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To: Commissioners and Interested Persons

From: Stephanie Rexing, North Central Coast District Manager
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**Subject: City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2
(Short Term Rentals and Home Occupations)**

SUMMARY OF STAFF RECOMMENDATION

The City of Half Moon Bay proposes to amend its Local Coastal Program (LCP) Implementation Plan (IP) to establish regulations for short-term rentals (STRs) within residential units in the City and to update existing home occupation standards. With respect to the latter, the home occupation updates will facilitate work from home opportunities for small home businesses, while addressing their potential impacts (e.g., requirements to limit new traffic, provide adequate parking, address employees, etc.) in such a way as to avoid any significant coastal resource concerns.

The amendment primarily focuses on STRs, allowing for STRs in most dwelling units throughout a majority of the City (other than in open space and agricultural zoning districts, and in a variety of lower-cost housing settings), where the STR operator must also be the primary resident of the unit (aside from in mixed-use commercial areas where there is no such requirement). STRs would also be classified as hosted versus unhosted, where the former means the primary resident is present (and “hosting”) and the latter means the primary resident is not present during an occupant’s stay. Unhosted rentals would be limited to a maximum of 60 rental nights per calendar year and hosted operations would have no limit on rental nights. The proposed amendment would also provide for a series of ‘good neighbor’ operational restrictions (related to noise, parking, occupancy limits, special events, etc.) as well as an overall City authorization process (including required registration, inspection, operation requirements, performance standards, hosting platform regulations, and a revocation and appeals process).

The LCP’s Land Use Plan (LUP) provides the standard of review for this proposed amendment, and explicitly calls for a balance in relation to STRs between facilitating this type of overnight accommodation while also providing for adequate housing stock and maintaining residential character. The City estimates that approximately 80-100 STRs were operating in Half Moon Bay pre-Covid-19 pandemic, and that about 30

STRs are operating today. The relatively low number of STRs – in both cases – appears to reflect a market where, although there is significant tourist interest, there are also some 600 hotel and motel rooms and over 200 campsites across a variety of price points in the City. In that context, the new proposed STR regulations, although fairly restrictive relative to other LCPs statewide (including in terms of the residency requirement and the maximum of 60 unhosted rental nights annually per STR), should continue to provide the required LUP balance. Furthermore, the new operational and procedural framework should help to ease any issues that may be encountered, while protecting residential character. Such conclusions are bolstered by the proposed amendment allowing unlimited hosted rentals, and, per the City's stated intent, unlimited unhosted rentals in mixed-use commercial areas.¹

For these reasons, staff recommends that the Commission approve the amendment with the one minor clarifying modification to assure the City's intentions not to limit rental nights annually in mixed-use commercial districts are carried out. The two required motions and resolutions to approve the amendment with such modification can be found on page 4 below.

Staff Note: LCP Amendment Action Deadline

This proposed LCP amendment was filed as complete on March 15, 2022. The proposed amendment affects the LCP's IP only, and the 60 working day deadline for the Commission to take action on it is June 15, 2022. Thus, unless the Commission extends the action deadline (it may be extended by up to one year by the Commission per the Coastal Act), the Commission has until June 15, 2022, to take a final action on this LCP amendment.

Therefore, if the Commission fails to take a final action in this case (e.g., if the Commission instead chooses to postpone/continue LCP amendment consideration), then staff recommends that, as part of such non-final action, the Commission extend the deadline for final Commission action on the proposed amendment by one year. To do so, staff recommends a YES vote on the motion below. Passage of the motion will result in a new deadline for final Commission action on the proposed LCP amendment. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: I move that the Commission extend the time limit to act on City of Half Moon Bay Local Coastal Program Amendment Number LCP-2-HMB-21-0078-2 to June 15, 2023, and I recommend a yes vote.

¹ On this point it is noted that the City's intent to provide unlimited rental-nights for unhosted STRs in mixed-use commercial districts is clear, but the actual proposed text is somewhat ambiguous on this point. After discussions with City staff, staff is thus suggesting a modification to make this more explicit.

