

## **CALIFORNIA COASTAL COMMISSION**

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# **F8a**

**LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)**  
**October 14, 2022**

**CORRESPONDENCE 2**

October 7, 2022

**Re: Agenda Item 8a: City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2  
(Short term Rentals and Home Occupations)**

Dear Chair Brownsey and Members of the California Coastal Commission,

On behalf of the City of Half Moon Bay, I write regarding your consideration of a Local Coastal Program Implementation Plan amendment related to short-term rentals and home occupations within the City. The City appreciates your time and consideration of this important issue, and asks that you certify the ordinance as approved by the City Council. In the alternative, the City is willing to consider modifications to the proposed restrictions on unhosted nights, occupancy, and substandard lots, as detailed below in Section III. However, without the proposed primary residence requirement, which serves as the cornerstone of the City's regulatory framework, the City does not believe the ordinance would be consistent with its recently certified Land Use Plan or sufficiently protective of much-needed housing units.

**I. The City Has Carefully Considered Regulation of Short-Term Rentals for the Past Four Years.**

The City has been pursuing regulation of short-term rentals since 2018. Over this period, short-term rental use in the City has significantly fluctuated. The Staff Report states that there are "only 29 STRs currently registered and operating in the City" (Staff Report at 2; see also Staff Report at 16). While this was correct at a point in time earlier this year, during the off season, current data from the City's contractor indicates that up to 48 units are currently registered (See **Exhibit 1**). More importantly, this number does not reflect the number of units that are currently *operating*, but have not been brought into compliance and properly registered. For example, information from AirBnB lists at least 86 active units in City limits as of today's date, and City receipts of transient occupancy taxes are likewise increasing. Since 2018, at least 95 different units have been in operation at some point over that period. City staff has explained the context of these varying levels of activity, which are snapshots of the number of short-term rental businesses operating during a specified time period, such as a season or during the pandemic. It is unfortunate that the Staff Report relied solely upon one data point, erroneously suggesting that short-term rental activity is minimal, which may mislead the Commission about the importance of establishing reasonable regulations for this land use in Half Moon Bay. Absent a short-term rental ordinance, it is difficult to track short-term rental operations; additional short-term rentals have very likely operated and may be operating without being detected by the City's contractor who monitors short-term rental operations.

Efforts to ensure consistency with both the California Coastal Act and the City's Local Coastal Land Use Plan, which was comprehensively updated in October 2020 and certified by the Commission in April 2021, has driven the City's decisionmaking. Policy 2-76 provides direct guidance, stating in part that "short-term rental uses should be subordinate to primary residential uses *such that residential uses continue to be used for long-term residential occupancy.*" (emphasis added). Two other policies provide supplementary guidance: Policy 2-7 ("Safeguard existing housing stock so that it is preserved and used as full-time housing through the establishment of programs and ordinances.") and Policy 5-1 ("Provide maximum coastal access and recreational opportunities for all people . . ."). Consistency with these policies must also form the basis of the Commission's review (Staff Report at 2; Cal. Code Regs. tit. 14, § 13542).

Consequently, the City's short-term rental ordinance equitably balances these two important goals: preservation of housing stock and provision of coastal access. Its foundation is a primary residence requirement, which is the key mechanism that ensures the City's housing stock is preserved for long-term residential occupancy per Policy 2-76. At the same time, the ordinance allows for an unlimited number of short-term rentals throughout the City's residential neighborhoods, prioritizing the lower-cost visitor accommodations offered by hosted short-term rentals.

The City developed this ordinance through significant work over the past four years. The Planning Commission met six times to consider regulation of short-term rentals and the proposed ordinance, taking into consideration input from the public and short-term rental operators. The City also conducted an on-line citywide survey in 2019. In addition, City staff held frequent meetings with interested parties, regularly consulted with Coastal Commission staff, and considered trends in enforcement,<sup>1</sup> the housing market, and the Coastal Commission's regulation of short-term rentals in other jurisdictions. We believe that the ordinance that emerged from this process is well-balanced and necessary to protect both coastal access and housing stock.

## **II. The Proposed Ordinance Provides Coastal Access and Protects Needed Housing Units.**

In preparing the proposed ordinance, the City recognized two key trends: that certain short-term rentals can provide an important source of coastal access and that short-term rentals often remove housing stock from long-term housing use. Consequently, the City developed a proposed ordinance that would allow short-term rentals throughout the City, but only in housing units also used for long-term housing. Thus, operators must provide evidence of "primary residence" – i.e., that the owner or tenant uses the unit for at least half of the year. In addition, the ordinance contains an array of requirements intended to address party houses and other nuisances, ease the enforcement burden on City staff, and ensure that short-term rental uses do not adversely affect Coastal Act protected and other natural resources. Importantly, however, the proposed ordinance does not rely on citywide or neighborhood caps,

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<sup>1</sup> Recent data on complaints and enforcement is provided in **Exhibit 1**.

limits on hosted uses, or geographic restrictions. So long as short-term rental uses are subordinate to residential uses, they are permitted throughout the City, including in all residential and mixed-use zoning districts.

As detailed below, the proposed ordinance is compliant with the Coastal Act and the City's certified LUP and protects housing units necessary to meet the City's housing needs. It is also responsive to the mix and abundant number of overnight accommodations provided by other means throughout the City. As such, the City respectfully requests that the Commission certify the ordinance as proposed.

