
CALIFORNIA COASTAL COMMISSION

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W14b

LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)
March 8, 2023

CORRESPONDENCE



CITY OF HALF MOON BAY

501 Main Street
Half Moon Bay, CA 94019

March 3, 2023

Chair Brownsey and Coastal Commissioners
California Coastal Commission
North Central Coast District
455 Market Street, Suite 300
San Francisco, CA 94105

Re: March 2023 Staff Recommendation - LCP-2-HMB-21-0078-2: Updates to home occupation standards and establishing short-term rental regulations

Dear Chair Brownsey and Coastal Commissioners:

The City of Half Moon Bay submitted a complete application for a Local Coastal Program amendment to update its home occupation standards and establish short-term rental (STR) regulations (“Ordinance”) in December 2021. On May 13, 2022, the California Coastal Commission approved a time extension for the Ordinance’s certification hearing. The Commission conducted a public hearing on October 14, 2022 and continued the item to allow time for Coastal Commission staff and City staff to further refine compromises to certain terms of the STR regulations proposed by the City. City staff provided detailed supporting documentation in a letter dated December 14, 2022.¹ In the spirit of collaboration, we also submitted suggested revisions to the Ordinance to confirm our shared understanding of the compromises we had reached. The Commission staff subsequently scheduled the continuation hearing for the Coastal Commission’s March meeting, and the associated staff report and recommendation were published February 24, 2023.

The City appreciates the time that Commission staff took to consider the City’s proposed revised Ordinance as well as the supporting data and analysis since the October 2022 hearing. This letter conveys the City’s responses to the Coastal Commission staff recommendation for the Commission’s March 2023 hearing.

City staff are heartened that Coastal Commission staff are now in support of the primary residence requirement for new STRs. **Primary residence** is the heart of the City’s Ordinance. The City has focused on this provision because it is the best practice for protecting housing stock from permanent conversion to non-residential use. The City sincerely appreciates the Commission’s deft care with these provisions in light of the extraordinary housing challenges we face.

We are also in agreement with Commission staff regarding all of the following matters:

- Continuance of STRs without Primary Residence: City staff supports Commission staff’s proposed continuance provisions whereby existing operators that do not have primary residence, provided that

¹ The City’s December 14, 2022 letter, supporting data and analysis, and proposed revised Ordinance are provided as “Correspondence” for the March 2023 hearing for this item.

they have been paying transient occupancy tax, would be considered for continuation should they register under the City's new Ordinance and remain in good standing.

- STR Occupancy: We previously agreed with Coastal Commission staff's recommendation to allow STR occupancy scaled to bedroom count for all sized residences.
- STR Parking: We previously agreed with Coastal Commission staff's recommendation to align and scale parking requirements with occupancy.
- Enforcement: We previously came to an agreement for Ordinance language addressing enforcement provisions.
- Minimum Lot Size: Although contrary to City Council's preference, City staff can now acquiesce that a minimum lot size is not a priority given retention of the primary residence requirement, parking standards, and other neighborhood friendly operational standards.
- Priority Use: It appears that Coastal Commission staff agree that because STRs are ancillary uses to residential units, such residential units do not qualify for priority public works, such as priority water connections. To that end, we respectfully request that the definition of short-term vacation rental align with this premise and acknowledge that residential use is the principal use of dwelling units or properties in residential zoning districts, as was the Half Moon Bay City Council's intent when they adopted the Ordinance. The City's proposed language for this definition follows:

"Short-term vacation rental" means a residential or mixed-use property that contains a dwelling unit or habitable portion thereof that is offered for hire for transient occupancy for periods of thirty days or less as a use that is incidental to the principal residential use of a dwelling unit or property in residential zoning districts. 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 vacation rental transient lodging facilities.

Despite all of this excellent progress, the City remains opposed to Commission staff's recommendation to allow for up to 180 nights/year of unhosted STR operations. It is notable that Commission staff's recommendation for this provision has varied significantly over the past year. The Commission staff recommendation was 60 nights/year in May 2022; an unlimited number of nights/year in October 2022; and now 180 nights in March 2023. At the same time, the City has been consistent and also focused on coming to a reasonable compromise for this provision. As originally proposed, the City's Ordinance specified a cap of 60 unhosted nights/year. City staff presented to the Coastal Commission at its October 2022 hearing that we would accept 90 or 120 nights/year as a compromise.

A 180 night per year allowance for new unhosted STR use is excessive. We are aware that although primary residence is the best practice available, some operators still find ways around this requirement. Such a high limit for unhosted use provides a means for operators to hide that they do not have primary residency. Furthermore, a 180 night limit, especially for new STRs, is in conflict with certified Local Coastal Land Use Plan policies. The primary policy to guide the Commission's consideration is:

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. (Emphasis added.)

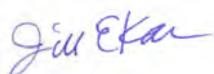
Proper implementation demands that STR use be **subordinate** to the primary residential use. 180 days is equivalent to half a year, or 50% of the use of the property, year after year. Fifty percent is not subordinate; it is equivalent. We respectfully request that the Commission reconsider the staff recommendation for this one remaining term. The City will accept 120 days for new STRs. This is equivalent to 1/3 of a year. This allowance would ensure that STR use is subordinate to the primary residential use, while also serving as a generous allowance. Operators would be able to put their residences into unhosted STR use for an entire season (perhaps when they are traveling) or throughout the year in line with the San Mateo County Midcoast's visitor patterns (where weekends are preferred for overnight stays).

Commission staff has made statements about conflicting policies in the City's certified Local Coastal Land Use Plan. We are surprised by this perspective. Proper policy implementation resolves potential conflict. We hold that our proposal for 120 unhosted nights/year for new STRs aligns with the Coastal Commission's discussion at the October 2022 hearing and is fully consistent with the City's certified Land Use Plan and bolsters coastal access without introducing a conflict.

