

**CALIFORNIA COASTAL COMMISSION**

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# W13b

## ADDENDUM

December 13, 2021

TO: Coastal Commissioners and Interested Parties

FROM: South Coast District Staff

SUBJECT: **ADDENDUM TO ITEM W13b, LCP Amendment No. LCP-5-LOB-20-0058-3 (City of Long Beach, Short-Term Rentals) for the Commission Meeting of Wednesday, December 15, 2021.**

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### I. PUBLIC CORRESPONDENCE

The Commission received nine letters in response to staff's recommendation on the subject Local Coastal Program (LCP) amendment before the public comment deadline on Friday, December 10, 2021 at 5pm. These comments are summarized and addressed in this addendum. Additional public comments received after the deadline have been and will continue to be added to the file for this item and are available upon request.

Three individuals and the Huntington Beach Short-Term Rental Alliance submitted comments in support of the staff recommendation to certify the amendment to the certified Implementation Plan (IP) with suggested modifications. These parties agree that the staff recommendation and short-term rentals (STRs) provide visitor-serving coastal access and unique coastal experiences to visitors of all income levels, as well as income for local businesses and hosts that, in some cases enables them to afford to continue living in their homes. The Huntington Beach Short-Term Rental Alliance also stated its support for "the recommended additional 350 STR permits in the coastal zone, separate from the 800 permit cap." As a point of clarification that is described in more detail below, Commission staff's suggested modification that is referenced would serve to maintain the historic number of approximately 350 non-primary STRs in the coastal zone by allowing the City to issue up to 350 STR registrations for units in non-primary residences in the coastal zone. This suggested modification was developed in close consultation with City staff, and the City staff has indicated that the 350 registrations within the coastal zone are intended to be a portion of the City's proposed total 800-unit city-wide cap (which includes areas both within and outside the coastal zone), which is met on a first come first served basis.

In addition, while the letters in support of the staff recommendation acknowledge that the City's ordinance has been successful in regulating STRs outside of the coastal zone, three of the comments also suggest that the ordinance should be modified to allow STRs in Accessory Dwelling Units (ADUs). Currently, the proposed IP amendment includes in its STR registration eligibility requirements a statement that ADUs, junior ADUs, deed restricted affordable housing units, units in special group residences, and single room occupancies are not eligible to offer STRs. This restriction, as proposed by the City, protects more affordable housing and special group residences (e.g. halfway houses, housing for persons with disabilities, and senior citizen housing) within the coastal zone. Commission staff does not believe that the protection of these housing types would significantly affect the availability of STRs in the coastal zone and considers this provision in the proposed amendment to be consistent with the City's certified Land Use Plan (LUP).

The Commission also received letters from two individuals, Better Neighbors LA and Unite Here, and LA Alliance for a New Economy in opposition to the staff recommendation. Commission staff also met with representatives of Unite Here and Better Neighbors LA on December 10, 2021. In general, the issues raised by those in opposition to the staff recommendation center around the potential adverse impacts of STRs, especially un-hosted STRs, on the availability and affordability of housing, neighborhood character, and coastal access. Concerns were also raised regarding the suggested modifications that would add a cap for non-primary short-term rentals in the coastal zone and require coastal development permits (CDPs) be processed for applications to prohibit STRs. The organizations in opposition to the staff recommendation also suggest that the Commission should modify the City's proposed IP amendment to only allow for hosted short-term rentals in the coastal zone (i.e. prohibit all un-hosted STRs). Each of these issues is addressed in more detail in the following paragraphs.

More specifically, those in opposition to the staff recommendation raised several issues relating to the preservation of the character of residential communities in Long Beach, which, as stated in the staff report dated December 3, 2021, is protected by the certified LUP. First, one of the issues identified in the correspondence received is that un-hosted STRs have adversely affected residential areas by causing noise and pollution in neighborhoods, which are not being adequately addressed. Specifically, one of the commenters describes the lack of regulation of an un-hosted STR at their neighbor's property that has been affecting their family's quality of life and requests there be a process to address complaints. Second, many of the letters of opposition discussed the role of STRs and, most directly, un-hosted STRs in adversely affecting racial and economic diversity of Long Beach by displacing and limiting coastal access for low-income communities and communities of color, reducing the supply of lower cost housing, facilitating gentrification, and overcrowding more affordable motels and hotels. Third, a member of the public suggests that having short-term rentals in existing residential neighborhoods is affecting the friendliness and safety of residential areas currently felt by residents. Each of these issues is discussed in the following subsections:

- 1) Regarding noise and environmental impacts, the City's proposed IP amendment includes regulations that require hosts to provide trash and recycling information to guests, limit the hours of pool use, prohibit individuals at the STR site from causing

unnecessary or unusual noise that would annoy a reasonable person of normal sensitivity, and require all activities to comply with all Municipal Code requirements, including those relating to loud parties and litter prevention. If those requirements are not met, an STR registration can be revoked. In addition, the IP amendment does not allow STR registrations to be issued to hosts with active or pending code enforcement actions or violations or those where a registration has been revoked due to such actions or violations. Therefore, as proposed, the IP amendment addresses these concerns and minimizes potential impacts on water quality from STR stays consistent with the certified LUP.

