

CALIFORNIA COASTAL COMMISSION

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Th5

Hearing Date: 12/14/23

Informational Briefing on Housing

This package includes written correspondence received in the time since the briefing agenda was posted.

From: ExecutiveStaff@Coastal
To: Yost_Awbrey@Coastal; Drake_Sean@Coastal; Christie_Sarah@Coastal
Subject: FW: Public Comment Letter December 14th Agenda Item #5 Housing Informational Briefing
Date: Monday, December 11, 2023 9:56:12 AM
Attachments: [2023.12.08 Better Neighbors Public Comment Thursday Agenda #5 Housing Informational Briefing.pdf](#)
[Attachement 1 - Better Neighbors Guiding Principles 12.08.2023.pdf](#)

FYI - -

From: Rebecca Ayala <rebecca@betterneighborsla.org>
Sent: Friday, December 8, 2023 4:47 PM
To: ExecutiveStaff@Coastal <ExecutiveStaff@coastal.ca.gov>
Cc: Melanie Luthern Allen <ml@ssdslaw.com>
Subject: Public Comment Letter December 14th Agenda Item #5 Housing Informational Briefing

Hello,

Please find a comment letter from Better Neighbor's on Agenda Item #5 Informational Briefing on Housing attached, along with one attachment.

Thank you,

Rebecca "Becca" Ayala
Policy Analyst and Advocate
Better Neighbors LA
(213) 355-7600
rebecca@betterneighborsla.org





December 8, 2023

VIA EMAIL

California Coastal Commission
45 Fremont Street #2000
San Francisco, CA 94105
ExecutiveStaff@coastal.ca.gov

RE: Public Comment on December 14, 2023, Thursday Agenda Item 5 Informational Briefing on Housing

Dear Honorable Chair Brownsey and Commissioners,

Better Neighbors is a coalition of hosts, tenants, housing activists, hotel workers and community members. We conduct data analysis and research on the short-term rental industry, including the industry's impact on coastal communities. In addition, Better Neighbors works to promote true home-sharing through hosted only short-term rental policies, which ensures persons of low to moderate income can access both affordable overnight accommodations and housing in the Coastal Zone. We believe Agenda Item 5 Informational Briefing on Housing ("agenda item") illustrates the Commission's commitment to robustly addressing the housing affordability crisis along the California coast, home to 68.5% of the state's population.¹ To support this commitment, Better Neighbors urges the Commission to recognize the impact unhosted short-term rentals have on long-term housing, how pre-Mello Act Commission policies may have prevented such impacts, and that any future statewide legislation affirmatively allow the Commission and municipalities to prohibit unhosted short-term rentals without running afoul of Chapter 3.

Short-Term Rentals Remove Housing Stock and Increase Costs

At Better Neighbors, we know that unhosted short-term rentals are exacerbating the housing affordability crisis. In a forthcoming report, Nick DiRago of the University of California Los Angeles preliminarily finds that unhosted short-term rentals make up 95% of the short-term rentals within the Coastal Zone and take up between 5.6 and 5.9 times more of the housing stock on average compared to outside the Coastal Zone.² In addition, DiRago reports that the majority

¹<https://coast.noaa.gov/states/california.html#:~:text=Of%20the%20total%20population%20of.coastal%20portions%20of%20the%20state.>

² Draft on file with Better Neighbors LA.

of unhosted short-term rentals would not be considered low-cost coastal accommodations according to the 75% Average Daily Rate benchmark used by the Commission.³ These findings illustrate that unhosted short-term rentals are having a large-scale impact on the housing stock within the Coastal Zone while ineffectively meeting the public access mandate of the Coastal Act.

These findings are not unique and follow past research that identifies the impacts short-term rentals have on access to housing and cost of housing in California. For example, according to Professor David Wachsmuth of McGill University, short-term rentals have contributed to an increase in rents by \$810 per year and 5,000 additional people experiencing homelessness each night in the City of Los Angeles.⁴ In the City of Irvine, a study published this year in the American Real Estate and Urban Economics Association journal found that a ban on short-term rentals coupled with strong enforcement resulted in a 3% decrease on average of long-term rents.⁵ As cities and counties throughout the Coastal Zone look to regulate or refine current regulations on short-term rentals, it is critical the Commission consider the ways in which access to housing may be impacted, especially for persons of low to moderate income.