In conclusion, City staff have appreciated the extra time provided by the Coastal Commission to work with your staff. We are generally very satisfied that we were able to come to so many agreements, which we are happy to say is typical of our working relationship. We believe that this one remaining matter is worth the Commission's reconsideration because it is directly informed by certified policy and holistically aligned with the intent of this important Ordinance.

We look forward to your consideration.

Sincerely,



Jill Ekas,
Community Development Director

Copy:

Dr. Kate Huckelbridge, Executive Director
Dan Carl, North Central Coast Deputy District Director
Stephanie Rexing, North Central Coast District Manager
Mayor Penrose and Members of the Half Moon Bay City Council
Chair Hernandez and Members of the Half Moon Bay Planning Comission
Matthew Chidester, City Manager
Catherine Engberg, City Attorney



@better_LA
betterneighborsla.org

March 3, 2023
Via Electronic Mail
California Coastal Commission
45 Fremont Street #2000
San Francisco, CA 94105
Email: NorthCentralCoast@coastal.ca.gov

Re: City of Half Moon Bay LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Dear Honorable Chair Brownsey and Commissioners,

Better Neighbors Los Angeles (“BNLA”) writes to request that the Commissioners (1) support the City of Half Moon Bay’s proposed Local Coastal Plan Amendment, which includes a primary residence requirement, allows for unlimited hosted short-term rentals (“STRs”), and limits unhosted STRs to 60- nights per year; and (2) direct Staff to provide a consistent analysis for STRs. Unhosted STRs are some of the most expensive accommodations, reserved for only the wealthiest travelers. While hosted STRs are typically operated by residents, and cost much less than unsupervised stays. Primary residence and hosted rental requirements protect local housing units and ensure that housing units are not purchased and maintained for sole use as temporary accommodations. For these reasons, we do not support an unhosted rental cap of 180 days, which prevents a residential unit from being used primarily for residential purposes. A cap of between 60 nights per year per unit is more protective of coastal access and the City’s limited housing stock.

(1) The City of Half Moon Bay’s proposed LCP Amendment, which limits unhosted STRs, appropriately balances protecting coastal access and housing uses as required by the City’s Land Use Plan.

The Commission should limit unhosted STRs to further the priorities of the Land Use Plan (“LUP”), which requires “prioritiz[ing] lower-cost visitor-serving accommodations over higher-cost lodging,” “safeguarding existing housing stock,” and ensuring that “[s]hort-term rental uses [be] subordinate to primary residential uses such that resident units continue to be used for long-term residential occupancy.” (LUP Policies 5-70, 2-7, 2-76). The Staff Report provides no quantitative analysis that unhosted STRs create more affordable access to our coast, yet the City has provided evidence of neighborhood complaints and of its current housing crisis (City of Half Moon Bay Comment Letter, 12/14/2022, see Attachment 2; City of Half Moon Bay Comment Letter, 10/22/2022, Exhibit 1.) Indeed, the Staff Report agrees that “rental rates for whole house STRs can be quite high...” (p. 19) The Staff Report goes on to describe the quantity and cost of hotel rooms in Half Moon Bay but does not give short term rentals units the same treatment. Moreover, the quantity of existing overnight accommodations does not factor into the need to steal from the City’s housing supply to create more.

Better Neighbors analyzed data from both Airbnb and Expedia.com to compare the average nightly rate between short-term rentals and hotels in HMB. In HMB, the average short-term rental costs

\$464 per night while the average hotel room costs only \$288 per night, which indicates that the average hotel room is more affordable than the average short-term rental listing. Staff argues that short-term rentals provide a unique accommodation option for larger groups. However, data from AirDNA indicates that more than 50% of the STRs in Half Moon Bay contain only one or two beds. STRs with four or more beds comprise less than one-quarter of the HMB's STR market.

Unhosted STRs do not necessarily provide affordable access to the coast, but they necessarily take away from a city's housing stock. Half Moon Bay's tight housing market is reflected in the City's recently assigned Cycle 6 Regional Housing Need Allocation (RHNA). The California Department of Housing and Community Development (HCD) develops each jurisdiction's RHNA number, based on projected housing needs for various income categories.¹ In the previous cycle (2015-2022), the City was tasked with building 240 new units, in the new cycle (2023-2031) this figure doubled to 480 units.² While building new housing units is essential to addressing HMB's housing needs, preserving pre-existing housing units for residential use is equally important. As discussed in the memorandum attached to this letter, if vacancy rate and the number of STRs as percentage of the housing stock in HMB remain constant over the next 5 years, the average rent could increase by an additional \$793 due to the impact of STRs alone.

(2) The Commission should direct staff to provide consistent analyses regarding the affordability of STRs and their impact on housing in the Coastal Zone.

Just like in the Staff Report for the City of Trinidad's STR LCP Amendment, this Staff Report fails to consider the affordability of STRs offered in Half Moon Bay and does not evaluate the need for additional overnight accommodations in light of existing overnight accommodations. This type of balanced analysis should be required when the new overnight accommodations being considered detract from a city's existing housing supply. There is also no analysis relevant to STRs impact on limited housing stock, rental prices, or residential character.

(3) Recommendations

Based on the data, our recommendations are:

- Support the City of Half Moon Bay's proposed LCP Amendment, which leaves the primary residence requirement in place, allows for unlimited hosted STRs, and limits unhosted STRs to between 60 nights per year.
- Direct staff to include data that (i) analyzes the cost of STRs as compared to existing low cost overnight accommodation, (ii) assesses the need for additional overnight accommodations when such accommodations take from the housing supply; and (iii) approximates the impact of a STR policy on housing costs and availability for persons with low to moderate income.

Our organization can provide the Commission with research and resources in developing its metrics as they pertain to STRs and housing and have attached a report to support the data herein. Please reach out to Randy Renick at rrr@betterneighborsla.com to arrange a meeting with our research analysts.

