

CALIFORNIA COASTAL COMMISSION

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**LCP-5-NPB-24-0004-1
(CITY OF NEWPORT BEACH)**

May 6, 2024

CORRESPONDENCE

Better Neighbors LA.....2



May 2, 2024

California Coastal Commission
455 Market Street, Suite 300
San Francisco, CA 94105
SOUTHCOAST@COASTAL.CA.GOV
VIA EMAIL

RE: City of Newport Beach LCP-5-NPB-24-0004-1 (Parts A, B, and C) – PART A – NEUTRAL

Dear Honorable Chair Hart and Commissioners,

Better Neighbors Los Angeles 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 short-term rental policies that foster true home-sharing in hosted only short-term rentals, including relatively recent California Coastal Commission (“CCC”) decisions on Local Coastal Program Amendments (“LCPAs”) regulating short-term rentals (“STRs”). We would like to express our concern regarding Part A of the proposed City of Newport Beach LCP-5-NPB-24-0004-1, particularly regarding corporate ownership of short-term rentals. While we have no position on the request for the time extension, the Commission should provide more concrete direction to jurisdictions contemplating revising current STR regulations. Such direction should direct jurisdictions to ensure that STRs provide affordable overnight accommodations while protecting vulnerable housing stock.

Newport Beach STRs Represent 6.9% of Housing Stock

According to the City of Newport Beach Short Term Lodging Dashboard, there are approximately 1,489 short-term rental permits within the Coastal Zone, and approximately 54 permits for properties outside the Coastal Zone.¹ However, it is important to note that as of November 2023, there were 546 applications for permits citywide on the waiting list.² The current total of STRs represents roughly 6.9% of housing stock within the Coastal Zone.³ To put

¹ <https://nbgis.newportbeachca.gov/gispub/Dashboards/ShortTermLodgingDash.htm>

² City of Newport Beach Ordinance No. 2023-23 and Resolution No. 2023-83: Newport Beach Municipal Code and Local Coastal Program Amendments Related to Short Term Lodging (PA2023-0116), page 3:
<https://ecms.newportbeachca.gov/WEB/DocView.aspx?id=2929979&dbid=0&repo=CNB>

³ Data on file with BNLA and based on a forthcoming report by Nicholas DiRago, University of California, Los Angeles.

this in perspective, Newport Beach has by far the highest number of unhosted short-term rentals within Orange County, and second only to the City of San Diego statewide.⁴ While the staff recommendation for this item is to approve a time extension, staff should nonetheless provide the Commission with more robust information regarding the current state of the short-term rental market and all policy details included within the proposed LCPA. The staff recommendation should also provide direction to Newport Beach on whether the proposed LCPA is in line with the housing policy goals articulated by the Commission. This additional information will provide the Commission with a more comprehensive understanding of what policy work is being undertaken during the time extension and will also provide guidance to municipalities on what STR policies are acceptable to the Commission.

Staff Report Omits Key Provision on Corporate Ownership

The City of Newport Beach Local Coastal Plan Amendment No. PA2023-0116 passed on November 28, 2023 includes a provision that requires the property owner of a short-term rental within the Mixed-Use Water and Mixed-Use Cannery Village and 15th Street zoning districts to own at least 20 or more units within the same statistical area:

Only a property owner that owns twenty (20) or more units under common ownership within the same Statistical Area as defined by the Land Use Element of the General Plan shall be eligible to obtain a short term lodging permit(s) in the MU-W2 and/or MU-CV/15th St. districts. The eligible units may be located upon one (1) or more separate parcels or properties provided they cumulatively add up to twenty (20) or more units, and all units are located within the MU-W2 and/or MU-CV/15th St. districts. Common ownership means the same person, entity or managing partner holds legal and/or equitable title to no less than fifty percent (50%) of each property or entity.⁵

This requirement further entrenches the corporatization of STRs while threatening multi-family housing. It is very likely that only large landlords will qualify for these permits. By granting a time extension without more guidance on the underlying LCPA, the Commission is losing an opportunity to make clear its position on protecting vulnerable rental housing in the Coastal Zone.

Utilize Better Neighbor's Guiding Principles for Short-Term Rental LCPAs

In December 2023, Better Neighbors submitted to the Commission a set of guiding principles for staff to consider when analyzing proposed STR LCPAs that balance the need to safeguard coastal public access and affordable housing. Within the context of the City of

⁴ Data on file with BNLA and based on a forthcoming report by Nicholas DiRago, University of California, Los Angeles.

⁵ City of Newport Beach Ordinance No. 2023-23 and Resolution No. 2023-83: Newport Beach Municipal Code and Local Coastal Program Amendments Related to Short Term Lodging (PA2023-0116), page 36: <https://ecms.newportbeachca.gov/WEB/DocView.aspx?id=2929979&dbid=0&repo=CNB>

Newport Beach, the Commission should direct staff to take LCP-5-NPB-24-0004-1 Part A as an opportunity to examine the current status of the short-term rental industry in Newport Beach. Specifically, we recommend staff work with the City to collect data on all types of existing overnight accommodations to determine whether the current cap of 1,550 STRs is overburdensome, as outlined in our “Overnight Accommodations Needs Assessment Principle.”⁶ Additionally, the Commission should direct staff to work with the City to determine whether the proposed 75 short-term rentals within the MU-W2 and MU-CV/15th St would actually accommodate larger groups at a lower cost as the Commission has cited in the past when considering STR LCPAs. Units in mixed-use areas are often more affordable housing options when compared to single-family homes in residential areas. Thus, the removal of these multi-family units may result in a net loss of otherwise existing affordable housing options.

Conclusion

While it is admirable that the City of Newport Beach is attempting to decrease the number of STRs within residential districts, more consideration of the policy details is essential to prevent the loss of housing stock. Better Neighbors encourages the Commission to direct staff to use LCP-5-NPB-24-0004-1 Part A as an opportunity to provide specific guidance to jurisdictions about ensuring that STRs provide affordable coastal access while also preserving multifamily housing in the Coastal Zone. Should you have any questions or would like to receive additional information, please contact Becca Ayala at rebecca@betterneighborsla.org.

Sincerely,

/s/

Randy Renick

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