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STAFF REPORT: REGULAR CALENDAR

Application No.: 5-23-0482

Applicant: City of Seal Beach

Project Location: City of Seal Beach Coastal Zone, Orange County

Project Description: Implementation of a Short-Term Rental Program in the residentially zoned areas located within the City's Coastal Zone.

Staff Recommendation: Approval with conditions.

SUMMARY OF STAFF RECOMMENDATION

The City of Seal Beach is seeking a Coastal Development Permit to implement regulations and standards for the operation of Short-Term Rentals (STRs) in the residentially zoned areas within the Coastal Zone. STRs, as defined in City Ordinance 1701, are: "A single residential dwelling unit, or portion thereof, that is offered or provided to paying guests by an STR owner for twenty-nine (29) or fewer consecutive nights." The term 'Short-Term Rental' shall not include hotels, motels, inns, or bed and breakfast inns." The STR Program would regulate STRs in all residential zoned areas of the City's Coastal Zone.¹ The City's proposed STR Program is found within the City's Ordinance 1701 ([Exhibit No. 2](#)). The proposed Short-Term Rental Program establishes regulations, standards, and a permitting process governing the renting of privately

¹ The City has indicated that there are no current plans to take action on establishment of an STR program for the areas outside the Coastal Zone.

owned, visitor-serving, residential dwelling units on a short-term basis. Important elements of the program include:

1. The STR, which must be a legally permitted dwelling unit, must be located within the Coastal Zone and must obtain an STR permit (only 47 total permits available based on current number of residences).
2. The total number of permitted STR units shall not exceed one percent of the total number of residential units in the Coastal Zone.
3. The dwelling unit used as an STR cannot be a deed-restricted affordable housing unit, in a group residence as defined by Section 11.6.05.010 of the Seal Beach Municipal Code or accessory dwelling units built after January 1, 2020, or junior accessory dwelling units.
4. STR Permits shall be issued on a lottery basis to eligible applicants; no more than one permit shall be given to any person, group or entity.
5. No more than one STR permit shall be issued per property except in multi-family single lot subdivisions. Properties with up to 15 units will be allowed one STR permit; properties with 16 or more units will be allowed up to four STR permits.
6. The Ordinance does not differentiate between hosted and un-hosted rentals, whole home and partial home rentals, or seasonal and year-round rentals. All permits are the same, and the permit holder may use it in the manner of their choosing as long as operational conditions are met.
7. STR permits do not run with the land and must be renewed annually. If a permit is not renewed, it becomes available for another dwelling unit to obtain. Upon sale of a property with an STR permit, the permit becomes invalid for that property and available for another unit to obtain.
8. The Owner shall ensure that the occupants and/or Guests of the STR do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of any Federal, State, or Local law pertaining to noise, disposal of waste, disorderly conduct, the consumption of alcohol, or the use of illegal drugs.

The City of Seal Beach does not have a certified Local Coastal Program, although it is currently working with Commission staff on a new LCP. Thus, the current standard of review for the proposed development is the Chapter 3 policies of the Coastal Act.

The Coastal Act's policies protect and prioritize lower-cost visitor and recreational facilities and require that public coastal access be maximized. The Commission has found that visitor-serving overnight accommodation uses, including STR units, help maximize the opportunities provided for the public to access the coast. STR units can increase public coastal access by providing more options for overnight accommodations in the Coastal Zone for visitors and by including more of those accommodations in areas where residential communities are directly adjacent to the shoreline. At the same time, the Commission has recognized legitimate concerns over potential adverse impacts associated with STRs with respect to community character (including housing stock and affordability) and public coastal access (including parking and affordable housing).

Typically, STR regulations are contemplated by the Commission within the context of a jurisdiction's Local Coastal Program (LCP). However, the City of Seal Beach does not have a certified LCP and, thus, the City is seeking a CDP to establish a Short-Term Rental Program. The Commission has approved two STR programs via a CDP one similarly for a City without a certified LCP (Torrance) and one for a City with an LCP (Dana Point).²

The City of Seal Beach's proposed STR Program seeks to strike a balance between providing visitor-serving overnight accommodations and maintaining long-term housing, which is in short supply in Seal Beach and statewide. STRs increase the range of visitor-serving overnight accommodation options available to coastal visitors. Visitor-serving accommodations, including overnight accommodations, are a high priority use under the Coastal Act because they allow for enhanced public access and visitor serving opportunities. The City has provided information to show that continuation of STRs in the Coastal Zone would not detract from the existing two hotels in the Coastal Zone and would additionally maintain and enhance the availability of overnight accommodations, including potential lower cost STRs.

