

CALIFORNIA COASTAL COMMISSION

NORTH CENTRAL COAST DISTRICT
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W14b

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

EX PARTE

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Carole Groom

1) Name or description of project: Half Moon Bay Short Term Rental Ordinance

2) Date and time of receipt of communication: August 30, 2022 1at 2:00 p.m.

3) Location of communication: Via Zoom

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Deborah Penrose,

5) Identity of person(s) on whose behalf communication was made: City of Half Moon Bay

6) Identity of persons(s) receiving communication: Carole Groom, Gina Quiney

7) Identity of all person(s) present during the communication: Carole Groom, Gina Quiney, Debbie Ruddock, Deborah Penrose, Jill Ekas

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

The representatives from the city of Half Moon Bay indicated that they have had a positive experience working with Coastal Commission staff, but they are not in favor of allowing an unlimited number of short term rentals (STRs) that are not "unhosted." They indicated that they are willing to be flexible and grandfather in existing STRs and allow for unlimited "hosted" STRs.

August 31, 2022

Date

Carole Groom

Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

EX PARTE COMMUNICATION DISCLOSURE FORM

Filed by Commissioner: Roberto Uranga

1) Name or description of project: Half Moon Bay LCP-2HMB-21-0078, w14b

2) Date and time of receipt of communication: 3/2/2023 2:30PM

3) Location of communication: Zoom

(If not in person, include the means of communication, e.g., telephone, e-mail, etc.)

4) Identity of person(s) initiating communication: Alison Kirste, Policy Analyst

5) Identity of person(s) on whose behalf communication was made: Better Neighbors
Los Angeles

6) Identity of persons(s) receiving communication: Roberto Uranga, Sean Bernhoft

7) Identity of all person(s) present during the communication: Uranga, Bernhoft,
Allison Kirste, Tori Funk, Becca Ayala, Melanie Luthern

Complete, comprehensive description of communication content (attach complete set of any text or graphic material presented):

Better Neighbors described their support for the City of Half Moon Bay's Proposed
compromise with the CCC, which leaves the primary residence requirement in place,
allows for unlimited hosted STRs, and limits unhosted STRs to 12 nights/year.

Better neighbors shared that they believe staff report does not assess whether STRs provide affordable access,

Better Neighbors presented data that suggests STRs are not affordable.

Better Neighbors believes hosted STRs better serve residents and coastal access,
but Better neighbors is supportive of the City's compromise proposal.

3/2/2023

Date


Signature of Commissioner

TIMING FOR FILING OF DISCLOSURE FORM: File this form with the Executive Director within seven (7) days of the ex parte communication, if the communication occurred seven or more days in advance of the Commission hearing on the item that was the subject of the communication. If the communication occurred within seven (7) days of the hearing, provide the information orally on the record of the proceeding and provide the Executive Director with a copy of any written material that was part of the communication. This form may be filed with the Executive Director in addition to the oral disclosure.

Rexing, Stephanie@Coastal

From: ExecutiveStaff@Coastal
Sent: Tuesday, February 28, 2023 11:23 AM
To: NorthCentralCoast@Coastal
Subject: FW: Request for non ex parte meeting
Attachments: BNLA HMB Memo.pdf; 20221010 HMB BNLA L11 Comment.pdf

Follow Up Flag: Follow up
Flag Status: Completed

fyi

From: Wilson, Mike <Mike.Wilson@co.humboldt.ca.us>
Sent: Monday, February 27, 2023 11:48 PM
To: Melanie Luthern <ml@ssdslaw.com>
Cc: Randy Renick <rrr@betterneighborsla.org>; Nancy Hanna <nhanna@betterneighborsla.org>; Tori Funk <tfunk@betterneighborsla.org>; Allison Kirste <akirste@betterneighborsla.org>; Hayes, Kathy <KHayes@co.humboldt.ca.us>; ExecutiveStaff@Coastal <ExecutiveStaff@coastal.ca.gov>
Subject: Re: Request for non ex parte meeting

Thanks for the meeting today about short term rental policy. I just wanted to go on the record for staff (cc:ed) that we did not discuss any specific item related to any upcoming agenda.