- 2) In response to comments received about impacts STRs may be having on Long Beach's housing stock and social character, Commission staff recognize that the State is in a housing crisis and understand the importance of balancing visitor-serving overnight accommodations, especially lower cost accommodations (protected and encouraged by of the Coastal Act, including Sections 30213 and 30222, and the City's certified LUP), with residential development, especially affordable housing, in the coastal zone to maximize public access for all people. Some of the letters received, including those submitted by organizations like Unite Here, suggest that STRs, especially un-hosted STRs, are associated with gentrification, higher housing costs, displacement of lower-income residents, over-crowding of motels and lower-cost hotels, and prioritization of coastal accessibility for more affluent visitors over existing residents. While this may be true in some cases, Commission staff believes that the City's proposed IP amendment, as suggested to be modified, strikes a reasonable balance between visitor-serving accommodations and existing residential development, and the commenters' suggestion to increase affordability and decrease impacts on housing by only allowing hosted STRs would not significantly address these issues.

For example, based on the City's 2018 data, approximately one-third of all active STRs in the Long Beach coastal zone qualified as low-cost overnight accommodations. Thus, protection of historic numbers of STRs offered annually in the coastal zone, as suggested in the staff recommendation, should also protect the historic number of affordable STRs. Given that this data also indicates that over 80% of active STRs are "entire home" STRs (approximately equivalent to un-hosted or non-primary residence STRs), then such STRs in Long Beach have also provided lower-cost overnight accommodations. Therefore, a blanket prohibition of all un-hosted STRs, which serve the vast majority of STR guests in the Long Beach coastal zone, would not necessarily result in more affordable overnight accommodations or an alleviation of potential overcrowding of other lower-cost overnight accommodations.

Regarding impacts of STRs on affordable housing, gentrification, and social diversity, as described above, the proposed amendment does not allow for deed restricted affordable residential units or other more affordable housing options like ADUs and single room occupancies to be registered as STRs. In addition, there are limits on the proportion of units within a multi-family residence allowed to be registered as non-primary STRs (one unit in buildings with up to 10 units, one to five for buildings with 11-50 units, 6 to 12 for buildings with 51-100 units, and 15% of the units for buildings with over 100 units). These restrictions, as well as the City's registration process, should prevent the

development of “mini-hotels” within multi-family buildings in residential zones, which is a concern raised by Unite Here. Furthermore, the proposed LCP amendment, as suggested to be modified, does not require or even encourage more STRs to be developed, it merely creates a process for the regulation of STRs that already exist and provides for the maintenance of existing numbers of visitor-serving overnight accommodations in the coastal zone. Thus, significant impacts on the residential character (including income and racial diversity) of parts of the Long Beach coastal zone are not anticipated as a result of the subject IP amendment.

- 3) The comment received that identified STRs as a safety concern and a source of diminished friendliness within residential communities also suggests that the proposed IP amendment forces STRs on communities. However, the proposed amendment, as described above, does not require STRs in the coastal zone; it provides a new regulated process by which owners of some permitted residential units (not affordable or other units listed previously) can apply to offer STRs. Additionally, the proposed regulations include safety requirements and residential character protections that must be met in order for a STR registration to be issued, and, as described above, if the regulations are not being complied with, there is a process for revocation of STR registrations.

Regarding Commission Staff’s suggested modification to the proposed IP amendment to require CDPs for the prohibition of STRs on a site, the issues raised by the public include: a) not allowing Homeowners’ Associations (HOAs) to prohibit STRs is a security risk and an unfair financial burden for homeowners within HOAs that share utility costs, b) applications to prohibit STRs on sites where STRs have not historically been offered should not require a CDP, and c) the petition process proposed by the City would allow census block groups to only allow hosted STRs and would not reduce the number of overnight accommodations. Each of these concerns are addressed below:

- a) The proposed amendment and suggested modifications do not prevent HOAs from prohibiting STRs, they only require an application for such a prohibition to be evaluated based on its consistency with the City’s certified LUP, including the policies that protect public access to the coast. Thus, if a HOA applies for a CDP to prohibit STRs in its buildings and the City makes all of the required findings listed in the suggested modification, including that the HOA’s proposal is consistent with the LUP and would not adversely affect coastal access individually or cumulatively, then the prohibition could be approved, and those buildings could be added to the Prohibited Buildings List if so desired.
- b) The organizations opposed to the staff recommendation assert that CDPs should not be required to prohibit short-term rentals where they were not offered previously. However, the Commission’s guidance for local governments’ regulation of STRs states that the regulation of short-term/vacation rentals represents a change in the intensity of use and of access to the shoreline, and thus constitutes development. In addition, the suggested modifications that identify the need for a CDP for proposed STR prohibitions only apply to building owners that are seeking to add a STR-eligible property to the City’s Prohibited Buildings List, which, as proposed, would remain on that list indefinitely or until the property owner (or a future property owner) applies to remove the residential

unit from the list. If an individual simply does not want to offer STRs, they need not apply for a CDP. Also, one comment letter stated that the Commission does not require CDPs for the conversion of residential uses to visitor-serving accommodations. However, the subject LCP amendment is required because the proposed regulation of STRs does constitute development that could affect access to the coast.