**A. The Proposed Ordinance Is Fully Consistent with the City's LUP.**

As described above, the proposed ordinance was developed to implement the City's certified LUP, including Policies 2-76, 2-7, and 5-1. The Staff Report asserts that the City is incorrectly interpreting its own LUP, and that the proposed ordinance does not "strike an appropriate balance that protects housing and also maximizes public access to the coast" (Staff Report at 19; see also Staff Report at 2). However, the Staff Report cherry-picks the coastal access policies in the City's certified LUP, and ignores other, equally important and binding policies. As a result, if the Staff Report's recommended modifications are fully implemented, the resulting ordinance will not be compliant with the LUP as a whole.

As a preliminary matter, "the commission may only reject zoning ordinances, zoning district maps, or other implementing actions on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan" (Pub. Resources Code § 30513). This statutory limitation makes sense where the Commission has already determined that a certified land use plan has met the requirements of Chapter 3 of the Coastal Act (Pub. Resources Code § 30512(c)), as the Commission did for the City's LUP in April 2021.

Typically, cities are given leeway to establish their own local coastal programs (See Pub. Resources Code § 30512.2 [Commission shall not diminish or abridge the authority of a local government to adopt the precise contents of its plan]). However, even if the Commission were not obligated to defer to the City's own interpretation, the Staff Report ignores key aspects of the LUP in favor of policies regarding public access. The Staff Report myopically focuses on one part of Policy 5-1, which states the City shall "provide maximum coastal access and recreational opportunities." According to the Staff Report, the City is not permitted to regulate short-term rentals in any way that would limit the number of short-term rentals currently operating in the City, in order to protect that "maximum" public access. However, this reading ignores three other parts of the LUP, which must also be complied with (See, e.g., Policies 1-3 and 2-2).

First, the quoted text in Policy 5-1 does not stand alone. Instead, provision of "maximum coastal access" must also be "consistent with public safety needs, and the need to protect public rights, rights of property owners, and natural resource areas from overuse." Aspects of the proposed ordinance are intended to fulfill these other needs, including the prevention of nuisance activities and the public need for housing and shelter.

Second, Policy 2-7 states that the City shall “safeguard existing housing stock *so that it is preserved and used as full-time housing.*” (emphasis added). This is a mandatory requirement – same as Policy 5-1 – and geared specifically at ensuring that existing housing units are used as full-time housing. The primary residence requirement of the City’s proposed ordinance is needed to effectuate this Policy. If Staff’s proposed modifications are adopted, nothing in the ordinance would prevent the conversion of existing housing units to full-time short-term rental use, in contravention of Policy 2-7. The Staff Report fails to address this issue.

Third, Policy 2-76 does not merely state that “short-term rental uses should be subordinate to primary residential uses,” as discussed in the Staff Report. Instead, the sentence continues. The goal of this policy is that “residential units continue to be used for long-term residential occupancy.” In that way, Policy 2-76 supports Policy 2-7, and implements its mandatory requirements with respect to preservation of housing stock. Again, if Staff’s proposed modifications are adopted, nothing in the ordinance would prevent the conversion of existing housing units to full-time short-term rental use, in contravention of Policy 2-76. The Staff Report likewise fails to address this issue.

Moreover, the Staff Report incorrectly states that if short-term rental uses “are regulated and operated to essentially function and appear as a residential use,” then they would comply with Policy 2-76. (Staff Report at 19). This interpretation completely ignores the second half of the sentence. Even if short-term rentals “do not outwardly present as anything other than” residential use (Staff Report at 19), they could still result in the unit being removed from the long-term housing market if the primary residence requirement is removed. A full-time, short-term rental that looks and feels like a house, is not a house. Land use matters more than appearances, and nuisance regulations alone are not sufficient to ensure compliance with Policy 2-76.

Finally, the Staff Report asserts that because the City cannot ensure that units will be actually used for full-time housing, the primary residency requirement is not supported (Staff Report at 16-17). However, Commission Staff have not explained why the City must prove that that the policy will be 100 percent effective. Short-term rental prices are sufficiently high that property owners have every financial incentive to put investment properties into this use. See **Exhibit 2**. If such uses are prohibited, it is more than likely that at least some of these owners will either exit the market (and sell to owners interested in long-term residential use), or will switch to long-term rentals. That financial incentive should be sufficient information.

#### **B. Protection of Housing Units is Required to Meet the City’s Housing Needs.**

The City has worked tirelessly to address the housing needs of its residents. In 2018, to inform the housing strategies developed for the Land Use Plan update, the City hosted well-attended and appreciated community engagement sessions in collaboration with San Mateo County’s the Home for All initiative. Valuing this approach, we continue to provide “listening sessions” every year to support City Council’s priority setting process, which has included

affordable housing for multiple years. This engagement inspired the Land Use Plan's innovative Workforce Housing Overlay land use designation to facilitate housing development for residents employed in the local service and agriculture industries, which tend to have low wages and also comprise Coastal Act Priority land uses. In 2019, the City adopted Residential Rental Security Measures and Affordable Housing Funding Guidelines. Affordable housing funds were subsequently dispersed in 2019 to support a workforce development center for homeless residents (\$300,000 to Abundant Grace) and in 2020 for rent relief during the COVID pandemic (\$200,000 to Coastside Hope and St. Vincent de Paul Society). In 2022, the City completed a Request for Qualifications process to bring forth proposals for affordable housing development on City-owned land in the Downtown area. Mercy Housing is moving forward and proposing 40 units affordable to very low, extremely low, and acutely low income farmworkers. Project funding will likely require allocation of almost all of the remaining balance of the City's affordable housing fund (\$2 million) as one slice of the complex funding pie to cover the project's capital budget of over \$30 million. This critical work is done parallel to and consistently with the LCP. Because the Coastal Commission does not have oversight over many of these activities, we highlight them for you to provide context about the breadth of investment needed to address the housing crisis. Every unit counts.