Sincerely,

/s/ Randy Renick

¹ <https://www.half-moon-bay.ca.us/775/Housing-Element-Update-2023-2031>

² chrome-extension://efaidnbmnnibpcajpcgclefindmkaj/https://www.coastsid buzz.com/wp-content/uploads/2022/08/STAFF_REPORT-16.pdf

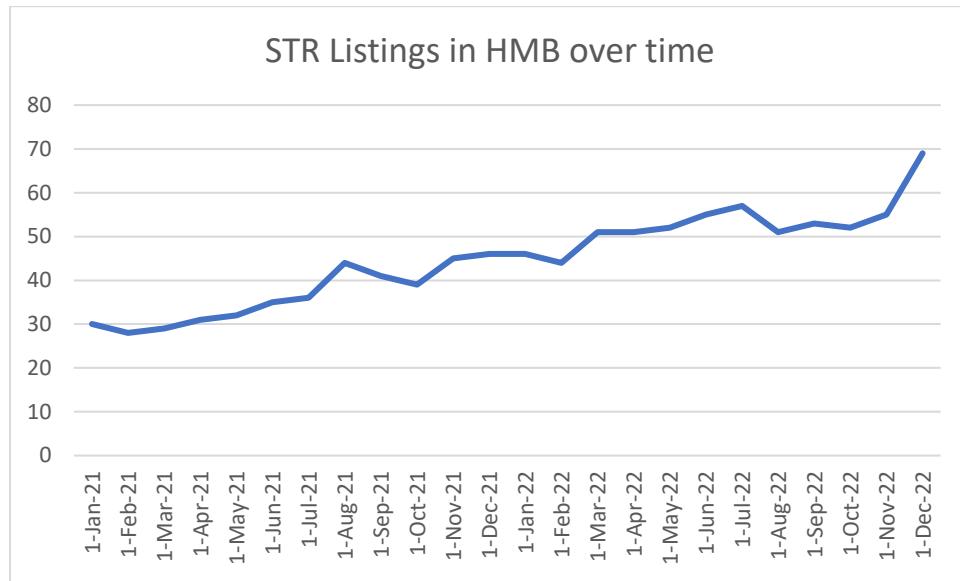


@better_LA
betterneighborsla.org

To: California Coastal Commission
From: Tori Funk, Research Analyst, Better Neighbors Los Angeles
Re: Data supporting BNLA Comment Letter in City of Half Moon Bay LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

The Staff Report Inadequately Describes the City of Half Moon Bay's Short Term Rental Market

Coastal Staff's February 2023 report that indicates there are 46 registered short-term rentals in Half Moon Bay. BNLA scraped Airbnb for all listings in Half Moon Bay and identified 43 short-term rental listings. Of these 43 listings on Airbnb, 39 were whole home listings and only 4 were hosted short-term rentals. But Airbnb is not the only platform that lists short term rentals. Airdna, the leading provider of data and analytics for short-term rental industry which captures data from Vrbo in addition to Airbnb, reports that there are 89 short-term rentals operating in HMB.¹ While 89 short-term rentals may appear modest, it represents 1.9% of the City's housing stock, a ratio more than sufficient to materially impact available housing. By comparison, in the City of Los Angeles only .2% of the housing stock is dedicated to short-term rental use.²



¹ <https://www.airDNA.co/vacation-rental-data/app/us/california/half-moon-bay/half-moon-bay/overview>

² Wachsmuth, D. (2022). The Economic Impacts of Short-Term Rentals in Los Angeles. Report commissioned by Better Neighbors Los Angeles

AirDNA's data shows that the STR market in HMB has been steadily growing, the number of listings in the City more than doubled in the last two years. This data provides important context for the Commission. Staff argues that the "small STR market" does not justify the measures proposed by the City. However, the number of STRs has been consistently growing. A jurisdiction should be able to plan for future problems, and the Staff Report does not acknowledge this.

The negative externalities of STRs is certain to increase along with the number of rentals. For instance, documentation submitted by the City to Coastal Staff reflects twelve complaints in 2022³. The proposed night cap on unhosted rentals will help to mitigate the increased impact on communities.

Short-term Rentals Do Not Necessarily Create Affordable Access to the Coast

In recent hearings, Coastal Commission Staff have stated that STRs are crucial to achieving the Coastal Act's goal of maximizing access to the coastline. In support of this claim, Staff argues that STRs serve as more affordable alternative to hotel rooms especially for those traveling in large groups. A close examination of the data, however, makes clear that STR's are no more affordable than alternative accommodations already available in HMB.

Better Neighbors analyzed data from both Airbnb and Expedia.com to compare the average nightly rate between short-term rentals and hotels in HMB. In HMB, the average short-term rental costs \$464 per night while the average hotel room costs only \$288 per night. On average each STRs in HMB can accommodate 4 people, and on average each hotel room accommodates 3 people. Thus, the STR per person cost amounts to \$116 per person, and the hotel room per person costs amounts to \$96. These findings demonstrate that the average hotel room is more affordable than the average short-term rental listing.

Staff also emphasizes that short-term rentals provide a unique accommodation option, especially for larger groups than hotels. This, however, is not necessarily accurate for HMB. Indeed, our scrape of Expedia suggested a significant number of HMB hotels cater to families providing rooms and suites that accommodate four persons. Furthermore, data from AirDNA indicates more than half of the STRs in Half Moon Bay only have one or two beds. STRs with four or more beds comprise less than one-quarter of the HMB's STR market.

Another important factor that needs to be taken in account when comparing the affordability of short-term rentals to hotels are nightly minimums. Short-term rental platforms allow hosts to impose nightly minimums on guests, while hotels typically have no such requirements. Short-term rental listings in Half Moon Bay typically require guests to book a minimum of two nights per a stay, with many showing three-night minimums. Therefore, those hoping to book a short-term rental in HMB will pay \$928 on average (\$464*2) for their accommodations. Some families may only be able to afford a one-night trip in HMB, and therefore would be excluded from staying in a short-term rental. Overall, this data indicates that short-term rentals are significantly less affordable than hotel rooms in HMB, and due to nightly minimums, they are also less accessible.