As residential housing also contributes to community character, and affordable housing in particular, facilitates access to the coast by populations that have historically been excluded from living there, the ordinance also restricts STRs in certain circumstances including prohibiting STRs at deed restricted affordable units and accessory dwelling units. Additionally, the ordinance prohibits an owner (including any member of a group or entity) from being granted a permit for more than one STR with the City, and no more than one STR shall be issued per property except in multi-family single lot subdivisions, such as condominiums or townhomes (one STR permit per fifteen units per property and four STR permits per sixteen units per property). Further, the City's proposed STR Program has a cap that the total number of permitted STRs shall not exceed one percent of the residential units in the Coastal Zone. The City does not have organized historical records of the number of STRs that have existed in the City, but it has managed to uncover that between 14 and 25 STRs have existed since 2009. While the one percent cap (47 permits based on recent housing data) is an increase in the potential number of permitted STRs, this figure is comparable to the permitted ratios found in other nearby cities, such as Laguna Beach (1.5%), San Diego (1.0%) and Long Beach (1.6%). Thus, as proposed, public access would be protected and significant impacts to residential character are not anticipated and the City does not believe the subject STR program will affect its ability to meet regional housing needs.

Regarding the proposed prohibition of STRs in communities where any legal Homeowners Association Conditions, Covenants, and Restrictions ("CC&Rs") prohibit STRs, for such prohibitions to be legal, they must have been established prior to enactment of the Coastal Act or authorized through a CDP. Thus, to ensure that the City and HOAs comply with all legal requirements, Commission staff suggests that the

² [CDP 5-20-0031](#) (City of Torrance) approved by the Commission in December 2020; [A-5-DPT-22-0038](#) (City of Dana Point) approved by the Commission in November 2022.

Commission impose **Special Condition No. 1**, which requires the property owner to ensure the legality of HOA bans or restrictions on STRs.

Another concern with the proposed STR program is that future changes to the City's proposed STR Program may lead to adverse impacts on visitor-serving overnight accommodations, including potential lower cost accommodations. Thus, Commission staff suggests that the Commission impose **Special Condition No. 2**, which requires the City to submit any changes to the Program for review by the Executive Director to determine whether a CDP amendment is required. To further assess if the proposed STR Program adversely impacts coastal resources, the Commission imposes **Special Condition No. 3**, which requires the applicant to study and assess whether the STR Program would have any adverse impacts on lower cost overnight accommodations within the Seal Beach Coastal Zone over a six-year period, and should the results suggest there are adverse impacts, may trigger the need for a CDP amendment.

Therefore, Staff recommends **APPROVAL** of the proposed project with **THREE** special conditions.

As conditioned, the proposed project conforms with Chapter 3 of the Coastal Act, which is the standard of review because the City of Seal Beach does not have a certified Local Coastal Program. The motion to approve the CDP application is on **Page Six**. The special conditions begin on **Page Seven**.

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EXHIBITS

[Exhibit No. 1 – Project Location/City of Seal Beach Coastal Zone Boundary Map](#)

[Exhibit No. 2 – Ordinance 1701](#)

[Exhibit No. 3 – Rubric for 6-Year Study](#)

I. MOTION AND RESOLUTION

Motion:

I move that the Commission **approve** Coastal Development Permit No. 5-23-0482 pursuant to the staff recommendation.

Staff recommends a **YES** vote on the foregoing motion. Passage of this motion will result in approval of the permit as conditioned and adoption of the following resolution and findings. The motion passes only by affirmative vote of a majority of Commissioners present.

Resolution:

The Commission hereby approves the Coastal Development Permit for the proposed project and adopts the findings set forth below on grounds that the development as conditioned will be in conformity with the policies of Chapter 3 of the Coastal Act. Approval of the permit complies with the California Environmental Quality Act because either 1) feasible mitigation measures and/or alternatives have been incorporated to substantially lessen any significant adverse effects of the development on the environment, or 2) there are no further feasible mitigation measures or alternatives that would substantially lessen any significant adverse impacts of the development on the environment.