The City's short-term rental ordinance must be considered in this context. For example, the City's current Housing Element must identify sites and mechanisms to produce 240 units of housing. The City has fallen short of its goal. As a result, the City's updated Housing Element must identify sites and mechanisms to produce 480 units of housing over the next eight years.

Conversion of existing and new housing units to short-term rentals threatens the City's ability to meet these requirements. For instance, the City recently approved a development with two rental units on Poplar Street, and counted these units in its 2019 Annual Progress Report (APR) to the State Department of Housing and Community Development (HCD), the year the building permits were issued. The project was completed in summer 2020, and the City is aware that the owner is currently renting both units solely as short-term rentals. Rental housing of any type, size, and cost is in critically short supply in Half Moon Bay.<sup>2</sup> Will the Commission help explain to HCD why these two important rental units, which qualified as affordable to moderate income households, were lost? This is not an isolated case, but one that is especially confounding in that the City granted special development allowances to ensure it could be developed with two housing units as anticipated in the Housing Element. According to conversations with local realtors, the pending short-term rental ordinance has dissuaded investors from purchasing units and converting them to short-term rentals. With a new, certified ordinance with no primary residence requirement, the City is likely to see additional units convert to full-time short term rental use.

The ordinance's proposed primary residence requirement likewise furthers the Commission's housing justice goals. On June 9, 2022, the Commission received a Report on the

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<sup>2</sup> Zillow long-term rental listings in the City as of October 4, 2022 include seven listings ranging in price from \$2,600/month (1 bedroom) to \$5,800/month (4 bedroom).

Historical Roots of Housing Inequity and Impacts on Coastal Zone Demographic Patterns (“Housing Justice Report”).<sup>3</sup> The Report explains that the “shortage of affordable housing in the coastal zone exacerbates historical inequities and bars disadvantaged groups from access to coastal residential opportunities.” Housing Justice Report at 2. The City wholeheartedly endorses Commission comments at the June 9, 2022 meeting: “These are not things of the past, but these are burdens of the past that we continue to carry into the future.” The City likewise agrees with several Commissioners’ observations that short-term rental companies are acquiring units for investment purposes, evicting tenants, and turning them into full time STRs . As was noted at the June 9 hearing, cities generate TOT revenue from STRs, but it falls woefully short of the cost to build affordable units.<sup>4</sup> In short, the City’s ordinance seeks to remedy these “burdens of the past” by preserving housing stock for those that need it the most.

### **C. The City Provides Significant Overnight Coastal Access.**

The Staff Report suggests that the City must allow unlimited short-term rentals in order to maximize coastal access. However, the Staff Report fails to consider whether the City is already providing sufficient overnight accommodations, both through the majority of short-term rental units that would continue to operate under the proposed ordinance, and through other forms of visitor accommodation.

With a current population of 11,795, Half Moon Bay currently offers a diverse and abundant array of overnight accommodations. **Exhibit 3** details that almost 900 units are currently available within the City, ranging from economy to luxury. An additional 102 units (Hyatt project) are currently under consideration. The City therefore offers 76.0 visitor-serving units per 1,000 people, and may offer 84.7 visitor-serving units per 1,000 people in the near future. These figures do not include short-term rentals that are currently offered, or that would continue to be offered if the proposed ordinance is certified.<sup>5</sup>

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<sup>3</sup> Available at <https://documents.coastal.ca.gov/reports/2022/6/TH6d/Th6d-6-2022-report.pdf>.

<sup>4</sup> Half Moon Bay generated over \$450,000 in TOT revenue from STRs in Fiscal Year 21-22. However, most recent estimates from Mercy Housing indicates that is still not enough to build a single affordable unit. Mercy has submitted a proposal to build 40 units of farmworker housing in Half Moon Bay at a cost of \$30.5 million, which equates to roughly \$700,000 per affordable unit.

<sup>5</sup> The numerous visitor-serving accommodations in the City of Half Moon Bay generate a proportionate number of visitor-serving jobs in hotels and restaurants. Unfortunately, the City’s hotel and restaurant workers are under tremendous strain due to lack of affordable housing.



The City of Dana Point recently compiled data regarding the levels of accommodation provided by other cities in the Coastal Zone.<sup>6</sup> This data shows that the City of Half Moon Bay is already providing more overnight accommodations per 1,000 capita than any other coastal jurisdiction considered in that analysis (Dana Point, Laguna Beach, Santa Monica, and Santa Barbara County). The Staff Report, however, makes no mention of these other avenues for overnight coastal access, and offers no standards to which the City is supposed to adhere. The City is already “maximizing” overnight accommodations when compared to many other cities in the Coastal Zone, and proposes to allow significant additional short-term rental accommodations on top of these. The Staff Report offers no explanation for why these types of accommodations do not count in determining whether the proposed ordinance is in conformance with widely applicable LUP policies.

Likewise, the Staff Report notes that the City did not provide a rate for lower cost accommodations for which to compare current Half Moon Bay short-term rental rates (Staff Report at 20). The City had assumed that the Staff Report would rely upon the Commission’s readily available and well-researched information. For example, the 2019 Report “[Explore the Coast Overnight](#)”,<sup>7</sup> produced by the Coastal Conservancy in partnership with the Commission, cites \$112 per day year-round and \$123 per day during the summer as the threshold for lower cost accommodations. While these rates need to be adjusted to reflect recent inflation, they serve as a reasonable reference point for weighing the relative affordability of short-term rentals for Half Moon Bay.