With respect,

Mike Wilson P.E.
Humboldt County Supervisor, District 3
707.476.2393

Sent from my iPad

On Feb 24, 2023, at 10:30 AM, Melanie Luthern <ml@ssdslaw.com> wrote:

Caution: This email was sent from an EXTERNAL source. Please take care when clicking links or opening attachments.

Dear Supervisor Wilson,

Since reaching out to you for a non-ex parte meeting, the Half Moon Bay STR Ordinance was put on the agenda for the March meeting. That said, our call on Monday will veer into ex parte territory. It is my understanding that you accept ex partes, but we wanted to be transparent with you. We will gladly fill out the ex parte form and send it to your office after the meeting.

I've attached BNLA's October 2022 comment letter on the Half Moon Bay STR LCP Amendment as well as some research that Better Neighbors put together concerning STRs in Half Moon Bay.

Best regards,

Melanie

From: Wilson, Mike <Mike.Wilson@co.humboldt.ca.us>

Sent: Sunday, February 5, 2023 1:38 PM

To: Melanie Luthern <ml@ssdslaw.com>

Cc: Randy Renick <rrr@betterneighborsla.org>; Nancy Hanna <nhanna@betterneighborsla.org>; Tori Funk <tfunk@betterneighborsla.org>; Allison Kirste <akirste@betterneighborsla.org>; Hayes, Kathy <KHayes@co.humboldt.ca.us>

Subject: Re: Request for non ex parte meeting

I think we now realize that meetings being set up in the county system using my coastal email address were not showing up in my calendar. Not sure when that started, but I have switched to my county email to reschedule.

M

Mike Wilson P.E.
Humboldt County Supervisor, District 3
707.476.2393

Sent from my iPad

On Jan 23, 2023, at 6:01 PM, Wilson, Mike@Coastal <mike.wilson@coastal.ca.gov> wrote:

I very much apologize but somehow this did not make it into my calendar and I was out all day in meetings.

Kathy from my office can assist with rescheduling.

M

Mike Wilson P.E.
Commissioner

Sent from my iPad

On Jan 23, 2023, at 12:14 PM, Melanie Luthern <ml@ssdslaw.com> wrote:

Dear Commissioner Wilson,

Better Neighbors LA looks forward to meeting with you today at 3 p.m. We are forwarding you a past comment letter from the December meeting about STRs in Trinidad, which may be instructive during the call.

Best regards,

Melanie

From: Wilson, Mike@Coastal <mike.wilson@coastal.ca.gov>
Sent: Sunday, January 8, 2023 9:36 AM
To: Melanie Luthern <ml@ssdslaw.com>
Cc: Randy Renick <rrr@betterneighborsla.org>; Nancy Hanna <nhanna@betterneighborsla.org>; Tori Funk <tfunk@betterneighborsla.org>; Allison Kirste <akirste@betterneighborsla.org>; Hayes, Kathy <KHayes@co.humboldt.ca.us>
Subject: Re: Request for non ex parte meeting

Kathy from my office can help set up a time to discuss.

With respect,

Mike Wilson P.E.
Humboldt County Supervisor, District 3

On Jan 5, 2023, at 4:22 PM, Melanie Luthern <ml@ssdslaw.com> wrote:

Dear Commissioner Wilson,

I am writing on behalf of Better Neighbors LA. Better Neighbors LA is a coalition of Southern California hosts, tenants, housing activists, hotel workers, and community members whose mission is to support enforcement of Los Angeles' Home Sharing Ordinance, conduct research on short-term rental industry, and its impact on affordable housing and gentrification in Los Angeles as well as in the Coastal Zone.

Representatives of the group would like to meet Coastal Commissioners to introduce themselves and to discuss the Organization's work performing enforcement activities in the City of Los Angeles and conducting research on STRs. We do not wish to communicate regarding a specific application or agenda item pending before the Commission. We are hoping to meet sometime in January when there is no meeting scheduled.

If you're available, please let us know a few times that work for you.