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EXHIBITS

Exhibit 1: Proposed IP Amendment

1. MOTIONS AND RESOLUTIONS

Staff recommends that the Commission, after public hearing, approve the proposed LCP amendment with suggested modifications. The Commission needs to make two motions on the IP amendment in order to act on this recommendation.

A. Deny the IP Amendment as submitted

Staff recommends a **YES** vote on the motion below. Passage of this motion will result in rejection of the Implementation Plan Amendment and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

Motion: *I move that the Commission reject LCP Amendment Number LCP-2-HMB-21-0078-2 as submitted by the City of Half Moon Bay.*

Resolution to Deny: *The Commission hereby denies LCP Amendment Number LCP-2-HMB-21-0078-2 for the City of Half Moon Bay, and adopts the findings set forth below on grounds that the Implementation Plan Amendment as submitted does not conform with, and is inadequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Plan Amendment would not meet the requirements of the California Environmental Quality Act as 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 Implementation Plan Amendment as submitted.*

B. Certify the IP Amendment with Suggested Modifications

Staff recommends a **YES** vote on the motion below. Passage of this motion will result in certification of the Implementation Plan Amendment with suggested modifications and the adoption of the following resolution and the findings in this staff report. The motion to certify with suggested modifications passes only by an affirmative vote of a majority of the Commissioners present:

Motion: *I move that the Commission certify LCP Amendment Number LCP-2-HMB-21-0078-2 as submitted by the City of Half Moon Bay if it is modified as suggested pursuant to the staff recommendation.*

Resolution to Certify: *The Commission hereby certifies LCP Amendment Number LCP-2-HMB-21-0078-2, if modified as suggested, and adopts the findings set forth below on grounds that the Implementation Plan Amendment with the suggested modifications conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Plan Amendment if modified as suggested complies with the California Environmental Quality Act, because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the plan on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment.*

2. SUGGESTED MODIFICATION

The Commission hereby suggests the following modification to the proposed Implementation Plan amendment, which is necessary to make the requisite Land Use Plan consistency findings. If the City of Half Moon Bay accepts the suggested modification within six months of Commission action (i.e., by November 13, 2022), by formal resolution of the Board of Supervisors, the modified amendment will become effective upon the Executive Director's reporting to the Commission that this acceptance has been properly accomplished. Where applicable, text in underline format denotes proposed text to be added by the City, and text in double underline format denotes text to be added by the Commission.

1. Modify IP Section 18.06.625(G)(5)(c) as follows:

c. Maximum Number of Rental Nights. An unhosted short-term vacation rental shall be operated no more than sixty (60) nights per calendar year, except for such rentals located in the Commercial-Downtown, Commercial-General, or Commercial-Visitor Serving Districts where there are no rental night limitations for unhosted short-term rentals. There are no rental night limitations for hosted short-term rentals.

3. FINDINGS AND DECLARATIONS

A. Description of Proposed LCP Amendment

The proposed amendment would provide new LCP short-term rental (STR) provisions in the IP when there currently are no such explicit IP provisions and would update existing IP home occupation provisions. In terms of the latter, the proposed amendment is intended to support work-from-home opportunities for small home-based businesses. The LCP's current home occupation provisions limit home occupations entirely to the resident of the property, do not account for parking requirements, and restrict all retail businesses. The proposed updates would clarify requirements to limit traffic, provide adequate parking, allow for one non-resident employee (in addition to the resident) per each residence that contains a home occupation, and allow for retail businesses that operate entirely by mail. The amendment to the existing ordinance also provides an allowance for limited commercial visitor vehicle trips (such as those done by vendors or clients).

The proposed amendment for STRs would allow for STRs in most dwelling units throughout a majority of the City (i.e., other than in open space and agricultural zoning districts,² and other than in a variety of lower-cost housing settings), where the STR operator must also be the primary resident of the unit, aside from in mixed-use commercial areas³ where there is no such requirement. STRs would also be classified as hosted versus unhosted, where the former means the primary resident is present (and "hosting") and the latter not during an occupant's stay, where unhosted rentals would be limited to a maximum of 60 rental nights per calendar year and hosted rentals

² Urban Reserve and Open Space Reserve zoning districts.