The Staff Report notes that unhosted short-term rentals provide a unique form of accommodation and may be considered “affordable when rented by a group of people or by two or more families” (Staff Report at 20). However, even if an unhosted short-term rental served 3 or 4 households, such rentals in Half Moon Bay would remain unaffordable by the standards established by the Coastal Commission (See **Exhibit 2** [nearly all unhosted rentals exceed \$500 per night]). Requiring the City to offer more unhosted short-term rentals will not result in additional affordable accommodations on the coast, and is therefore unnecessary to meet the City’s Coastal Act obligations.

### **III. The City Has Attempted to Work with Commission Staff to Develop a Mutually Acceptable Ordinance.**

The City has carefully reviewed the Staff Report, which came as a significant surprise. While we were working to address disagreements between the City and Commission Staff, we believed that efforts to reach agreement would result in a thoughtful and acceptable outcome.

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<sup>6</sup> September 7, 2022, Item 12 b. Appeal A-5-DPT-22-0038 (City of Dana Point, Dana Point), Exhibits, page 23, <https://www.coastal.ca.gov/meetings/agenda/#/2022/9> (showing a range of 12 to 60 lodging units per 1,000 population on other coastal cities).

<sup>7</sup> Available at <https://documents.coastal.ca.gov/reports/2019/11/F6/F6-11-2019-report.pdf>



To the extent the Commission determines that modifications are needed, we request that they be modified as previously communicated to Commission Staff and detailed below.

Specifically, the City submitted the proposed ordinance in December 2021, and the submittal was filed as complete on March 15, 2022. During that time, City staff provided responsive information for all requests from Commission Staff. The City also provided extensive information about the difficulty of obtaining specific data in response to some of the requests, especially as the City has no existing short-term rental ordinance, and data from the City's existing short-term rental compliance contractor can be incomplete.

In April 2022, Commission Staff provided a highly favorable staff recommendation on the certification, with some minor modifications, and endorsed the primary residence requirement (Staff Report at 11). The Commission then received letters from a few existing operators, who raised concerns about their ability to comply with the primary residence requirement and the impacts that the unhosted night limitations would have on their current operations (*Id.*) The City agreed with Commission Staff on a short extension to collaborate on potential mechanisms to address the operators' concerns.

At that time, the City understood that the Commission had three main concerns. First, the Commission was concerned about the occupancy restrictions found in the proposed ordinance. The City had capped the total number of occupants at eight people, reflecting that most larger short-term rentals contained four bedrooms. Staff from the City and the Commission discussed how this provision may unnecessarily limit the use of larger homes. City staff communicated that the City would likely support setting aside the 8-person cap, while retaining the 2 persons per bedroom limitation, to allow greater occupancy in the few larger homes (See Staff Report at 21 [Modifications 6 and 7]).

Second, Commission Staff raised concerns about the limitation on unhosted nights included in the proposed Ordinance. The City Council had originally included a limit of 60 nights per year, based on typical visitation patterns in the City (i.e., predominantly weekend visits, concentrated in the summer months). However, City staff communicated that the City would likely support increasing the limitation on unhosted short-term rental nights to 90 or 120 nights per year, which would ensure that short-term rental uses remain subordinate to residential uses, per Policy 2-76 (See also Staff Report at 20 [Commission approval of previous limitations on unhosted rentals at 90 and 100 nights]).

Finally, Commission Staff raised concerns about the handful of existing short-term rentals that would not easily comply with the primary residence requirement. These comments were based directly on the letters received from short-term rental operators. To address these concerns, City staff communicated that the City would likely support grandfathering in these existing operators, which would allow them to continue renting without coming into compliance with the primary residence requirement.

Shortly before the Staff Report was released, Commission Staff alerted the City that they would not accept any of the City's proposed compromises, even though they would have largely addressed the concerns raised in public correspondence. Instead, Commission Staff indicated that they would be recommending modifications that expanded the scope of the disagreement. The modifications would eliminate both the primary residence requirement and any cap on unhosted nights, even though those are the only provisions of the ordinance that protect housing stock and prevent conversion of long-term housing to short-term use.

The Staff Report also proposes to eliminate the restrictions on short-term rentals on substandard lots. The City had included the restriction as a mechanism to protect public street parking in areas of the City close to the beach, in order to promote public access. These substandard lots are largely in parking-constrained areas (See **Exhibit 4**). While short-term rentals are subject to some parking requirements, guests are permitted to use public streets, and are more likely to do so if the properties do not contain ample off-street parking. As substandard lots rarely provide significant off-street parking, these limited restrictions were intended to protect important coastal access. However, as Commission Staff did not alert the City about the recommendation, the City was unable to provide this explanation in advance.

Finally, the Staff Report proposes modifications that would limit the City's ability to enforce nuisance and other good neighbor provisions found in the Municipal Code (Staff Report at 7, Modifications 9-11). The modifications would limit the City to enforcing nuisance provisions found in the Local Coastal Program; the City would not be explicitly permitted to enforce the rest of the Municipal Code—which includes provisions related to noise, trash, and parking—against short-term rental operators. This change significantly hamstrings the City's ability to ensure that short-term rentals are compatible with residential uses. City staff have been in discussions with Commission staff and anticipate reaching a mutually agreeable resolution of this issue.

Having worked in good faith with Commission staff on the proposed ordinance, the City is surprised by these significant moves away from the collaborative dialogue. The Staff Report appears to largely rely on the assumption that the City is not currently experiencing any "problems" related to short-term rentals (Staff Report at 22 ["In other words, the 'problem' that the City's 'solution' purports to address is unclear, and the solution appears to be a poor fit for this context."])). However, the City is facing a housing crisis now, and every unit repurposed to exclusive short-term rental use represents another housing unit that must be built to provide needed housing in a resource-constrained environment. And perversely, if the City must wait to "prove" that short-term rentals are having a meaningful difference on the housing market, it may well be too late, as the Commission frequently requires that jurisdictions grandfather in existing short-term rental use.