³ Page 51 of the City of HMB's December 14, 2022, correspondence to Staff.

Short-Term Rentals Have a Negative Impact on Housing Affordability

Staff's report contends that the City of HMB had not provided adequate data to illustrate that STRs were adversely impacting the City's housing stock. Staff also questioned how STRs could impact housing affordability given the small size of HMB's STR market.

Half Moon Bay's tight housing market is reflected in the City's recently assigned Cycle 6 Regional Housing Need Allocation (RHNA). The California Department of Housing and Community Development (HCD) develops each jurisdiction's RHNA number, based on projected housing needs for various income categories.⁴ In the previous cycle (2015-2022), the City was tasked with building 240 new units, in the new cycle (2023-2031) this figure doubled to 480 units.⁵ While building new housing units is essential to addressing HMB's housing needs, preserving pre-existing housing units for residential use is equally important.

Several studies indicate that the short-term rentals impact housing affordability by converting long-term to housing to tourist accommodations.⁶ One useful method to measure the impact of STRs on housing affordability is comparing the percentage of housing units in a city that are used as STRs to the local rental vacancy rate.⁷ In housing markets with near zero vacancy rates, any reduction in the supply of housing causes a significant increase in rents. This increase occurs because neither the private nor public sector can quickly respond by adding more units to the market.

Using Air DNA's estimate of 89 listings, approximately 1.9% of the housing stock in HMB is now dedicated to short-term rentals. Comparatively, the vacancy rate in HMB is a minuscule 1.7%.⁸ Since HMB's vacancy rate is near zero, the removal of 1.9% of the City's housing stock, which is nearly equivalent to the vacancy rate, constitutes a supply shock. The price effect of this supply shock is most likely compounded by increasing demand for housing. Yet, even under a simple economic model that holds demand constant against a relatively flat supply curve, with a price-elasticity of supply coefficient of .36, each 1% decrease in supply would lead to a .36% rent increase.⁹ Accordingly, the rent on a \$1,946 one-bedroom apartment in HMB (the current median rent)¹⁰ would increase by an additional \$13.23 per month or \$158 per a year from the reduction in housing supply caused by STRs. If the vacancy rate and the

⁴ <https://www.half-moon-bay.ca.us/775/Housing-Element-Update-2023-2031>

⁵ chrome-extension://efaidnbmnnibpcajpcgclefindmkaj/https://www.coastsidetuzz.com/wp-content/uploads/2022/08/STAFF_REPORT-16.pdf

⁶ Barron, K., Kung, E., & Proserpio, D. (2019). When Airbnb listings in a city increase, so do rent prices. Harvard Business Review, April, 17.; Wachsmuth, D. (2022). The Economic Impacts of Short-Term Rentals in Los Angeles. Report commissioned by Better Neighbors Los Angeles.

⁷ Lee, D. (2016). How Airbnb short-term rentals exacerbate Los Angeles's affordable housing crisis: Analysis and policy recommendations. *Harv. L. & Pol'y Rev.*, 10, 229.; Combs, J., Kerrigan, D., & Wachsmuth, D. (2020). Short-term rentals in Canada. *Canadian Journal of Urban Research*, 29(1), 119-134.

⁸ https://www.rate.com/research/half_moon_bay-ca-94019#population

⁹ John M. Quigley & Steven Raphael, Regulation and the High Cost of Housing in California 26 (Berkeley Program on Housing & Urban Policy, Working Paper No. W04008, 2004) (finding that the price elasticity coefficient to supply is .360 for non-rent controlled rental markets in California). A regression analysis would be needed to specifically determine the HMB's housing market's price elasticity.

¹⁰ https://www.rate.com/research/half_moon_bay-ca-94019#population

number of STRs as percentage of the housing stock in HMB remain constant over the next 5 years, the average rent could increase by an additional \$793 due to the impact of STRs alone.

The table below displays the relative rent increases imposed by STR supply shocks using the City of HMB, BNLA, and AirDNA's estimate of the total number of STRs in the City.

Number of STRs	Number of STRs as % of the housing stock	Monthly rent increase	Yearly rent increase	5-year rent increase
Air DNA: 89	1.9%	\$13.23	\$158	\$793
HMB: 46	1.02%	\$8.40	\$100.80	\$504
BNLA: 43	.91%	\$6.36	\$80.76	\$381.80

This analysis indicates that despite the small size of HMB's short-term rental market, STRs can still have considerable impact on housing affordability overtime. If strong STR regulations are not passed in the City of HMB, and the number of short-term rentals grow as a percentage of the housing supply, this affect will have an even more dramatic effect on housing affordability.

Conclusion:

Our analysis shows that there is a significant number of whole house short term rentals in Half Moon Bay and those rentals are less affordable and potentially less accessible than alternative accommodations. BNLA's analysis also demonstrates that although the number of STRs appears small at 89, due to the limited number of housing units and the City's low vacancy rate, this removal of housing supply is likely causing a decline in housing availability and affordability. HMB's proposed regulations address these issues by allowing for an unlimited number of hosted STRs - the most affordable STRs available to tourists - to operate year-round. This modest limitation protects the local housing supply by imposing a primary residence requirement and limits impact on residential communities by capping the number of stays for unhosted STRs. Accordingly, the Coastal Commission should approve HMB's proposed amendment.

Sincerely,

/s/

Randy Renick

Rexing, Stephanie@Coastal

From: Mark Pizzolato <Mark@alohasunset.com>
Sent: Monday, March 6, 2023 8:03 AM
To: Rexing, Stephanie@Coastal
Subject: RE: Public Comment on March 2023 Agenda Item Wednesday 14b - City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Stephanie,

I just realized that the City has set up a chicken and an egg problem with their "Compromise to Grandfather existing" operators.