³ Commercial-Downtown (C-D), Commercial-General (C-G), or Commercial-Visitor Serving (C-VS) zoning districts.

would have no limit on rental nights. The proposed amendment would also provide for a series of 'good neighbor' operational restrictions (related to noise, parking, occupancy limits, special events, etc.) as well as an overall City authorization process (including required registration, inspection, performance standards, hosting platform regulations, and a revocation and appeals process). Specific details on the proposed STR provisions follow.

Application Requirements

The amendment would require STR applications (non-CDPs) that would include: operator information, including identifying all adults for whom the property is a permanent residence; a description addressing how the STR is or would be in compliance with the provisions of the ordinance; site and floor plans including an indication of the portions of the dwelling unit to be used for the STR; HOA and/or property owner consent, as applicable; proof of operator primary residence;⁴ consent to inspection by the City and/or other relevant agencies, as applicable; and for a renewal of an existing STR, the water use information of the preceding year. Should water use exceed 300 gallons a day, the operator would be required to include strategies to reduce water usage, and if not successful their registration would not be renewed.

Registration Requirements

STR applications would be reviewed by City staff and must demonstrate the following: there are no outstanding building and fire code violations; proof of indemnification and insurance; business license and transient occupancy tax (TOT) registration; neighbor notification;⁵ implementation of water conservation strategies if previous records show usage exceeded 300 gallons a day; and confirmation by City staff of no recent municipal code violations at the site.

Operation Requirements

The proposed amendment would allow STRs in single-family homes and residential condominium dwelling units in nearly all zoning districts including Planned Unit Development (PUD) districts that are substantially developed and in The Dykstra Ranch Planned Unit Development (PUD-X) district; in duplexes and triplexes; and in a single unit of mixed-use developments with two or more units in mixed-use commercial zoning districts that allow for residential use (namely, the C-D, C-G, and C-VS zoning districts). STRs would be prohibited in most affordable housing types, including mobile homes, recreational vehicles, multi-family housing developments with four or more units, multi-family housing developments containing one or more units restricted to be affordable/lower-income housing, and farmworker housing units. STRs would also be prohibited in Accessory Dwelling Units (ADUs) (unless already authorized pursuant to

⁴ To establish primary residency, the operator must prove that they live there a majority of the time, carry on basic living activities, and establish they usually return to the residence in the event of travel, by presenting documentary evidence such as motor vehicle registration or a long-term lease of the property. For a renter-occupied property an operator must have resided for at least two years on the property.

⁵ The operator would be required to notify any neighbors within 100 feet of the STR and post a temporary sign for 30 days on the property indicating intent to register as a STR.

the City's certified ADU regulations);⁶ in residential units in the Urban Reserve and Open Space Reserve zoning districts; and in residential units in substantially undeveloped PDs as identified in the LUP.

The proposed amendment contains additional restrictions on STRs that apply outside of the mixed-use commercial (C-D, C-G, and C-VS) zoning districts. For example, all dwelling units, apart from those in the C-D, C-G, and C-VS, must be the primary residence of the owner. For duplexes and triplexes in the residential and PUD districts the amendment only allows for one unit at a time to be operated as an STR. Further, while there is no restriction on the number of rental nights for hosted STRs in any of the zoning districts in which STRs are allowed, there is a 60 rental night restriction on unhosted STRs in all districts where STRs are allowed. STR operators could also run both hosted and unhosted in the same STR, as long as they do not exceed the 60 rental night limit for the unhosted portion. STRs are limited to 2 people per bedroom, and a maximum of up to 8 users. Finally, the amendment limits STRs to one per operator. An operator may register different areas of a site for use as a short-term rental, but only one rental may be operated at a time. The operation requirements also establish guidelines regarding responsible parties, maximum overnight occupancy, required record keeping, and minimum lot sizes, which vary depending on the zoning district.