The City is aware of several corporate property owners operating short-term rentals. We have also interviewed numerous local real estate professionals who confirm that investment in homes for short-term rental use makes up for one quarter to one half of their calls about single-family listings. We have submitted the rental rates of unhosted short-term

rentals to your staff. It is obvious that renting a whole house, often for \$1,000 per night or more, for 7 to 10 days per month will result in a higher income stream than renting the house for long-term housing. If these modifications are adopted by the Commission, the erosion of housing stock will continue. We believe that protecting against such erosion is important and can be accomplished while continuing to offer significant short-term rental use.

#### **IV. The Commission Has Not Identified Any “Significant Adverse Impacts on the Environment.”**

The Staff Report states that the City’s proposed ordinance must be denied because “there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Amendment as submitted” (Staff Report at 5). However, the Staff Report does not identify any significant adverse impacts that would result from the proposed ordinance. As the Staff Report makes clear, there are dozens of existing short-term rentals operating in the City, on top of the City’s nearly 900 existing hotel/motel/camping/B&B rooms. If anything, the proposed ordinance is expected to slightly reduce the total number of short-term rentals, and to constrain the potential environmental impacts that are resulting from their existing operation. As such, its adoption will not result in any adverse environmental impacts, and the California Environmental Quality Act should form no basis for the Staff Report’s recommended approach.

#### **V. Conclusion**

The City appreciates the time and attention that Commission Staff has devoted to its review of the City’s proposed short-term rental ordinance. However, as detailed above, the Staff Report does not explain how the proposed modification would result in an ordinance that is consistent with the City’s recently certified LUP. Pursuant to two key policies, the City has committed to preserving its housing stock for long-term residential use. Nevertheless, the City intends to continue its long-standing tradition of offering short-term rentals within this context. Given the ongoing availability of lower cost, hosted rentals, the continuation of unhosted rentals during peak visitation times, and the density of other overnight accommodations within the City, it is clear that coastal access continues to be a priority. The City urges the Commission to certify the ordinance as proposed, or with minor modifications as provided above, without delay.

Sincerely,



Jill Ekas,  
Community Development Director

**Copy:**

Jack Ainsworth, Executive Director

Mayor Ruddock and Members of the Half Moon Bay City Council

Matthew Chidester, City Manager

Catherine Engberg, City Attorney

**Exhibits:**

1. Summary of Registration, TOT, Compliance and Enforcement Activities re STRs
2. STR room rates in Half Moon Bay
3. Hotel, Motel, Camping and Other Overnight Accommodations in Half Moon Bay
4. Substandard Lot Map

# **EXHIBIT 1**

**Background:** The City of Half Moon Bay does not have land use regulations applicable to short-term vacation rentals (STRs). Although essentially prohibited by the Zoning Ordinance, the City has always abided by Coastal Commission guidance and allowed STR operations. In 2017 the City began to track, collect transient occupancy tax (TOT), and issue business licenses to STR operators. Since tracking commenced, 95 STRs have been registered in Half Moon Bay. They have not all operated at the same time. As evident from AirBnB and other hosting platforms, many more operate. Absent land use regulations and a registration system, it is difficult to track STR operations; the City’s contractor who monitors Half Moon Bay’s STR operations has been able to bring some into compliance, but many avoid such efforts and frequently change their listings to avoid monitoring.

Many STRs are out of compliance with TOT and Business License requirements. Some STRs operate in a manner that impacts coastal resources, coastal access, and/or neighborhood quality of life. This summary provides the most recent month’s status of registered STR operations with respect to compliance with taxes and licenses and an overview of land use/nuisance complaints and violations in 2022.

**Taxes and Licenses Status - September 2022**

*(Source: HdL Companies, contractor to the City and AirBnB)*

Total registered STRs:	48 STRs
Registered STRs Paying TOT:	33 STRs
Registered STRs with business licenses:	24 STRs
FY 2021-22 STR TOT	\$450,000

It is notable that in October 2022, AirBnB listings included 86 STRs within city limits. Thus, the above summary, referring to registered STRs, includes only a subset of active operations. None of the unregistered operators have business licenses; although they are contributing TOT if they are hosted through AirBnB as a requirement of the City’s agreement with that hosting platform. Thus, STR TOT includes TOT from registered operators as well as some unregistered operators through hosting platform agreements with the City. The hosting platforms do not disclose any information about their operators to the City, including the number of operators, their locations, rates, or number of nights. They only convey TOT.

The majority of STRs operating in Half Moon Bay are out of compliance with respect to TOT and/or Business License requirements. It is costly and time consuming to track and enforce compliance. There are very few consequences for non-compliance because there are no enforceable land use regulations.

**Land Use and Nuisance Complaints – 2022 YTD**

*(Source: City of Half Moon Bay, Community Development Department)*

Complaints:

Complaints (calls, emails, City identified, etc.):	12 complaints
Number STRs identified in complaints:	8 STRs
Number complaints associated with confirmed code violations:	6 STRs
Violations resolved and no recurrence within 6 months:	2 STRs
Violations unresolved or recurring within 6 months	4 STRs

Types of Complaints:

There are many types of complaints. Some are zoning code violations (e.g. habitat encroachment) and others are municipal code violations (e.g. excessive noise, overflowing trash). Unpermitted occupancy may include use of RVs (which have included illegal utilities connections), accessory dwelling units, and other spaces that were not permitted for such occupancy. Parking and trespassing complaints must be addressed by law enforcement. Complaints about privacy and quality of life, while important, often cannot be addressed as violations. Complaints about the 8 STRs noted above include:

Habitat Encroachment:	2 STRs
Parking:	2 STRs
Noise:	3 STRs
Trash:	2 STRs
Unpermitted Occupancy:	4 STRs
High Occupancy/Parties/Events:	3 STRs
Trespassing	1 STR
Other (e.g. privacy, quality of life, etc.)	4 STRs

Land use and nuisance complaints are very difficult to manage. These activities often occur after City business hours, and in some cases are not violations of City ordinances (e.g. high occupancy/party/event operations cannot be regulated at this time other than through associated violations such as illegal parking or excessive noise). Serious violations require intervention by law enforcement. In some instances, despite City enforcement efforts, these situations have lead to neighborhood tension. City staff are aware of situations where operators and neighbors have set up cameras to monitor each other, and in one noted case, there have been verified reports of physically threatening behaviors.