II. STANDARD CONDITIONS

- 1. Notice of Receipt and Acknowledgment.** The permit is not valid and development shall not commence until a copy of the permit, signed by the applicant or authorized agent, acknowledging receipt of the permit and acceptance of the terms and conditions, is returned to the Commission office.
- 2. Expiration.** If development has not commenced, the permit will expire two years from the date on which the Commission voted on the application. Development shall be pursued in a diligent manner and completed in a reasonable period of time. Application for extension of the permit must be made prior to the expiration date.
- 3. Interpretation.** Any questions of intent or interpretation of any condition will be resolved by the Executive Director or the Commission.
- 4. Assignment.** The permit may be assigned to any qualified person, provided assignee files with the Commission an affidavit accepting all terms and conditions of the permit.
- 5. Terms and Conditions Run with the Land.** These terms and conditions shall be perpetual, and it is the intention of the Commission and the applicant to bind all future owners and possessors of the subject property to the terms and conditions.

III. SPECIAL CONDITIONS

1. **Homeowners Association (HOA).** The Property Owner (or Agent if applicable) shall provide proof that the STR to which the Short-Term Rental Program Permit applies is not legally prohibited by any legal Homeowners Association Conditions, Covenants, and Restrictions ("CC&Rs") or any other legal community standards/guidelines applicable to the parcel where the Dwelling to be used as an STR is located.
2. **Future Changes to Short-Term Rental Regulations.** This permit is only for the Short-Term Rental (STR) Program described in CDP Application No. 5-23-0482, as conditioned herein. Any changes to the aforementioned Program shall be submitted for review by the Executive Director to determine whether an amendment to this coastal development permit is necessary pursuant to the requirements of the Coastal Act and the California Code of Regulations. If the Executive Director determines that an amendment is necessary, no changes shall be made effective until a permit amendment is approved by the Commission and issued by the Executive Director.
3. **Short-Term Rental (STR) Program Study.** BY ACCEPTANCE OF THIS COASTAL DEVELOPMENT PERMIT, the applicant agrees that it shall undertake the study as described in the rubric that is enclosed as [Exhibit No. 3](#) for the duration of six (6) years. The study shall monitor various elements of the STR Program, provide quantitative and qualitative data and trends for the 6-year period, and make recommendations for any appropriate changes to the Program.

Any proposed changes to the approved rubric shall be reported to the Executive Director. No changes to the rubric shall occur without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

Following the 6-year period, the applicant shall submit the results of the study and any recommended changes for review and written approval of the Executive Director. If, based on the results of the study, which shall be reported out to the Commission at a scheduled public hearing, the Executive Director determines that adverse significant impacts to public access or community character are occurring as a result of the STR program, and/or the City determines that significant impacts to housing stock in the Seal Beach Coastal Zone are occurring as a result of the STR program, the City shall seek an amendment from the Commission to revise the STR program to address these issues. No changes to the STR program shall occur without a Coastal Commission approved amendment to this coastal development permit unless the Executive Director determines that no amendment is legally required.

IV. FINDINGS AND DECLARATIONS

A. Project Description and Background

Project Description

The City of Seal Beach has proposed a Short-Term Rental (STR) Program to implement regulations and standards for the operation of Short-Term Rentals in residentially zoned areas within the Coastal Zone of the City of Seal Beach,³ codified by Ordinance 1701 ([Exhibit No. 2](#)). STRs, as defined in City Ordinance 1701, are: “A single residential dwelling unit, or portion thereof, that is offered or provided to paying guests by an STR owner for twenty-nine (29) or fewer consecutive nights.” The term ‘Short-Term Rental’ shall not include hotels, motels, inns, or bed and breakfast inns.” This ordinance amended Seal Beach Municipal Code Section 11.4.05.135 (Short-Term Rental of Residentially Zoned Property), which currently prohibits STRs (through previous Ordinance 1624-U) to now permit and regulate STRs in residentially zoned areas within the Coastal Zone of the City of Seal Beach. The City states that with this STR Program, it is seeking the required authorization from the Commission to approve Short Term Rental permits for no more than one percent of its residentially zoned properties in the Coastal Zone in a manner that reasonably balances visitor-serving overnight accommodations with the need to maintain long-term housing, which is in short supply in Seal Beach and statewide.