- c) Additionally, the letter received from Better Neighbors LA and Unite Here Local 11 states that by petitioning to prohibit un-hosted STRs, a census block group is petitioning to only allow hosted STRs, and that a successful petition cannot, therefore, reduce the number of accommodations offered in those areas. While they are correct that hosted STRs would still be allowed even if a petition to prohibit un-hosted STRs was successful, the assertion that no STRs would be lost assumes that every operator of existing un-hosted STRs would register to provide hosted STRs. In addition, the City's data on STRs from 2018 suggests that approximately 80% of the active STR units in the coastal zone were un-hosted. Therefore, the assertion that census block group petitions to prohibit un-hosted STRs would not affect the number of overnight accommodations offered in that area is unsubstantiated.

Finally, Unite Here, Better Neighbors LA, and LA Alliance for a New Economy oppose the Commission's suggested modification that creates a 350-unit cap for non-primary residence STRs in the coastal zone because they believe it effectively raises the city-wide cap from 800 registrations to 1150 registrations and requires 350 un-hosted STR registrations in the coastal zone. The organizations contend that this "set aside" is unnecessary and would result in a substantial increase in the number of un-hosted short-term rentals in the City. The organizations suggest that the City's 800-unit cap better protects housing than the proposed suggested modification and that the Commission should instead require that the applicants for un-hosted STRs in the coastal zone register immediately.

First of all, as a point of clarification, the 800-unit cap applies to non-primary residence STRs, not un-hosted STRs. While non-primary residence STRs can be un-hosted, most are, however, the two are not mutually exclusive. For example, a STR operator could both live in and rent out a portion of their non-primary residence during the summer months making that STR a hosted non-primary STR.

Additionally, to summarize the City's proposed restriction on non-primary STRs, the IP amendment includes an 800-unit cap on the total number of registrations that could be issued for non-primary residence STRs city-wide. The registrations would be issued on a first come, first served basis each year until the cap is reached. Based on the City's 2018 STR data, there were approximately 350 "entire home" STRs (about equivalent to the number of non-primary residence STRs) within the coastal zone, which was approximately 80% of all active STRs that year. As proposed, the STR regulations are not adequate to maintain the opportunity for hosts to offer non-primary STRs within the coastal zone at historic levels (i.e. while highly unlikely, theoretically, the first 600 operators that qualify for a non-primary STR registration could have units outside of the coastal zone leaving only 200 registrations for inside the coastal zone, which would reduce the total number of non-primary STRs in the coastal zone from 350 to 150). To address this, a suggested modification is required to ensure that 350 of the 800 registrations could be issued to

properties within the coastal zone thereby protecting existing visitor-serving accommodations as required by the certified LUP. The modification does not, however, require 350 registrations for non-primary residence STRs to be issued in the coastal zone each year.

As suggested to be modified, the City can still ensure that the 800-unit city-wide cap is not exceeded by limiting the number of non-primary STR registrations outside of the coastal zone to 450. However, the Commission does not have the authority to require the City to do so because it cannot regulate the registrations outside the coastal zone. Therefore, if the City is concerned with maintaining the historic stock of non-primary residence STRs outside of the coastal zone (approximately 530 units), the modification suggested by Commission staff does not and cannot restrict the City's ability to issue that number of registrations outside of the coastal zone. Thus, the modification is crafted to allow the City to issue up to 350 registrations within the coastal zone regardless of the number of registrations issued outside of the coastal zone. The organizations' stated concern that there will be 1150 un-hosted STR registration applications city-wide or that the City will issue that many registrations is unlikely, especially considering there were only approximately 880 non-primary or un-hosted STRs in all of Long Beach in 2018. The City also has the ability to recommend that non-primary residence STR applicants in the coastal zone submit applications early, as recommended by Unite Here and Better Neighbors LA.

In summary, the proposed IP amendment, as suggested to be modified, does not require or even encourage more STRs to be developed in the coastal zone. Instead, it creates a process for the regulation of STRs that already exist that requires the protection the character of residential neighborhoods in the coastal zone, minimizes pollution of coastal areas where STRs are offered, and provides for the maintenance of existing numbers of visitor-serving overnight accommodations in the coastal zone. Thus, as suggested to be modified, the City of Long Beach IP amendment to add STR regulations in the coastal zone is consistent with and adequate to carry out the coastal resource protection policies of the certified LUP.