The Commission's Pre-Mello Act Authority Would Likely Have Provided More Guardrails on Short-Term Rentals

As the governing body of the Coastal Zone, Better Neighbors believes it is important the Commission fully consider how its pre-Mello Act authority on housing would have likely curbed the cannibalization of the housing market by short-term rentals. From 1976-1981, the California Coastal Act explicitly required that housing opportunities for persons of low to moderate income be protected, encouraged, and where feasible provided. To this end, the Commission adopted a series of Interpretative Guidelines (“Guidelines”) that were interim interpretative guidelines to be used prior to adoption of LCPs by local governments and certification by the Commission.⁶ The Guidelines are instructive about how the Commission and its staff once approached housing in the Coastal Zone, and allow us to imagine how it might approach short-term rentals today had it continued to be protective of housing in the coastal zone.

From 1976-1981, “coastal access” as it was defined in Chapter 3 included ensuring that the coast did not become an exclusive enclave where only the affluent could afford to live. Generally, the pre-Mello Act Guidelines interpreting Chapter 3 provided for the protection of existing low- and moderate-income housing by prohibiting demolition for anything other than health and safety reasons, treated any type of rental unit as an affordable unit, and scrutinized the conversion of rental units to for sale units. The guidelines also gave priority to new development that included affordable housing opportunities. For example, the Guidelines required that larger projects provide approximately 25% affordable units on site. The Guidelines also recognized that

³ Draft on file with Better Neighbors LA.

⁴ https://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth_LA_2022.pdf

⁵ [Airbnb or not Airbnb? That is the question: How Airbnb bans disrupt rental markets \(wiley.com\)](https://www.wiley.com/doi/10.1111/jbr.12111)

⁶ The Guidelines referenced include: Housing Guidelines, October 4, 1977; Letter re: Use of Housing Elements Local Coastal Programs, October 10, 1979; Guidelines for New Construction of Housing, May 7, 1981; Interpretive Guidelines on Condominium Conversions, July 16, 1976.

Section 30213 implied an affordable housing requirement because Coastal Act policies encourage visitor-serving development, which require tourism jobs, traditionally held by persons of low to moderate income. If such workers were unable to find housing in the Coastal Zone, the viability of such Coastal Act policies would have been threatened. The pre-Mello Act Guidelines also recognized that the commutes of tourism workers impacted coastal access routes and air quality.

The pre-Mello Act Chapter 3 and associated Guidelines would have been hostile to the proliferation of unhosted short term rentals as we see them today. For example, prior to the Mello Act, the Commission would intervene in the conversion of rental units to for sale units to ensure that those for sale units would continue to be available at a price accessible to persons of low-to-moderate income. In contrast, presently, we see staff recommendations that allow landlords to take whole rental units off the housing market to use as a hotel at many times the price of normal tenancy rents.

Low-to-moderately priced condominiums were given similar scrutiny, developers building low or moderately priced for sale units were required to enter into an agreement that subsequent sales would be at a price affordable to households earning substantially the same percentage of the median income as the initial purchasers. Presently, when municipalities try to limit the use of their for-sale units as unhosted short term rentals, we see staff recommendations striking down such policies, even though the use of housing as vacation rental investments skews property values and the corollary depletion of housing stock significantly raises rents for persons of low-to-moderate income.

Conclusion

As the Commission considers their approach to protecting housing under the Coastal Act, Better Neighbors encourages the Commission to consider how regulations permitting unhosted short-term rentals contribute to the unavailability of housing stock within the Coastal Zone. Any legislative solution to the Coastal Zone's housing issues must explicitly allow for municipalities to limit or ban unhosted short term rentals. Until that time, Better Neighbors has enclosed a set of guiding principles we hope will serve as a resource for the Commission when analyzing short-term rental regulations (Attachment 1). Should you have any questions or would like to receive any data or other research, please contact rebecca@betterneighborsla.org.