The City of Seal Beach Ordinance 1701 establishes regulations, standards, and a permitting process governing the renting of privately owned, visitor-serving, residential dwelling units on a short-term basis. Key points of the program include:

9. The STR must be located within the Coastal Zone and must obtain an STR permit (only 47 total permits available based on current number of residences).
10. The dwelling unit used as an STR must not be a deed-restricted affordable housing unit, in a group residence as defined by Section 11.6.05.010 of the Seal Beach Municipal Code or included on the Prohibited Buildings List.
11. The total number of permitted STR units shall not exceed one percent of the total number of residential units in the Coastal Zone.
12. STR Permits shall be issued on a lottery basis to eligible applicants; no more than one permit shall be given to any person, group or entity.
13. Large-scale events (exceeding maximum allowed occupancy) such as parties, weddings, fundraisers, and conferences are prohibited.
14. No more than one STR permit shall be issued per property except in multi-family single lot subdivisions. Properties with up to 15 units will be allowed one STR permit; properties with 16 or more units will be allowed up to four STR permits.

³ The City has indicated that there are no current plans to take action on establishment of an STR program for the areas outside the Coastal Zone.

5-23-0482 (City of Seal Beach Short Term Rentals Program)

15. A STR shall be a legally permitted dwelling unit. Accessory dwelling units built after January 1, 2020, and junior accessory dwelling units may not be used as STRs.
16. The Ordinance does not differentiate between hosted and un-hosted rentals, whole home and partial home rentals, or seasonal and year-round rentals. All permits are the same, and the permit holder may use it in the manner of their choosing as long as operational conditions are met.
17. STR permits do not run with the land and must be renewed annually. If a permit is not renewed, it becomes available for another dwelling unit to obtain. Upon sale of a property with an STR permit, the permit becomes invalid for that property and available for another unit to obtain.
18. The Owner shall ensure that the occupants and/or Guests of the STR do not create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of any Federal, State, or Local law pertaining to noise, disposal of waste, disorderly conduct, the consumption of alcohol, or the use of illegal drugs.
19. The Owner shall provide proof that the STR is not prohibited by a Homeowners' Association Conditions Covenants and Restrictions or any other community standards/guidelines, applicable to the proposed STR.
20. Transient Occupancy Taxes (TOT) shall be collected on all STRs pursuant to Seal Beach Municipal Code Chapter 4.35 and paid to the City as required by that Chapter.

Based on the County Assessor Records while the STR Program was being prepared, the number of residential units in the Coastal Zone was 4,709. Those 4,709 residential units are distributed among six different types of Zoning/Density Types:

ZONING TYPE	NUMBER OF RESIDENTIAL UNITS
RLD-9 (Residential Low Density-9)	1,339
RLD-15 (Residential Low Density-15)	176
LC/RMD (Limited Commercial/ Residential Medium Density)	48
RHD-33 (Residential High Density-33)	599
RHD-20 (Residential High Density-20)	2,518
MSSP (Main Street Specific Plan)	29
TOTAL:	4,709

The City Council concluded that the total number of permitted STR units shall not exceed one percent of the total number of residential units in the Coastal Zone. With that being said, one percent of 4,709 is 47; however, the exact number of STRs that would be allowed to operate each year would depend on the number of residentially

zoned properties in the coastal zone that year. Of those allowed to operate, 14 of them already have Conditional Use Permits, leaving (at the time this ordinance was prepared) 33 available STR permits for new STRs operated under the proposed STR Program created by Ordinance 1701.

Typically, STR regulations are contemplated by the Commission within the context of a jurisdiction's Local Coastal Program (LCP).⁴ However, the City of Seal Beach does not have a certified LCP and is, thus, seeking a CDP to establish the Short-Term Rental Program. The Commission has previously approved two STR programs via a CDP: one similarly for a City without a certified LCP (Torrance) and one for a City with an LCP (Dana Point).⁵

Project History

Prior to 2010, the City's uncertified Zoning Code did not list STRs as permitted uses for residentially zoned properties. During the comprehensive revision to the City's Zoning Code that took place in 2010 (that eventually became Title 11 of the Municipal Code), it was discovered that residential units were being rented to short-term occupants with business licenses that were issued to these owners in error. With the adoption of Title 11, the City Council permitted STRs as a conditionally permitted use where legal residential unit(s) existed. Under Title 11, property owners that had obtained a business license prior to January 2010 and were paying the City's Transient Occupancy Tax for STRs were allowed to continue to operate without a Conditional Use Permit (CUP) as nonconforming uses.