Performance Standards

The proposed amendment establishes performance standards including: a prohibition on interior and exterior activities related to the STR that would interfere with adjacent residential use; a requirement that the operator ensure that the City STR registration number be included on all advertisement of the STR; a requirement that City STR requirements and standards be provided to guests upon booking and in a manual at the STR; a requirement that STRs must be accessory to the underlying residential use; limits to on-site parking based on bedroom count;⁷ and requirements to comply with the City's noise ordinance, building and fire codes, applicable state and local laws, and trash and recycling requirements. Finally, the amendment also prohibits the use of STRs for commercial purposes (such as corporate retreats/conferences) and special events (e.g., weddings).

Hosting Platform Regulations/Revocations and Violations

The amendment would require hosting platforms to conduct record-keeping of all STRs that use their platform for three years. Information retained would include the history of

⁶ ADUs that had historically been operated as STRs were essentially 'grandfathered' when the City updated its LCP ADU provisions (certified by the Commission on December 12, 2018). Namely, ADUs may continue to operate as a STR if they had been rented as a STR for at least 30 nights for 6 months prior to December 12, 2018, if it is continuing to operate as an STR in good standing (including TOT), if it is owner occupied (hosted), and if it complies with all other applicable City requirements. If the ADU has not been so used as a STR, then it is not grandfathered. STRs are otherwise prohibited in ADUs under the LCP. While no data exists on the exact number of operating ADUs that fall into this category, the expected number is small due to these limitations.

⁷ Proposed parking requirements are as follows: One vehicle per one-bedroom unit, two vehicles per two or three bedroom unit, and one additional vehicle for four or more bedrooms. On-site parking spaces are required to equal at least 50% of the maximum number of vehicles allowed, rounded up, with a minimum of one parking space.

all reservations on the property, the payment of transient occupancy taxes, the length of stay per reservation, and the number of persons per reservation. Hosting platforms would also be required to prompt hosts to include City-issued registration information in their listings and to cease transactions for noncompliant STRs within five days, upon notification by the City that the listing is not in compliance. Finally, the amendment would establish a revocation and appeals process for out-of-compliance STRs.

Please see **Exhibit 1** for the full text of the proposed IP amendment.

B. Evaluation of Proposed LCP Amendment

Standard of Review

The proposed amendment affects the IP component of the City of Half Moon Bay LCP only, and the standard of review for IP amendments is that they must be consistent with and adequate to carry out the policies of the certified LCP Land Use Plan (LUP).

Applicable Land Use Plan Policies

The LUP explicitly calls for a balance as it relates to STRs between facilitating this type of overnight accommodation while also providing for adequate housing stock and maintaining residential character. The LUP also provides for home occupation businesses, as long as they are compatible uses and secondary to the primary residential use of the property. Finally, there are several LUP provisions addressing the need for sufficient water, sewage, and road services for new development and redevelopment in residential and non-residential areas. Applicable provisions include:

LUP Policy 5-1. Maximum Coastal Access and Recreational Opportunities.

Provide maximum coastal access and recreational opportunities for all people consistent with public safety needs and the need to protect public rights, rights of property owners, and natural resource areas from overuse.

LUP Policy 5-70. New Overnight Accommodations. *Consider the carrying capacity of the coast, visitor demand over a range of affordability levels for various accommodation types, and consistency with all applicable LCP and General Plan policies before approving any new overnight accommodation development proposals. Prioritize lower-cost visitor-serving accommodations over higher-cost lodging.*

LUP Policy 2-7. Housing Stock Preservation. *Safeguard existing housing stock so that it is preserved and used as full-time housing through the establishment of programs and ordinances.*

LUP Policy 2-72. Residential Land Use Compatibility. *Ensure that development, including a change in intensity of use, in residential land use designations avoids impacts on the residential living environment and the adjacent land uses, including proximate agricultural and agricultural compatible land uses, with respect to noise, lighting, parking, loading, and aesthetics. Consider other aspects of non-residential uses permitted in residential land use designations that may be impactful on a neighborhood setting or the adjacent land uses and require strategies to avoid such impacts.*