Best regards,

Melanie

Melanie Luthern Allen
Schwartz, Steinsapir, Dohrmann & Sommers LLP
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Los Angeles, California 90048-5268
Phone (323) 655-4700
Fax (323) 655-4488
ml@ssdslaw.com

<20221214 Trinidad BNLA Cmt Ltr 25225.pdf>



October 13, 2022

VIA U.S. MAIL AND EMAIL

California Coastal Commission
King Gillette Ranch 26800
Mulholland Hwy
Calabasas, CA 91302
Executive Staff@coastal.ca.gov

**Re: Half Moon Bay Local Coastal Program (LCP)
Amendment LCP-2-HMB-21-0078-2**

Dear Commissioners of the California Coastal Commission,

The City of Half Moon Bay seeks to amend its Local Coastal Program (“LCP”) through Amendment LCP-2-HMB-21-0078-2 (the “Half Moon Bay Amendment”). The Half Moon Bay Amendment proposes common-sense short-term rental (“STR”) regulations that preserve housing for local residents while also fostering affordable tourist accommodations and coastal access. In this case, the subject city provides a wealth of existing tourist accommodations, which makes the provision of expensive, unhosted STRs unnecessary and potentially threatening to the existing housing stock and existing legitimate, lower-costs accommodations. Better Neighbors LA (BNLA) and Unite HERE Local 11 (“Local 11”) support the Half Moon Bay Amendment and recommend the Coastal Commission accept it without modification.

BNLA is an advocacy organization which monitors the regulation of STRs throughout California. Our organization also operates a public hotline through which we learn of the impact of STRs on local communities. Local 11 represents 30,000 hotel and airport workers across Southern California and Arizona.

BNLA and Local 11 have partnered to express their unified support for STR regulations which strike a balance between protecting local housing stock and communities while also providing affordable access to the coastal zone. It is our position that the best way to accommodate these interests is to require STRs to be hosted.

Hosting requirements are an important aspect of STR regulations. STR hosting requirements create sustainable affordable accommodations for tourists while preserving residential areas, improving safety, and protecting housing. In addition, STRs supervised through on-site hosts avoid increases in local nuisance and crime which are often reported at unsupervised rentals.

Host requirements are one of the only tools available to the Coastal Commission to ensure that tourist accommodations in the coastal zone remain affordable. Hosted STRs are consistently the most affordable STRs. Together, BNLA and Local 11 have supported hosting requirements in Malibu, Long Beach and Dana Point. Indeed, the Coastal Commission has itself historically endorsed on-site supervision of STRs and suggested municipalities consider adopting them. The reason is because unhosted STRs tend to draw investors and commercial operators that charge much more than genuine home-shares. In several cases, including Laguna Beach and most recently, in Malibu, we have provided data that demonstrates that unhosted STRs are some of the most expensive accommodations, reserved for only the wealthiest travelers. Hosted STRs, however, are operated by local residents, are more welcoming of families, and cost much less than unsupervised stays.

The staff report makes no mention of the fact that Half Moon Bay has a wealth of existing tourist accommodations by which to allow coastal access to visitors. There are an estimated 897 hotel rooms and campsites in Half Moon Bay, and a total of about 4,682 housing units overall. Tourist accommodations, therefore, even without STRs, represent a full 20% of all residences. This density of tourist accommodations is much more generous than other coastal cities. For example, Long Beach's tourist accommodations represents 7.6% of all housing units; tourist accommodations in Malibu represent 4.5% of its residential housing; and tourist accommodations in Laguna Beach are 10% of its housing units. Half Moon Bay has established tourist accommodations at more than double the rate of most other coastal cities. Because Half Moon Bay is rife with abundant and readily available tourist accommodations, there is no need to prioritize expanding the market to include unlimited unhosted STRs at the cost of safety and quality of life concerns.

The Half Moon Bay Amendment allows for unlimited hosted STRs without a cap on the number of nights they may rent to tourists. The hosting requirement, therefore, encourages the continued operation and further development of affordable tourist accommodations along the coast. It encourages local residents to benefit from home-sharing while dissuading investors that remove housing from the market that should be available to local residents and their families. The Coastal Commission should approve the Half Moon Bay Amendment's hosting requirement.