Sincerely,

/s/

Randy Renick



To: California Coastal Commissioners and Staff
From: Becca Ayala, Policy Analyst and Advocate, Better Neighbors Los Angeles
Date: December 8, 2023
Re: Guiding Principles for Short-Term Rental Local Coastal Program Amendments (LCPAs)

Background

Better Neighbors Los Angeles is a coalition of hosts, tenants, housing activists, hotel workers, and community members. We conduct analysis and research on the short-term rental industry in the Coastal Zone, including recent California Coastal Commission (“Commission”) decisions on LCPAs regulating short-term rentals (“STRs”).

Better Neighbors strongly urges the Commission to take a proactive approach to changing its current posture, which prevents jurisdictions struggling with housing from implementing restrictions or bans on unhosted short-term rentals. Local jurisdictions are best suited to address their housing shortages with the means at their disposal—one of which should be to allow only hosted short-term rentals. Policies limited to hosted short-term rentals safeguard existing housing stock while also increasing coastal access. By contrast, policies allowing for unhosted rentals necessarily sanction a loss of housing. Since the Commission currently will not allow jurisdictions to ban or significantly limit unhosted STRs to preserve housing, we have developed a set of four guiding principles that will aid in analyzing STR LCPAs in a manner that is protective of housing and coastal access in the interim.

Overnight Accommodations Needs Assessment Principle

Housing should not be converted to hotel rooms when there is a lack of housing and adequate overnight accommodations. To accomplish this, staff reports should include a comprehensive inventory and analysis of current overnight accommodations within the jurisdiction. This inventory analysis should include all “hotels, motels, cabins, camping, RVs and hostels,” as referenced in the *Explore the Coast Overnight: An Assessment of Lower-Cost Coastal Accommodations* report issued by the Coastal Conservancy in 2019.¹ The analysis should also include the number of guests each form of accommodation is able to accommodate. If needed, staff should work with local jurisdiction staff to conduct the inventory.

In addition, staff should include a breakdown of the number of existing overnight accommodations considered lower-cost coastal accommodations as consistently defined by the Commission.² If there exists an adequate supply of overnight accommodations and limited

¹ https://scc.ca.gov/webmaster/ftp/pdf/scbbb/2019/1903/20190314Board04E_ETCO-Report.pdf

² According to the staff report for Application No. 6-22-0127 (LHO Mission Bay Hotel, LP, San Diego), this is defined as “75% less than the statewide average daily room rate.”
<https://documents.coastal.ca.gov/reports/2023/3/Th15a/Th15a-3-2023-report.pdf>

housing stock as determined by the Housing Data and Impacts Principle outlined below, then the Commission should not permit unhosted short-term rentals to meet the visitor serving accommodation mandate of the Coastal Act. According to our analysis of the 6th Cycle Regional Housing Needs Assessments for jurisdictions within the Coastal Zone, there are approximately 1,662,039 housing units needed. The Commission should look towards preserving current housing stock for both long term renters and potential homeowners to alleviate pressure on localities as they attempt to meet their RHNA allocations.

Overnight Accommodations Affordability Principle

Short-term rentals must be affordable to increase access to the coast for persons of low to moderate income. Pub. Res. Code §30213. Staff should analyze the impact short-term rental regulations will have on coastal access for low to moderate income visitors by comparing the average nightly cost of short-term rentals to the average nightly cost of existing lower-cost coastal accommodations. The Commission has taken a similar approach in their interpretation of California Public Resource Code § 30213 when evaluating hotel developments.³ The short-term rental industry, as a part of the overnight accommodation industry, must be treated no different. The Commission has notably used luxury hotel development to win in lieu fees and other infrastructure and public access improvements. No such tangible community benefit comes with the approval of STR LCPAs and the Commission should take pause before ushering in highly priced STRs at the expense of a jurisdiction's housing supply. The Commission has often bemoaned its inability to set room rates to preserve coastal access, and even so, has refused to let local jurisdictions require on-site hosts, which has effectively kept prices down in cities like Santa Monica.