LUP Policy 2-76. Short-Term Rentals. *Allow short-term rental businesses within the established neighborhoods. Short-term rental uses should be subordinate to primary residential uses such that residential units continue to be used for long-term residential occupancy. Establish land use regulations in the IP with performance standards necessary to protect coastal resources and the residential living environment of the neighborhoods, such as standards for property management, traffic, parking, noise, and trash. Short-term rental businesses shall pay transient occupancy tax to the City. Non-permanent housing such as for seasonal farmworker housing and short-term boarding for researchers and others employed or otherwise affiliated with agricultural uses are not short-term transient lodging facilities or uses and are not subject to transient occupancy tax.*

LUP Policy 3-6. New Development Requirements and Findings. *Require that all new development has available municipal water and sewer services and access from a public street or over private streets to a public street where these improvements or facilities are essential to the type of development. Prior to approval of a coastal development permit, the approving authority shall determine if infrastructure, including water connections, is available and adequate; and if so, shall make the finding that such development will be served with water, sewer, and road facilities, including such improvements as are provided with the development. Lack of available services or resources shall be grounds for denial of the project or reduction in the density otherwise indicated in the Land Use Plan. Some development types may be exempt from the requirements of this policy such as habitat restoration, trails and other coastal recreational uses, and many agricultural and agricultural supplemental and ancillary uses.*

LUP Policy 3-20. Water Connections for New Development. *Other than as described in Policies 3-21 and 3-22, new development within the urban boundary shall require a connection to the Coastside County Water District system. The City shall refer coastal development permit applications for new development or redevelopment projects to CCWD for confirmation of water supply adequacy and consistency with water connection requirements.*

LUP Policy 3-29. Sewer Connections for New Development. *Other than as described in Policies 3-30 and 3-31, new development within the urban boundary shall require a connection to the municipal sewer system.*

LUP 3-25. Water Conservation Measures. *Require water conservation measures for new development and redevelopment of residential and non-residential uses, including but not limited to, the use of high-efficiency fixtures and equipment, storm water capture, gray water collection and reuse, drip or microspray irrigation systems, and native drought-tolerant landscaping. For agricultural and horticultural business uses, water conservation policies in Chapter 4 are applicable.*

LUP Policy 2-75. Home Occupations. *Permit home occupations within residences for business types and activities that are compatible with the residential living environment and subservient to the primary residential use of each property. Establish performance standards in the IP for traffic, parking, noise, and other considerations with respect to home occupations.*

Consistency Analysis

Taken together, these LUP objectives and policies seek to protect, provide for, and enhance coastal access and recreational opportunities for the public by prioritizing lower cost visitor-serving accommodations, while also establishing standards to preserve the unique residential environment and coastal resources that attract residents and visitors to the City. In addition, the LUP requires that such visitor-serving development be in harmony with other uses in the City such as housing (and affordable housing) stock and agriculture, be supported by adequate services (water, sewer, and road facilities), and not cause detrimental impacts to surrounding development through excessive noise, incompatible lighting, insufficient parking, or impacts from trash generation. The LUP also explicitly provides for the allowance of home occupations for business activities if they are compatible with the residential living environment.

Home Occupations

The proposed home occupation changes are designed to help facilitate home based businesses, while addressing their potential impacts (e.g., requirements to limit new traffic, provide adequate parking, address employees, etc.) in such a way as to avoid any sort of significant coastal resource concerns. Specifically, the proposed amendment would clarify performance standards regarding traffic, parking, noise, and other considerations in the IP with respect to home occupations, in line with LCP Policy 2-75 which requires that home occupation uses be compatible and subservient to the residential environment. Despite a potential modest increase in allowances for home occupation uses due to the amendments, the City does not expect that most home occupations will operate much differently from residential uses with regards to occupancy, trip generation rates, parking demand, noise, or water demand, and thus the changes proposed align with LUP Policy 2-75. The Commission concurs in this assessment, and further sees no evidence that the proposed updated home occupation provisions would lead to any sort of significant coastal resource concerns. As a result, this portion of the proposed IP amendment can be found LUP consistent.