## **EXHIBIT 2**

## City of Half Moon Bay STR Rates - Fall 2022 and Spring 2023 non-holiday weekends

Hosted Single Room				
Neighborhood	# of Nights	Rate Per Night	Total w/Fees	Per Night w/Fees
Arleta Park	2	\$100	\$456	\$228
Arleta Park	3	\$189	\$704	\$235
Arleta Park	3	\$115	\$439	\$146
Arleta Park	3	\$421	\$1,289	\$430
Arleta Park	3	\$115	\$439	\$146
Casa Del Mar	2	\$100	\$285	\$143
<b>Average</b>				<b>\$221</b>
Un-Hosted Whole house				
Neighborhood	# of Nights	Rate Per Night	Total w/Fees	Per Night w/Fees
Alsace	3	\$1,275	\$4,821	\$1,607
Arleta Park	2	\$300	\$799	\$400
Arleta Park	3	\$246	\$1,012	\$337
Arleta Park	3	\$367	\$1,503	\$501
Casa Del Mar	3	\$1,722	\$6,193	\$2,064
Downtown	3	\$398	\$1,517	\$506
Miramar	2	\$1,265	\$3,400	\$1,700
Miramar	3	\$978	\$3,759	\$1,253
Miramar	3	\$604	\$2,290	\$763
Ocean Colony	3	\$1,495	\$5,518	\$1,839
Ocean Colony	3	\$1,400	\$5,021	\$1,674
Ocean Colony	3	\$1,400	\$5,249	\$1,750
<b>Average</b>				<b>\$1,199</b>

Source: *Airbnb* - <https://www.airbnb.com/>

Accessed September 2022 for off-peak, non-holiday weekends in fall 2022 and spring 2023

## **EXHIBIT 3**

## Half Moon Bay and San Mateo County Midcoast Accommodations, 2022

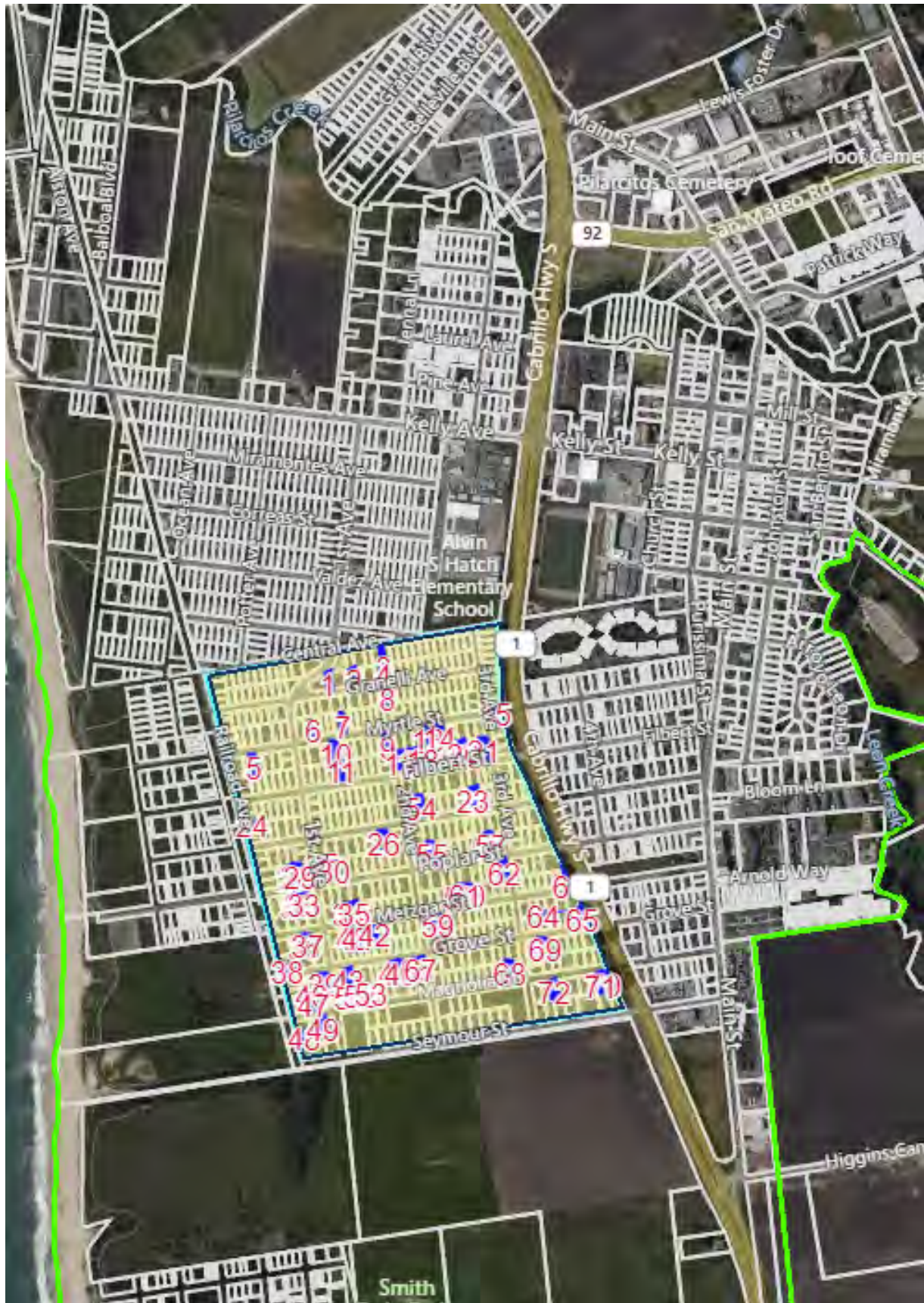
Half Moon Bay Accommodations	Number of Units	Classification	Class
Zaballa House	19	Bed & Breakfast	Economy
America's Best Value Inn	27	Hotel/Motel	Economy
Miramar Inn & Suites	29	Hotel/Motel	Economy
Cameron's Inn	3	Hotel/Motel	Economy
Sweetwood Group Campsite	1	Camping	Group Campsite
Beach House Hotel	54	Hotel/Motel	Luxury
Ritz- Carlton	261	Hotel/Motel	Luxury
Pillar Point RV Park	48	Camping	RV
Half Moon Bay Rv Park and Campground	65	Camping	RV
Pelican Point RV Park	72	Camping	RV
Half Moon Bay State Beach	53	Camping	Tent and RV
Mill Rose Inn	6	Bed & Breakfast	Upper Midscale
Nantucket Whale Inn	8	Bed & Breakfast	Upper Midscale
San Benito House	12	Bed & Breakfast	Upper Midscale
Quality Inn	54	Hotel/Motel	Upper Midscale
Half Moon Bay Inn	13	Hotel/Motel	Upper Midscale
Best Western Plus	46	Hotel/Motel	Upper Midscale
Half Moon Bay Lodge	80	Hotel/Motel	Upper Midscale
Aristocrat Hotel	46	Hotel/Motel	Upper Midscale
Hyatt (Proposed)	102	Hotel/Motel	Upper Midscale
		<b>Population</b>	<b>Units per 1,000 Population</b>
<b>Total Accommodations</b>	<b>897</b>	<b>11,795</b>	<b>76.0</b>
<b>Total Accommodations (Including Proposed)</b>	<b>999</b>	<b>11,795</b>	<b>84.7</b>

