

CALIFORNIA COASTAL COMMISSION

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December 17, 2020

W27a

TO: Commissioners and Interested Persons

FROM: Karl Schwing, Deputy Director
Amber Dobson, District Manager
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SUBJECT: Concurrence with the Executive Director's determination that the action by the City of Laguna Beach accepting certification of LCP Amendment No. LCP-5-LGB-19-0074-1 with suggested modifications is legally adequate.

In October 2016, the City submitted a request to the Commission's South Coast District office to amend the Implementation Plan of the City of Laguna Beach certified LCP, which included City Council Resolution No. 16.076 and City Council Ordinance No. 1617. That requested amendment was assigned LCP No. LCP-5-LGB-16-0055-1. That LCP Amendment was proposed to limit these conflicts by prohibiting any new STL units in residential zoning districts (with an exception for existing legally permitted units operating in residential zones), and by imposing regulation of existing and new STL units in commercial zoning districts where they are currently allowed and in new commercial districts where they are not currently allowed.

On December 14, 2017, the Coastal Commission, after a public hearing, approved with suggested modifications LCP Major Amendment No. LCP-5-LGB-16-0055-1 (Short-Term Lodgings). However, the City did not accept the suggested modifications within six months of the Commission's action, and LCP Amendment No. 1-16 was never certified. The City did not concur with the modification approved by the Coastal Commission that re-instated STLs as a permitted use in the R-1, R-2, and R-3 Zoning Districts.

On February 8, 2018, August 8, 2018, and November 26, 2018, the Commission and the City met and entered into a series of tolling agreements to allow additional time for the parties to further discuss and address concerns regarding the Commission's December 2017 suggested modifications, and to avoid litigation.

On April 23, 2019, and June 4, 2019, the City Council conducted public hearings and adopted City Council Resolution No. 19.030 and Ordinance No. 1635. On June 17, 2019, the City submitted to the Commission's South Coast District office the second LCP amendment request (No. LCP-5-LGB-19-0074-1) related to City Council Resolution No. 19.030 and Ordinance No. 1635. This LCP Amendment proposed

changes to Chapters 25.23, 25.10, 25.12, 25.14, and 25.43 as they relate to STL units, including: (1) the application of an existing nonconforming status designation to all existing permitted STL units that are currently operational, which may continue to operate within residential zoning districts; prohibition of new STL units (including homestays, or owner-occupied) in residential zoning districts; (2) regulation of existing and new STL units in zoning districts where they are currently allowed (LBP, C-N, C-1, CH-M, SLV) and in new zoning districts where they will now be allowed (Residential Serving CBD-1, Downtown Commercial CBD-2, Central Bluffs CBD-CB, Office CBD-O and Visitor Commercial Districts CBD-V (or CBD-VCD as termed by the City)); (3) addition of new language to clearly define STLs, (4) new registry requirements and operational standards, including, but not limited to, maximum occupancy and parking requirements; afford a mechanism for neighbors to report problems; and establish provisions for the imposition of fines and penalties for violation of the regulations. Under this LCP amendment, home sharing, or owner-occupied vacation rentals, would be regulated in the same way as traditional STLs (non-owner occupied). In addition, LCP Amendment proposed to allow existing permitted STLs to continue in perpetuity, regardless of the zone in which they are located. Moreover, the proposed amendment would allow existing nonconforming residential units (as to development standards, parking, and density) located in the allowable commercial zoning districts to be converted into STLs, with the exception of those restricted by covenant or similar instrument for the purpose of providing affordable housing, senior housing, or housing for the disabled.

On August 13, 2020, the Coastal Commission conducted a public hearing to consider LCP Major Amendment No. LCP-5-LGB-19-0074-1 (Short-Term Lodgings) but the Commission continued the public hearing. The Commission directed the City and Commission staff to consider additional provisions, including requiring a home sharing program to promote and encourage more affordable visitor-serving accommodations, and regulations to provide some protection to the City's long-term rental housing stock in the mixed-use districts.

On October 7, 2020, the Commission approved LCP-5-LGB-19-0074-1 with suggested modifications to ensure the proposed amendment provided an appropriate balance to continue to accommodate STLs in a manner that would not contribute to a loss of lower-cost overnight accommodations or affordable housing stock, unduly restrict the rental of residential units to visitors, or diminish the public's ability to access and recreate on the coast. In addition, the suggested modifications would include a requirement that the City report to the Coastal Commission in three years to allow for reevaluation of the proposed STL program. If the report identifies evidence that STL units are contributing to the loss of lower-cost hotel/motel rooms or affordable housing, the suggested provisions require that the City propose and request an LCP amendment to the STL ordinance and/or other provisions of the LCP to address the identified trend.

On November 17, 2020, within 180 days of Commission action the LCP amendment, the Laguna Beach City Council adopted Resolution No. 20.080, approving LCP Amendment No. 15-2254, incorporating the modifications suggested by the Commission

pursuant to its approval. On December 9, 2020, the City submitted Resolution No. 20.080 adopted by the City Council to the Executive Director for a determination that the City's action is consistent with the Commission's October 7, 2020 action ([Exhibit 1](#)).

Pursuant to Section 13544 of the California Code of Regulations, Title 14, Division 5.5, the Executive Director must determine that the action taken by the City of Laguna Beach acknowledging receipt and acceptance of and agreement with the Commission's certification of the above-referenced LCP amendment with suggested modifications is legally adequate and report that determination to the Commission. In this case, the Executive Director has determined that the City's action is legally adequate. Unless a majority of the Commissioners object to the Executive Director's determination, the certification of City of Laguna Beach LCP Amendment No. LCP-5-LGB-19-0074-1 shall become effective upon the filing of the required Notice of Certification with the Secretary of Natural Resources as provided in Public Resources Code Section 21080.5(d)(2)(E).

STAFF RECOMMENDATION

Staff recommends that the Commission concur with the Executive Director's determination that the City's action is legally adequate.