The ordinance under discussion describes the process for STR operators to "register", but the Ordinance hasn't yet come into effect since the Coastal Commission needs to approve the ordinance. Meanwhile, the language that is being added to the ordinance to achieve the "Grandfathering" actually only grandfathered those who are registered as of October 22, 2022. No registrations could have happened since the ordinance isn't in effect until after the Coastal Commission approval.

After the ordinance was first approved by the city (long before it was presented to the Coastal Commission), I contacted Joe Butcher at the city to begin the formal registration process. I was told that the detailed process had not been setup yet, so I couldn't register.

It would seem that myself and all of the other existing operators that I've been corresponding with are in the same non-registered condition and thus would not be grandfathered into the exclusion of the residency requirement.

If you look back at my email from a couple of weeks back, I questioned that the city had suddenly said that the current operators were some number just short of 50. My earlier correspondence detailed the fact that after the ordinance approval by the city (late in 2021), I had asked the city via freedom of information act request for a list all the STR operators they had received any TOT taxes from since 2017. They provided a list of 32 properties. I was surprised that suddenly the city's number had jumped to 50 since, as Peter Benham had noted that the unregulated operator list should have already achieved equilibrium and that was the 32 properties named. The only folks who ever spoke at any of the meetings about the ordinance were among the original 32.

Maybe they had some special hidden "registration" mechanism which was somehow got the number from 32 to 50, and only these new registrations would be "grandfathered" into not needing to meet the registration requirement, and all of the original 32 would not. This would seem to correspond to the "approximately 10" that Jill Ekas mentions in her letter.

If what I've described above is true, then this "Compromise" doesn't seem to meet the goals of the Coastal Commission.

Slightly modified qualifying language that includes all the original operators would seem more appropriate to actually implement the intended "Compromise".

I know it is too late to get this message directly to the Commission, so how should we (myself and the other previous operators) proceed to illuminate this detail?

Thanks,

- Mark Pizzolato
(650)544-8308

From: Rexing, Stephanie@Coastal <Stephanie.Rexing@coastal.ca.gov>

Sent: Wednesday, March 1, 2023 7:45 AM

To: Mark Pizzolato <Mark@alohasunset.com>

Subject: RE: Public Comment on March 2023 Agenda Item Wednesday 14b - City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Hi Mark,

Please see my responses to each of your points in red:

- 1) On Page 9 in Section 3A, paragraph 2, the language states the specific "Primary Residency Requirement" without the previously stated carve-out that grandfathered the existing operators. Maybe that's OK, but later in the paragraph, the maximum of "60 rental nights per calendar year" and not the changed limit of 180 unhosted rental nights. **The specific paragraph you mention here is from our "findings" in the recommendation where we walk through ordinance as the City proposed it first.** Any mentions of "primary resident" in this specific paragraph is to introduce the way the City drafted the ordinance before CCC staff came up with our suggested modifications. Same with the 60 day limit. The introduction of that limit in this paragraph is a description of the ordinance as originally introduced by the City.
- 2) On Page 10, the initial paragraph "Application Requirements" spell out residency details, again without any reference to the earlier carve-out for the legacy operators. **Same with this paragraph.** In this section of the report, "Description of Proposed LCP Amendment and Background", we are describing the way the City proposed the ordinance prior to CCC staff suggesting modifications.
- 3) On Page 11, the second paragraph again elaborates on the residency requirements without mention of the carve-out. **Ditto here.**
- 4) On Page 12, the beginning sentences restate both the 8 users total and 3 vehicle limits which were specifically removed by the earlier recommendations. **And same here.**

Section 2 of our report walks through CCC staff's "Suggested Modifications" to the City's ordinance as originally proposed. If the Commission adopts this, the City's will have to accept them within 6 months as changes to their originally proposed ordinance, or start fresh. The text in Section 2 (if updated to add the underlined language and delete the strikethrough language) is the final text as CCC staff is suggesting it be modified. As such, the changes to each of the following can be found:

- the residency requirements (**in an effort to reach consensus, CCC staff is now suggesting this aspect of the City's ordinance be retained so you will not see a modification pursuant to that, however, now we are suggesting STRs in operation as of 10/14/2022 be qualified as meeting the primary residence requirements so long as certain requirements are met, see Suggested Modification #13, page 8**)
- number of unhosted nights (**we are suggesting this be upped to 180 days for unhosteds, see Suggested Modifications #5, page 7, and Suggested Modification #12, page 8**)
- occupancy number (**we are changing this to 2 people per bedroom, with no maximum, see Suggested Modification #6, page 7**)
- parking number (**we are also changing this to be tied to the number of bedrooms, at least one per bedroom, see Suggested Modification #7, page 7**)

Let me know if this addresses your concerns. Relatedly, do you want your original email below included as posted correspondence online so the Commissioners can see it? Thank you!

Stephanie R. Rexing
District Manager
North Central Coast District
California Coastal Commission
(415)-904-5260

From: Mark Pizzolato <Mark@alohasunset.com>
Sent: Tuesday, February 28, 2023 3:32 PM
To: Rexing, Stephanie <Stephanie.Rexing@coastal.ca.gov>
Subject: RE: Public Comment on March 2023 Agenda Item Wednesday 14b - City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Hi Stephanie,

In reviewing the formal document prepared for the commission (W14b-3-2023-report.pdf), it seems that there may be some missing changes that are consistent with what is explicitly stated earlier in the document.

Specifically:

- 1) On Page 9 in Section 3A, paragraph 2, the language states the specific "Primary Residency Requirement" without the previously stated carve-out that grandfathered the existing operators. Maybe that's OK, but later in the paragraph, the maximum of "60 rental nights per calendar year" and not the changed limit of 180 unhosted rental nights.
- 2) On Page 10, the initial paragraph "Application Requirements" spell out residency details, again without any reference to the earlier carve-out for the legacy operators.
- 3) On Page 11, the second paragraph again elaborates on the residency requirements without mention of the carve-out.
- 4) On Page 12, the beginning sentences restate both the 8 users total and 3 vehicle limits which were specifically removed by the earlier recommendations.