Housing Data and Impacts Principle

The Commissioners must consider the housing data and impacts of each STR LCPA in order to “encourage the protection of existing...affordable housing opportunities for persons of law and moderate income in the coastal zone.” Pub. Res. Code §30604. Short-term rentals displace residents, increase rent prices, and can lead to more people experiencing homelessness.⁴ Staff should conduct a survey of the local housing stock, including vacancy rates, current and projected demand for existing housing units, and availability and location of housing units for low to moderate income residents within the jurisdiction. In addition, staff should determine the impact the LCPA may have on future housing costs for low to moderate income residents. According to the National Low Income Housing Coalition, 43% of households within counties in the California Coastal Zone are renters.⁵ Staff should consider the impact LCPAs that permit unhosted short-term rentals, especially those in multi-family units, may have on long term tenants and rent prices. Reports should also analyze the percent of housing stock unhosted short-term rentals comprise within a local jurisdiction, the growth in the number of short-term rentals

³ See page 36 of the staff report for Application No. 6-22-0127 (LHO Mission Bay Hotel, LP, San Diego).

<https://documents.coastal.ca.gov/reports/2023/3/Th15a/Th15a-3-2023-report.pdf>

⁴ http://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth_LA_2022.pdf

⁵ <https://nlihc.org/oor/state/ca>

over a period of time, and any disproportionate impact of STRs in geographical zones. Staff should not rely on AirDNA solely for this information as many short-term rentals can be found on other booking platforms not listed on AirDNA.

Quantitative Evidence Principle

STR LCPA recommendations should not be based on anecdotal evidence, individual experiences, or limited observations. Each jurisdiction has a unique short-term rental market that must be individually assessed. Many staff reports have cited to purported benefits of STRs without reference to supporting data. For example, oft-cited is the misconception that STRs have more rooms and so can accommodate large groups at lower cost. However, these conclusory assertions are provided without an analysis that supports the claim.⁶ If the Commission is to make a decision based on such statements, then it must have access to the average number of rooms for rent in each jurisdiction and the number of guests served by each rental. Without this information, the Commission is making decisions based on assumptions. Staff reports should include a quantitative analysis of the total number of existing hosted and unhosted short-term rentals, number of rooms available per short-term rental, and number of guests each short-term rental is able to accommodate.

Conclusion

Jurisdictions should be able to ban or significantly limit unhosted short term rentals to preserve their housing stock. That said, we also request that staff incorporate these guiding principles into future staff reports on short-term rental regulations and proposed staff recommendations. Better Neighbors believes this additional information will provide Commissioners with a broader understanding of the local context needed to make balanced decisions on LCPAs regulating short-term rentals. Should you have any questions or would like to receive any data or other research, please contact rebecca@betterneighborsla.org.

Sincerely,

/s/

Randy Renick

⁶ See e.g., Staff Recommendation W14b, March 8, 2023 at page 21. BNLA found that approximately 50% of all rentals in Half Moon Bay were only 1 or 2 bedrooms.
(<https://documents.coastal.ca.gov/reports/2023/3/W14b/W14b-3-2023-report.pdf>).

From: ExecutiveStaff@Coastal
To: Yost_Awbrey@Coastal; Christie_Sarah@Coastal; Drake_Sean@Coastal
Subject: FW: 12/14/23 Coastal Commission Meeting Speaker Request: Agenda Item "Th5"
Date: Monday, December 11, 2023 10:10:04 AM

Fyi - -

From: Albert Perdon <albertperdon@gmail.com>
Sent: Saturday, December 9, 2023 1:10 PM
To: ExecutiveStaff@Coastal <ExecutiveStaff@coastal.ca.gov>; Uranga, Roberto@Coastal <roberto.uranga@coastal.ca.gov>; Coastal Commissioner Ex Parte <commissionerexparte@coastal.ca.gov>
Cc: jennifer.vangrove@suniontribune.com
Subject: 12/14/23 Coastal Commission Meeting Speaker Request: Agenda Item "Th5"

At your December 14, 2023 Coastal Commission Board meeting, please consider the data-driven and evidenced-based analysis and recommendations contained in the Wolford Brief before making any decisions impacting the historical and current practice of protecting rich, politically-connected coastal property owners while denying reasonable access to the coast by the vast majority of California's 40 million residents.

The Wolford Brief offers ideas and strategies to end the denial of equal access and prosperity for all Californians. Please make The Wolford Brief readily available to the public so the public can consider this matter.

Thank you.

Albert Perdon

De Luz Community in northern San Diego County and southern Riverside County
310.871.1113

[The Wolford Brief August 17 2022 San Diego Coun...](#)