Short-Term Rentals

The City estimates that approximately 80-100 STRs were operating in Half Moon Bay pre-Covid-19 pandemic, and that about 30 STRs are operating today, with upwards of possibly 20 more estimated to be operating without required businesses licenses. The relatively low number of STRs – in both cases – appears to reflect a market where, although there is significant tourist interest, there are also some 600 hotel and motel rooms and over 200 campsites across a variety of price points in the City. The current market is essentially unregulated by the City, past the collection of TOT, so that limited numbers of STRs appear to define the STR market in the context of no explicit limits on STRs.

Of the current STR operators, about a third are not the primary residents of the STR. Property owners who are not primary residents would have a 6-month grace period to execute one of three options: 1) the property owner(s) could establish primary residency and continue with STR operations; 2) the residential unit could be rented to a tenant for housing and possible STR use if the tenant establishes primary residency, or 3) the residential unit could be sold to a new owner to be used for housing and possible STR use if the new owner establishes primary residency. As these options to establish primary residency may be difficult or unwelcome for some of these property owners, a reduction in STRs could result.

In addition, the new proposed STR provisions would be fairly restrictive relative to other LCPs statewide. While not including a cap on the absolute number of STRs, as is often common in LCPs, the proposed provisions do include a residency requirement, and they limit the maximum number of annual rental nights for unhosted STRs to 60. In terms of the residency requirement, the City's intent is multifaceted, including to ensure that properties that operate as STRs also contribute housing stock in the City's primary residential areas^{8,9} (and avoiding larger commercial operators buying up such housing stock), but also to encourage hosted rentals, which would not be limited by the 60 rental night cap. The City believes, as do many local governments statewide, that hosted rentals better protect community character and lead to less problems as a general rule because the host is present to protect against unruly or other such behaviors (e.g., big parties), and encourages this type of STR, including through the more limited restrictions on use. That said, hosted STRs are generally less attractive to many visitors, particularly families and larger groups, which can limit their effectiveness at providing overnight accommodation options. However, hosted rentals also tend to be less expensive than both unhosted and hotel/motel options, which can help facilitate lower cost visitor access in certain circumstances.

Under the proposed amendment, the STR operator would need to be the primary resident (other than in the non-mixed-use commercial areas). This would serve to limit the number of unhosted rentals by itself, as any such operator would need to reside at the unit for the majority of the year. This not only limits when a unit might be available, it also limits the circumstances when other types of ownership might lead to offering an STR (e.g., as is common with additional residences or investment properties). In other words, the residency requirement will mean that these units that might otherwise become or offer STRs part of the time will not because of the limitations. Under that circumstance, some of these units may sit empty, other than when visited by their owner, which doesn't support either housing stock or visitor-serving objectives. On the

⁸ The residency requirement would not apply to STRs in the Commercial-Downtown (C-D), Commercial-General (C-G), or Commercial-Visitor-Serving (C-VS) zoning districts.

⁹ STRs would also be prohibited in typically lower-cost housing types (such as mobile homes, recreational vehicles, multi-family housing developments with four or more units, any unit in a development containing one or more units restricted to be affordable to lower-income households, farmworker housing, and ADUs (except for the limited number that were grandfathered in for this use per the ADU regulations)). STRs would be allowed in duplexes and triplexes, where one STR per property would be allowed, which is intended to support small-scale property owners who live on these properties and who, according to the City, tend to maintain lower rents for their longer-term residents. The City estimates that some 20 percent of its duplex and triplex housing stock would be allowed to be used as STRs per these provisions.

other hand, that type of LCP STR market direction could lead these types of owners to offer such units for longer-term housing. Either way, a primary resident requirement will have an overall effect of limiting STRs.