As to the document W14b-3-2023-exhibits.pdf, there is absolutely no reference to the changes made to the residency requirements, number of unhosted nights, occupancy number, and parking number. On Page 4 Section 2. Amendments, says "additions with underlined text and deletions with ~~strike-out text~~.", I'd expect to see the ultimate result. Maybe this was intentional since this document may be considered input to the adjustment process stated in "Section 2 SUGGESTED MODIFICATIONS" in the W14b-3-2023-report.pdf or maybe it was an oversight.

Hopefully this feedback is useful and/or might influence some minor corrections to the report document.

Mark Pizzolato
(650)544-8308

On Thursday, February 23, 2023 at 10:04 AM, Stephanie Rexing wrote:

> Thank you for your email! It will be included in the Correspondence.

>
>
> _____
> Stephanie R. Rexing
> District Manager
> North Central Coast District
> California Coastal Commission
> (415)-904-5260

>
>
>
> -----Original Message-----
> From: NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>
> Sent: Wednesday, February 22, 2023 1:36 PM
> To: Rexing, Stephanie@Coastal <Stephanie.Rexing@coastal.ca.gov>
> Subject: FW: Public Comment on March 2023 Agenda Item Wednesday 14b -
> City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short
> Term Rentals and Home Occupations)
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>
> -----Original Message-----
> From: Mark Pizzolato <Mark@alohasunset.com>
> Sent: Monday, February 20, 2023 2:06 PM
> To: NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>
> Cc: Benham, Peter@Coastal <peter.benham@coastal.ca.gov>
> Subject: Public Comment on March 2023 Agenda Item Wednesday 14b - City
> of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short
> Term Rentals and Home Occupations)
>
> At the end of the October Coastal Commission meeting, it seems to me that
> the Commission was willing to go back to discussions with the City since Jill
> Eaks' mentioned potential compromise on the idea of potentially
> Grandfathering of existing STR operators to avoid the residency
> requirement.
>
> We think that would be a potentially reasonable idea if, the grandfathering
> was an attribute of the property rather than just the current operator. This
> would leave the potential for the property to permanently be part of the STR
> pool even after any sale of the property, which thus wouldn't reduce the STR
> pool over time which would seem to align with the Commission's goals.
>
> As of your October 2022 report, it seems that the city has reduced the
> original count of STR operations from more than 100 down to some 48 rather
> than the "complete list of all operators since 2017" (32 properties), that the
> city provided me back in October 2021 in my FOIA request. The 48 number
> seems at least fishy since one would assume that some of these additional
> operators would have been concerned enough about the activities and
> restrictions in the ordinance to have raised their personal concerns
> somewhere during the original ordinance discussions and/or before the
> Coastal Commission meetings. However, the only operators who've ever
> engaged in comments on this subject during its whole evolution were folks
> on the original list of 32 properties. Maybe the city is trying to keep a pool of
> additional grants to give out to their personal buddies (likely in the future)...
>
> Peter's original analysis stated that unregulated STR operations would have
> reasonably been expected to reach an equilibrium already. That makes
> complete sense, and maybe a better "compromise" would be to allow the
> current operators (in good standing) to continue and to allow future ones
> under the same conditions (no residency requirement) so long as the total

> doesn't exceed xxx% of the housing stock.
>
> Additionally, it would be useful for those operating and those making
> decisions to have a detailed list of "legitimate" formal complaints against the
> all the various STR properties in the city over some reasonable time period
> (say all of 2022). I know that the immediate neighbor I had, who complained
> loudly about nothing legitimate and sold his house and moved out in
> December of 2021, stopped complaining. Since his departure there have
> been no complaints (legitimate or otherwise) against operations at my
> property even though we had more hosted and unhosted guest nights in
> 2022 than ever before.
>
> Note: After reviewing the City's letter to Peter Benham at the Coastal
> Commission dated May 5, 2022, they provide a list of "Noticed Public
> Meetings", and indicated notifications via email for many things, however we
> never received any email about any of these meetings until we were notified
> in paper mail about the August 17, 2021 City Council Meeting to approve the
> developed ordinance. This lack of notice occurred even though my wife had
> explicitly contacted Joe Butcher in early 2021 via phone and provided her
> email and her willingness to participate in the evolving process of the
> ordinance development.

Rexing, Stephanie@Coastal

From: Sergey Savastiouk <savastuk@gmail.com>
Sent: Monday, March 6, 2023 12:01 PM
To: Rexing, Stephanie@Coastal
Cc: Carl, Dan@Coastal; Jeffrey chew
Subject: Re: STR in HMB related to the CCC hearing on Wed, March 8th, 2023

Follow Up Flag: Follow up
Flag Status: Flagged

Hi Dan and Stephanie, there is a growing concern among current STR operators about the list of 10 houses "grandfathered".

It is possible that the City of HMB made the proposal ambiguous enough to maneuver between numbers such as 10, 32, 50 active houses.

It is possible that the City of HMB will misuse its powers to make the fair cut.

It is becoming unclear how many active STR operators 10, 32 or 50.

- A. If it is 10 then why are working so hard to negotiate this change for so few houses?
- B. If it is 32 then who is going to make it to 10?
- C. If it is 50 then the City of HMB is totally confused or misleading us and the CCC.

Please include my comments into the discussion.

Regards,

Sergey Savastiouk

On Thu, Mar 2, 2023 at 4:07 PM Sergey Savastiouk <savastuk@gmail.com> wrote:

Hi Dan and Stephanie, Thank you for helping with finding the text.

The intro and other descriptions seem to be inconsistent with those amendments, such as 60 vs. 180 unhosted nights and 8 vs. 10 max people per dwelling. I hope that will not cause an issue with adopting the amendments as written.

