Beach allow up to 1 in 5 residences in the commercial zone to be converted to unhosted, whole home rentals. If someone proposed bulldozing 20% of the housing in your neighborhood to build luxury hotels, you would be concerned, too. Given the high rates at whole home rentals, this is an unacceptable loss of housing.

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Please do not permit any more whole home rentals in Laguna and recommend instead that the city allow some amount of homesharing in the commercial and mixed-use zones to supplement our existing abundant supply of visitor-serving accommodations.

Thank you,  
S Smith

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**RE: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1  
(Short-term Lodgings/Rentals)**

Dear Mr. Padilla:

As residents of Laguna Beach, we urge you to prohibit new, unhosted STRs. I am very concerned about short term rentals in our community. Whole home rentals turn homes into de facto hotels, exacerbate the regional housing crisis, and erode neighborhood character. Between the over 100 existing whole home rentals, our ample stock of hotel rooms at a

variety of price levels, and the potential for home-sharing in the commercial zone, Laguna Beach has many ways to welcome visitors to the coast. Rather than reduce our limited supply of housing, please permit regulated home-sharing in the commercial zone.

While millions of Californians struggle with increasing rents and mortgage payments, Coastal Commission staff still recommends that Laguna Beach allow up to 1 in 5 residences in the commercial zone to be converted to unhosted, whole home rentals. If someone proposed bulldozing 20% of the housing in your neighborhood to build luxury hotels, you would be concerned, too. Given the high rates at whole home rentals, this is an unacceptable loss of housing.

Rather than allowing hundreds of new whole home rentals, please only allow home-sharing, which protects communities and housing. With the reduction in amenities inherent to sharing space, homesharing creates lower cost accommodations that promote visitor access to our beautiful city. As the Coastal Commission staff mentioned, there are over a hundred single family homes in the commercial zone that could accommodate homeshares. But there may also be two- and three-bedroom apartments that could also promote homesharing, as well as units that could allow for couchsurfing and other low cost opportunities for coastal access.

Please do not permit any more whole home rentals in Laguna and recommend instead that the city allow some amount of homesharing in the commercial and mixed-use zones to supplement our existing abundant supply of visitor-serving accommodations.

Thank you,

Trygve Sletteland & Sonia Madeira de Ley  
Laguna Beach, CA 92651

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I have 4 units in Victoria Beach I live in one Im struggling with he mortgage payments due yo rental vacancies I live in one unit with an extra bedroom The city will not allow mw to do short term rentals though I have one bedroom in my unit I would like to rent our on a 2 night stay . I have been forced by the city on this They even sent me a letter requiring me to go to court for advertising on a Webb site for sharing my home .

I need to rent out my units short term .

Best Regards

David Blain

Laguna Beach

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Thank you,

Ashley W. Spivey

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Thank you,

Regards,

Roberto Pellecchia

DESIGN STRUCTURES INTERIORS

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o Whom It May Concern,

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Thank you,

Sterling A. Leva

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Thank you,

Sally Baron

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**E: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)**

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Thank you  
Anne Singleton

**Fw: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)**

Staben, Jeff@Coastal <Jeff.Staben@coastal.ca.gov>

Tue 10/6/2020 7:09 PM

To: Alvarado, Marlene@Coastal <Marlene.Alvarado@coastal.ca.gov>

RE: Item W11a: City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 (Short-term Lodgings/Rentals)

Dear Jeff Staben,

As a resident of Laguna Beach, I urge you to prohibit new, unhosted STRs. I am very concerned about short term rentals in our community. Whole home rentals turn homes into de facto hotels, exacerbate the regional housing crisis, and erode neighborhood character. Between the over 100 existing whole home rentals, our ample stock of hotel rooms at a variety of price levels, and the potential for home-sharing in the commercial zone, Laguna Beach has many ways to welcome visitors to the coast. Rather than reduce our limited supply of housing, please permit regulated home-sharing in the commercial zone.

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Thank you,

Mark Strain