The Half Moon Bay Amendment also requires that STRs be limited to the host's primary residence. Such Primary Residence Requirements ensure that STRs are operated as true home-shares and not as residential housing left otherwise vacant. Another benefit of primary residence requirement is that it encourages oversight, responsible supervision, and maintenance of the STR properties. Primary residence STRs are less likely to be left largely vacant or unsupervised and so maintain the quality of such accommodations for visitors and surrounding neighbors alike.

In addition, Primary Residence Requirements serve to protect housing for local residents. STRs that do not serve as a primary residence are housing units that are purchased and maintained for sole use as temporary accommodations. Half Moon Bay and many California coastal areas struggle with an on-going and deteriorating housing crisis and increasing

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homelessness populations. Half Moon Bay's regulation to require STRs in primary residences is responsible and reasonable and should be approved by the Coastal Commission.

The Half Moon Bay Amendment also provides for caps on the number of guests and cars at each STR. These regulations provide important safeguards for surrounding communities. One of the most common hotline complaints BNLA receives from neighbors are reports of nuisance and parking hoarding. Neighbors often complain of overcrowded, loud, and unsupervised STRs that overtake street parking. Addressing issues of nuisance and safety is imperative to assuaging neighborhood concerns and garnering support for STRs. Local communities must mitigate the negative impact of STRs on the surrounding communities' quality of life in order to better integrate STRs and to make them more tenable for the long-term.

The Half Moon Bay Amendment proposes regulations which address the concerns of both STR operators and their surrounding communities. It allows for unlimited hosted STRs, the most affordable STRs available to tourists, to operate year-round. At the same time, it protects local housing and communities by prohibiting units from being taken off the market and addressing nuisance and safety concerns. This amendment strikes a well-considered balance and should be approved by the California Coastal Commission without modification.

Sincerely,

/s/ Randy Renick

Better Neighbors LA

Sincerely,

/s/ Danielle Wilson

Unite HERE Local 11

To: Dr. Kate Huckelbridge, Executive Director, California Coastal Commission

From: Tori Funk, Research Analyst, Better Neighbors LA

Re: An analysis of the affordability of STRs and their impact on housing stock and costs in the City of Half Moon Bay (“HMB”)

Size of STR Market in the City of Half Moon Bay:

- o Number of STRs reported by City of HMB: 48 STRs (1.02% of HMB’s housing supply).
- o BNLA’s Airbnb web scrape in December 2022: 43 STRs (.91% of HMB’s housing supply).
- o AirDNA (includes Airbnb and Vrbo): 83 STRs (1.7% of HMB’s housing supply).ⁱ

Cost of STRs in the City of Half Moon Bay:

The following data derives from a web scrape of Airbnb and Expedia.com conducted by BNLA in December 2022.

- o Average STR price per night without fees: \$332
- o Average STR price per night with fees: \$464
 - 39 whole home listings, 4 private room listings
 - Average monthly occupancy: 13 nights
 - Average monthly revenue with fees: \$5,013.46
- o Average hotel price per night: \$288

Impact of STRs on Housing Stock and Costs:

- o The rental housing vacancy rate in Half Moon Bay is 1.7%.ⁱⁱ
- o Since the City has a zero-vacancy rate, a reduction in housing supply will increase rents, because neither the private nor public sector can quickly replace the housing lost to STR conversion.
- o Thus, the removal of 1.7% of HMB’s housing stock (using AirDNA’s estimate of 83 listings) due to STR conversion constitutes a supply shock. The price effect of a supply shock could also be compounded by annual increases in residential demand.
- o Under a simple economic model holding the demand for rental housing constant against a relatively flat supply curve that has a price-elasticity coefficient of 0.3600, each 1% decrease in supply would lead to a 0.36% rent increase.ⁱⁱⁱ
- o Accordingly, the median monthly rent in Half Moon Bay, \$1,946, could increase by an additional \$11.90 a month or \$142.80 a year due to the reduction in STR supply alone.^{iv}

o 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: 83	1.7%	\$11.90	\$142.80	\$714
HMB: 48	1.02%	\$8.40	\$100.80	\$504
BNLA: 43	.91%	\$6.36	\$76.36	\$381.80

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

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

ⁱⁱⁱ 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.

^{iv} https://www.rate.com/research/half_moon_bay-ca-94019#population