Regards,

Sergey

On Thu, Mar 2, 2023 at 2:40 PM Rexing, Stephanie@Coastal <Stephanie.Rexing@coastal.ca.gov> wrote:

Hi Sergey,

Please try accessing the report at this link: <https://documents.coastal.ca.gov/reports/2023/3/W14b/W14b-3-2023-report.pdf>

Let me know if you have any more issues. Thanks!

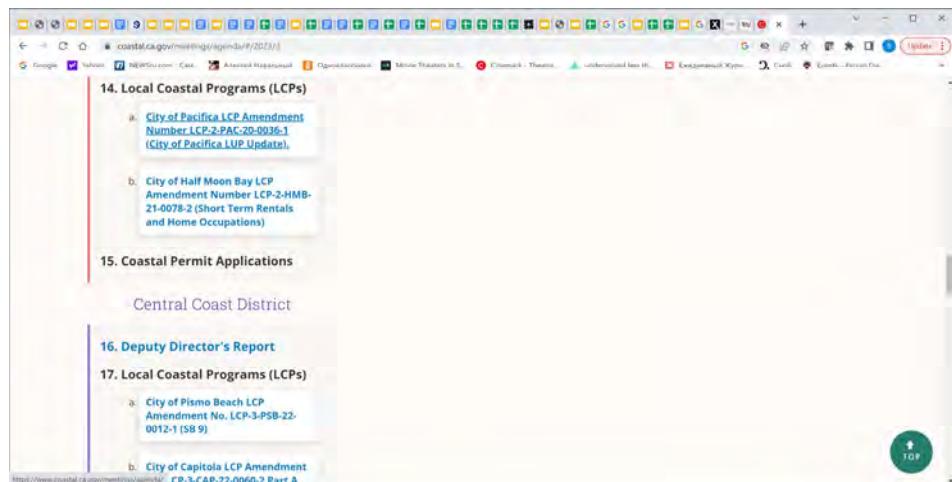
From: Sergey Savastiouk <savastuk@gmail.com>
Sent: Thursday, March 2, 2023 10:52 AM
To: Carl, Dan@Coastal <Dan.Carl@coastal.ca.gov>
Cc: Rexing, Stephanie@Coastal <Stephanie.Rexing@coastal.ca.gov>; Jeffrey chew <jchew888@gmail.com>
Subject: Re: STR in HMB

Hi Dan, I was not able to open the file related to HMB in the CCC website but I was able to open it for Pacifica.

Please see the attached file and let me know where we can see the proposal.

Regards,

Sergey



On Mon, Feb 13, 2023 at 3:36 PM Carl, Dan@Coastal <Dan.Carl@coastal.ca.gov> wrote:

Sergey, Peter no longer works for the CCC. This item may be on that agenda, but it has not been confirmed. Please send your address to make sure we can send you a hearing notice when this is agendized. And feel free to check in with Stephanie Rexing, copied here, for agenda status. Hope that helps...

From: Sergey Savastiouk <savastuk@gmail.com>
Date: Monday, February 13, 2023 at 12:40 PM
To: "Benham, Peter@Coastal" <peter.benham@coastal.ca.gov>

Cc: "Carl, Dan@Coastal" <Dan.Carl@coastal.ca.gov>

Subject: Re: STR in HMB

Hi Peter, I found out that the Coastal Commission would have its hearings in HMB, March 8-10.

Please let me know if the matter related to STRs in HMB will be on the agenda.

Regards,

Sergey Savatiouk

On Fri, Oct 21, 2022 at 10:38 AM Benham, Peter@Coastal <peter.benham@coastal.ca.gov> wrote:

Hi Sergey,

Thanks for reaching out. I would say a letter would be the best way to provide your position on STRs in HMB. If you send a letter we'll save it and include it in our correspondence package for the next time we go to hearing.

Thanks!

Peter Benham

North Central Coastal Planner

California Coastal Commission



From: Sergey Savastiouk <savastuk@gmail.com>

Sent: Thursday, October 20, 2022 2:42 PM

To: Carl, Dan@Coastal <Dan.Carl@coastal.ca.gov>; Benham, Peter@Coastal <peter.benham@coastal.ca.gov>

Subject: STR in HMB

Hello Dan and Petter, I have listened to the latest debate about STRs in HMB and would like to ask you what would be the best way to provide you with my position on this matter as a STR operator in HMB. I also know other STR operators who express serious concerns about the coming up restrictions.

I can give you a call or write you a letter with several points which seriously undermine the expected outcome of the imposed restrictions.

1. The Mayor of HMB and others never asked STR operators what they were going to do if the restrictions were severe. They never analized scenarios of any outcomes.
2. For instance, if the restrictions are severe then I will stop providing STRs and use this property as a vacation house. Talking to other STR operators I sense that a lot of them will do the same.
3. For instance, if a lot of STR operators will stop providing STRs then the middle class of America will not have access to Ritz-Carlton wedding opportunities because they will not be able afford a \$900 room for two people vs. a \$900 house for 8 people. The gap between rich and middle class will become wider.

This is a very short list of points I can write knowing that you will be entering into the negotiations with the City of HMB.

What are the deal breakers for us ?

1. Primary residence requirements,
2. Restrictions on number of days for STRs,
3. Permissions from neighbours.

If you think that my letter and letters of others will help you to understand our position then I will write you a comprehensive letter or we can talk on the phone.

STR operators are small business owners who serve primarily the middle class. All points made by Spanish speakers will not be solved by shutting down STRs.

Regards,

Sergey Savastiouk

408-499-7971

Rexing, Stephanie@Coastal

From: NorthCentralCoast@Coastal
Sent: Friday, March 3, 2023 10:40 AM
To: Rexing, Stephanie@Coastal
Subject: FW: City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Follow Up Flag: Follow up
Flag Status: Flagged

-----Original Message-----

From: Alan Seem <alan.seem@icloud.com>
Sent: Thursday, March 2, 2023 4:36 PM
To: NorthCentralCoast@Coastal <NorthCentralCoast@coastal.ca.gov>
Subject: Re: City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations)

Dear Commissioners of the California Coastal Commission:

I am writing in regard to City of Half Moon Bay LCP Amendment Number LCP-2-HMB-21-0078-2 (Short Term Rentals and Home Occupations).