Within that context the proposed STR provisions would limit unhosted rentals to 60 rental nights annually per STR. Such 60 rental night limit is based on City-estimated demand for STR usage. Namely, although there is limited data on STR usage, the City cites to Half Moon Bay Chamber of Commerce data showing that the average hotel occupancy rate over the past 8 years was around 68%, with the majority of the usage occurring on weekends. The City concluded that 60-rental nights equals about half the weekends in the year,¹⁰ and thus determined the 60 rental night limit was sufficient to match estimated demand. Given the data is for a different use altogether, and is not actually tied to STR demand, this does not appear to be an appropriate arbiter of existing STR demand, and thus also not easily translatable to LCP STR limits.

At the same time, and when considered in the context of the already fairly limited STR supply in the City, it appears that the new LCP provisions would be able provide for a fairly diverse STR market that can adequately address the required LUP balance and provide coastal visitors with an appropriate option, including lower-cost options for many families and groups. Such a conclusion is bolstered by the proposed amendment allowing unlimited hosted rentals, and, per the City's stated intent, unlimited, unhosted rentals in mixed-use, commercial areas (i.e., C-G, C-D, and C-VS zoning districts). On this latter point it is noted that the City's intent is clear, but the actual proposed text is somewhat ambiguous on this point. Without clear language concerning the 60-night rental limit in the mixed-use commercial areas, the proposed IP amendment is not adequate to carry out the certified IP policies protecting visitor-serving accommodations. In order to clarify such intent, **Suggested Modification 1** is necessary to make explicit that the 60-night rental limit does not apply to unhosted STRs in the mixed-use commercial areas.

To address other potential issues, the amendment also establishes a set of performance standards to ensure STRs operate in harmony with surrounding development. These performance standards include tying the number of vehicles allowed to park on-site to the number of bedrooms used in the STR, keeping the STRs visually indistinguishable from other residences,¹¹ ensuring noise levels meet City noise requirements, prohibiting special events within STRs, ensuring adequate public services, and requiring the STR host to provide City requirements to hosting platforms and to guests upon booking.

In conclusion, as modified the Commission finds that the IP amendment regarding home occupations and STRs conforms with, and is adequate to carry out, the certified LUP.

¹⁰ 60 nights would allow for 30 two-night or 20 three-night stays, which is equivalent to about one half of the weekend nights per year.

¹¹ STRs are required to be accessory to the underlying residential use, and therefore are required to be visually indistinguishable.

C. California Environmental Quality Act (CEQA)

Section 21080.9 of the California Public Resources Code—within the California Environmental Quality Act (CEQA)—exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its activities and approvals necessary for the preparation and adoption of LCPs and LCP amendments. Instead, the CEQA responsibilities are assigned to the Coastal Commission; however, the Commission's LCP review and approval program have been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP or LCP amendment action.

Nevertheless, the Commission is required, in approving an LCP or LCP amendment submittal, to find that the approval of the proposed LCP, as amended, does conform with CEQA provisions, including the requirement in CEQA section 21080.5(d)(2)(A) that the amended LCP will not be approved or adopted as proposed if there are feasible alternatives or feasible mitigation measures available which would substantially lessen any significant adverse impact which the activity may have on the environment (see California Code of Regulations Title 14 Sections 13540(f) and 13555(b)).

The City of Half Moon Bay's LCP amendment consists of an IP amendment. The City found that the proposed LCP amendment was exempt from CEQA under CEQA Guideline Sections 15301 (existing facilities), 15305 (minor alterations to land use limitations), and 15301(b)(3) (common sense exemption). This report has discussed the relevant coastal resource issues with the proposal and has addressed all comments received. All above findings are incorporated herein in their entirety by reference.

Therefore, the Commission finds that there are no other feasible alternatives or mitigation measures under the meaning of CEQA which would further reduce the potential for significant adverse environmental impacts, and the proposed IP amendment conforms with CEQA.

4. APPENDICES

A. Substantive File Documents

- LCP Amendment Submittal File

B. Staff Contact with Agencies and Groups

- City of Half Moon Bay