Sources: Chapter 5. Coastal Access and Recreation. (2020, October). In *City of Half Moon Bay Local Coastal Program & Land Use Plan*. Half Moon Bay Coastside Chamber of Commerce BID . (2021).

Bureau, U. S. C. (2010, April). Explore census data. Explore Census Data. Retrieved from <https://data.census.gov/>

Coastside Accommodations	Number of Units	Classification	Class
Seal Cove Inn	10	Bed & Breakfast	Luxury
Cypress Inn	18	Bed & Breakfast	Upper Midscale
Inn at Mavericks	6	Bed & Breakfast	Upper Midscale
Point Pillar Project's RV Park (Approved)	50	Camping	Tent and RV
HI Point Montara Lighthouse Hostel	30	Hostel	Economy
Ocean View Inn	7	Hotel/Motel	Luxury
Ocean Front Hotel (Landis Shores)	8	Hotel/Motel	Luxury
Oceano Hotel & Spa	95	Hotel/Motel	Luxury
Harbor View Inn	17	Hotel/Motel	Upper Midscale
<b>Total Accommodations</b>	<b>241</b>		
<b>Combined Total Accommodations</b>	<b>1138</b>	Source: Half Moon Bay Coastside Chamber of Commerce BID . (2021).	
<b>Combined Total Accommodations (Including Proposed)</b>	<b>1240</b>		

## **EXHIBIT 4**



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**From:** Matthew des Tombe <mdestombe@gmail.com>  
**Sent:** Friday, October 7, 2022 12:10 PM  
**To:** NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>  
**Subject:** Re: Objections to the City of Half Moon Bay's STR Regulations

Dear Coastal Commission,

My family and I own two small STRs in Half Moon Bay. One unit is a 260 square tiny cottage while the other is a 1967 Airstream in its own fenced area on the back of my house.

We also operate an STR for my mother on her property, which is a 180 square foot studio.

These are low-cost, low-impact STRs that allow couples, small families and out-of-town workers to stay in Half Moon Bay.

The City of Half Moon Bay has spent a lot of time and money (staff wages, countless meetings, proposals and re-writes) in an effort to regulate 27 Short Term Rentals in Half Moon Bay. This is less than 1% of the housing stock. Many of these are small units like mine that are not suitable for long-term rentals.

Request:

In my note below, I ask the coastal commission to do with the City has not - be reasonable and compassionate and grandfather the rare and few short-term rentals that are in operation today. The existing STRs provide important visitor-serving accommodation close to the beach for those not lucky enough to live in Half Moon Bay. We have had zero complaints over a period of seven years, we prioritize our neighbours over our rentals and have paid taxes well before TOT taxes were collected for STRs.

Existing STRs should be grandfathered as the city's proposed ordinance would eliminate about 30% of the existing STR stock.

Visitor Serving:

We live in a beautiful area. The Coastal Commission's important job is to preserve and allow for visitor-serving in our coastal communities. Our neighbours in other towns should be able to enjoy our beaches and have reasonable access to reasonably priced accommodation in Half Moon Bay. With only 27 STRs in Half Moon Bay, our city should be encouraging their operation and not discouraging it. STR's are a beautiful resource for those of us who don't want to stay in hotels.