As the owner and operator of a short-term rental (STR) property in Ocean Colony, Half Moon Bay, I would like to praise the Coastal Commission staff and the representatives from the City of Half Moon Bay for working out proposed amendments to the prior proposed short-term rental regulations in a manner that yielded recommendations from the Coastal Commission staff that are both reasonable and practical.

In particular:

- allowing existing registered STRs to be “grandfathered” with respect to the primary residence requirement appropriately takes into account both the small number of existing STRs and the expectations of those homeowners regarding the permitted use of the properties at the time they were acquired. Also, there is a clear track record of many properties being operated successfully as non-primary residences in a manner that serves and protects the interests of both the visitors and the surrounding neighbors.
- setting the maximum number of unhosted nights at 180 per year is a more practical number than the arbitrary number of 60 nights that was previously proposed and which would have unnecessarily and overly restricted the availability of crucial housing options for visitors to the coast
- removing the cap on the maximum number of occupants makes sense, particularly for properties with 5 full bedrooms (capping at 8 would have unnecessarily prevented the use of the fifth bedroom)
- similarly, tying the number of cars that may be parked to the number of bedrooms also makes sense, so long as there is adequate parking on premises or in nearby public parking areas

I truly hope the Commissioners will take advantage of all the hard work and careful considerations made by their staff members, and swiftly adopt the proposed amendments according to the staff's recommendations. It has been a long process, but I think the outcome as proposed is both fair and effective.

Sincerely,

Alan Seem

Rexing, Stephanie@Coastal

From: Suzan Suer <suersuzan@yahoo.com>
Sent: Friday, March 3, 2023 3:33 PM
To: Joe Butcher; Jill Ekas; mchidester@hmbcity.com; Benham, Peter@Coastal; Rexing, Stephanie@Coastal
Subject: Input into Half Moon Bay and Coastal Commission Short Term Rental Policies
Attachments: Photos of Life Across From a Short Term Rental 207 Washington Blvd.docx

Follow Up Flag: Follow up
Flag Status: Flagged

The purpose of this note is to provide my support for Half Moon Bay city proposals for short term rentals. Specifically I support the following:

- 1) Do not allow unhosted rentals for more than 180 days in a calendar year;
- 2) Take policy actions to preclude the purchase of short term rentals where the principal objective is investment/maximizing revenue and the owner has no interest in being involved in the community. Impose a residency or personal/vacation use requirement (it may be that a 180 day limit on unhosted rentals is sufficient to discourage this but my personal experience is that this will not preclude weekend and summertime rentals which are the most lucrative. I do appreciate there needs to be some consideration made toward existing owners; and
- 3) Impose limits on number of occupants per bedroom and per home; and
- 4) Require short term rental owners to provide adequate onsite parking and/or limit the number of visitors.

Personally I would prefer to see a requirement for beach neighborhood rentals be 30 days or longer but I do not think that is being considered. Our neighborhood really acts like a neighborhood. We all know each other and look after each other. I would prefer longer term tenants rather than a revolving door of one to three day visitors who have no stake in the neighborhood.

Need for attention to preserve neighborhood quality of life. I understand and support efforts to make public beach access a priority. However, as someone who lives directly across from a large short term rental (STR) owned by a non-local property investor whose focus is on maximizing revenue rather than being part of the community, I ask you to do more to balance beach access with other important state and local priorities. I specifically ask that you:

- 1) protect and preserve neighborhood character and quality of life (in the words of the city of Laguna beach, avoid "commercial 'touristification' in our neighborhoods"
- 2) increase access to rentals to address the California housing shortage (consistent with the aims of SB 9);
- 3) prioritize resident over investor considerations; and
- 4) minimize detrimental impacts of STRs; and 5) ensuring consistency of STR guidelines.

My personal experience is that short term rentals are negatively disruptive to the quality of neighborhood

life. The owner of the property across the street has a single family residence that has been divided and rented out as two rental units (or sometimes as a combined unit). The owner is an investor and the property is managed by a third party -- and is run commercially like a two-unit hotel. Since it is a five-bedroom home it is marketed as accommodating up to 15 people and rents out for as much as \$2,000 or more per day in high season -- certainly people who could otherwise afford a hotel. This most commonly attracts large groups, with a typical rental bringing four to eight cars. While many of the short term renters are respectful, we also see many large disruptive parties (e.g., bachelor parties) and corporate events. We have reported issues with noise and trash on numerous occasions. The police have been called to the property on more than one occasion. We wonder if the deck is safe enough to support 20 or more people partying on it. I believe the property has been fined for multiple violations but they just pay the fines and continue to operate this as a business.

I attach a few pictures of what our household routinely experiences. I ask you to take a look, and ask yourself the question "how would I like living across the street from this?" I respectfully ask you to think about what you think is reasonable for neighbors to have to live with and then think about how this should translate to short term policy rental guidelines.

Thank you for the opportunity to provide input.

Suzan Suer
206 Washintgton Blvd
Half Moon Bay, California 94019

**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**

Typical STR Car Parking Scenarios



**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**

Big Party Car Parking Scenarios



**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**

Big Party Car Parking Scenarios (continued)



Bachelorette Party



**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**

Wedding Event



Big Thanksgiving Party



20 person+ Yoga Retreat (during the pandemic!)



Bachelor Party



**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**

Trash Piling Up After Large Events



Inconsiderate Occupants – light shining in our living room (a frequent occurrence)



**Exhibits: Photos of life across the street from a short term rental in a beach neighborhood
(207 Washington Blvd Half Moon Bay CA 94019)**