People have been renting places by the beach well before any of us were born. The desire to regulate STR's in our town is a misguided "not in my backyard" non-inclusive reaction to something that is common in every beach town -- vacation rentals. These types of bans or undue restrictions on this type of lodging are inconsistent with Coastal Act and/or LCP policies prioritizing public access and visitor-serving uses. At a bare minimum, the existing STRs should be grandfathered.

Financial Impact:

We have also relied on historically allowed uses to make important and material financial decisions, the ban or change in laws would cause significant harm to my family and materially degrade my financial future.

No evidence of negative impact --

The City of Half Moon Bay has not shown, nor does the evidence support, that the STR market is significantly impacting the availability of housing or causing other adverse impacts on coastal resources. In fact, STRs provide important revenue for the city and work for people in our local community. The family that helps us with our rentals has gone from an eviction 7 years ago to buying a house here via her work on our rentals as well as her serving other STRs in town.

In closing, I would ask the Coastal Commission to add a provision to Grandfather and preserve the existing, rare and important resource of STRs in the city as there is no material impact whatsoever by letting these units continue to operate.

Thank you,

Matthew and Guliz des Tombe  
307 Magnolia St  
Half Moon Bay CA 94019

On Fri, Oct 7, 2022 at 11:33 AM Matthew des Tombe <[mdestombe@gmail.com](mailto:mdestombe@gmail.com)> wrote:

Dear Coastal Commission,

My family and I own two small STR's in Half Moon Bay along the beautiful Coastal Side of Highway One. One unit is 260 square feet while the other is a 1967 Airstream on a 4000 square foot lot at the back of my house.

We also operate an STR for my mother on her property, about 180 square feet.

These are low-cost, low-impact STR's that allow couples, small families and out-of-town workers to stay by the beach.

The City of Half Moon Bay has spent a lot of time and money (staff wages, countless meetings,

proposals and re-writes) misguided effort to regulate 27 Short Term Rentals in Half Moon Bay. Many of these are small units like mine that are not suitable for long-term rentals. This is a regulation looking for something to regulate and is wasteful and necessary.

#### Request:

In my note below, I ask the coastal commission to do with the City has not - be reasonable and compassionate and grandfather the rare and few short-term rentals that are in operation today to provide important visitor-serving accommodation close to the beach for those not lucky enough to live in Half Moon Bay. We have had zero complaints over a period of seven years, we prioritize our neighbours over our rentals and have paid taxes well before TOT taxes were collected for STR's.

Existing STR's should be grandfathered.

#### Visitor Serving:

We live in a beautiful spot our neighbours in other towns should be able to enjoy our beaches and have reasonable access to reasonably priced accommodation in Half Moon Bay. With only 27 STRs in Half Moon Bay, our city should be encouraging their operation and not discouraging it. STR's are a beautiful resource for those of us who don't want to stay in Hotels. People have been renting places by the beach well before any of us were born. The desire to regulate STR's in our town is a misguided "not in my backyard" non-inclusive reaction to something that is common in every beach town -- vacation rentals. These types of bans or undue restrictions on this type of lodging are inconsistent with Coastal Act and/or LCP policies prioritizing public access and visitor-serving uses.

#### Financial Impact:

We have also relied on historically allowed uses to make important and material financial decisions, the ban or change in laws would cause significant harm to my family and materially degrade my financial future.

No evidence of negative impact --

The City of Half Moon Bay has not shown, nor does the evidence support, that the STR market is significantly impacting the availability of housing or causing other adverse impacts on coastal resources. In fact, STRs provide important revenue for the city and work for people in our local community. The family that helps us with our rentals has gone from an eviction 7 years ago to buying a house here via her work on our rentals as well as her serving other STRs in town.

In closing, I would ask the Coastal Commission to add a provision to Grandfather and preserve the existing, rare and important resource of STRs in the city as there is no material impact whatsoever by letting these units continue to operate.

Thank you,

Matthew and Guliz des Tombe

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**From:** Sylvia des Tombe <hyoerhim@yahoo.com>  
**Sent:** Friday, October 7, 2022 4:27 PM  
**To:** NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>  
**Subject:** Grandfathering Short-Term rentals already in Existence in HMB

Email: [NorthCentralCoast@Coastal.ca.gov](mailto:NorthCentralCoast@Coastal.ca.gov)

Dear Coastal Commissioners,

The City of Half Moon Bay has under 30 short term rentals -- these short -term rentals provide alternative and normally lower cost visitor serving accommodation for people who are not as fortunate to live here. The City's current ordinance as written would further reduce the number of short- term rentals on the coast and thereby materially impact people wanting to visit our town and stay in alternative rentals.

I would like to request that the Coastal Commission grandfather the existing short- term rentals in good standing in our town.

Thank you,

Sylvia des Tombe

Sent from my iPhone

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**From:** Rosabelle Lynes <rosabelle1@gmail.com>  
**Sent:** Friday, October 7, 2022 3:45 PM  
**To:** NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>  
**Subject:** Please grandfather Half Moon Bay's Existing Short Term Rentals

Dear Coastal Commissioners,

The City of Half Moon Bay has under 30 short term rentals -- these short term rentals provide alternative and normally lower cost visitor serving accommodation for people who are not as fortunate to live here. The City's current ordinance as written would further reduce the number of short term rentals on the coast and thereby materially impact people wanting to visit our town and stay in alternative rentals.

I would like to request that the Coastal Commission grandfather the existing short term rentals in good standing in our town.

Thank you,  
Rosabelle Lynes