In early 2012, the City Council reexamined STRs as neighboring properties were experiencing adverse impacts associated with STRs. Such adverse impacts included but were not limited to noise, accumulation of trash, overcrowding, and demands on police services. As a result, the City Council adopted Ordinance 1618-U (effective for 45 days) and Ordinance 1619-U, which modified Ordinance 1618-U and extended the term of the interim regulations for 10 months and 15 days. Ordinance No. 1619-U also amended the interim regulations by limiting vacation rentals to the Old Town area of the City (generally the neighborhoods south of Pacific Coast Highway) and requiring all property owners wanting to use their property as STRs, including those currently renting their property as STRs-term basis, to obtain a CUP. The Ordinance gave the owners of the previously grandfathered existing vacation rentals until July 6, 2012, to apply for a CUP. This Ordinance also gave the owners of the previously existing STRs that were nonconforming due to a lack of a CUP, the option of requesting "an exemption from, or

⁴ In the Commission's past actions, the Commission has approved STR regulations in the following LCPs: County of Ventura ([LCP-4-VNT-18-0058-1](#)) approved by the Commission in October 2018, City of Pismo Beach ([LCP-3-PSB-18-0051-1](#)) approved by the Commission in August 2018, County of Santa Cruz ([3-SCO-18-0032-2-Part B](#)) approved by the Commission in June 2018, City of Del Mar ([LCP-6-DMR-17-0083-3](#)) approved by the Commission in June 2018, City of Laguna Beach ([LCP-5-LGB-19-0074-1](#)) approved by the Commission in October 2020, and Long Beach ([LCP-5-LOB-20-0058-3](#)) approved by the Commission in December 2021. Note that this is not a comprehensive list.

⁵ [CDP 5-20-0031](#) (City of Torrance) approved by the Commission in December 2020; [A-5-DPT-22-0038](#) (City of Dana Point) approved by the Commission in November 2022.

extension of the terms and provisions of this ordinance, in order to amortize the property owner's investment." There are currently 14 homes in the Coastal Zone that have existing Conditional Use Permits (CUPs) to operate as STRs pursuant to these older ordinances. The proposed STR program does not impact those units, as they may continue to operate under the conditions of their respective CUPs.

Upon further review of the early 2012 STR program established in the Seal Beach Municipal Code Section 11.4.05.135, the City Council determined that, due to the adverse concerns associated with STRs, they should be prohibited. As such, on October 22, 2012, the City Council adopted Ordinance 1824-U, which revised Seal Beach Municipal Code Section 11.4.05.135 to prohibit STRs. Section 11.4.05.135 of the City's uncertified Municipal Code which currently states:

No residentially zoned property, or any portion thereof, shall be leased or rented for a term of 29 days or less for any purpose, including but not limited to any residential or commercial purpose such as vacation rentals, weddings, or other event rentals.

The City believes that at least 23 existed or were still under review per Ordinance 1619-U at the time of the adoption of Ordinance 1824-U, though the City has stated its records are unclear.

Understanding that a ban of STRs requires a CDP as it impacts coastal access, the City approved Ordinance 1701, on January 9, 2023. The City then submitted a CDP application for this program on June 9, 2023, to be reviewed by the Commission.

Project Setting

The Seal Beach Coastal Zone is bounded on the west by the City of Long Beach, on the north by Westminster Avenue within the City of Seal Beach, and on the south/east by the City of Huntington Beach ([Exhibits No. 1](#)). The area is largely developed with commercial, professional/industrial, and residential uses.

The Seal Beach Coastal Zone has approximately 4,709 residential properties, developed with several types of residential uses: Residential Low Density, Limited Commercial/Residential Medium Density, Residential High Density, Main Street Specific Plan. The housing stock citywide (both inside and outside the Coastal Zone) consists of approximately 13,865 residential units. While data for the number of STR-type visitor-serving overnight accommodations was not consistently documented in the past, for the years where data is available, there were, on average, roughly 20 residential units being used as STRs in the Coastal Zone since 2010, which is similar to the 23 identified at the time of the adoption of Ordinance 1824-U, as discussed earlier. Currently, the City has indicated that there are 14 STRs, which currently do have CUPs to operate as STRs.⁶

⁶ Fourteen STRs existed in 2009-2010, twenty-two in 2010-2011, and twenty-five in 2012-2013 based upon Transient Occupancy Tax (TOT) records that the City has records of starting in 2009. In addition, per a staff report for City Council on October 22, 2012, which adopted Ordinance 1824-U, twenty-three STRs existed. Currently, there are fourteen STRs that have CUPs to operate as STRs.

In addition, there are currently 292 existing hotel rooms within the City of Seal Beach, a majority of which are within its Coastal Zone (the Ayres Hotel with 112 rooms is located outside of the Coastal Zone).

The City has approximately 1.75 miles of publicly accessible sandy beach divided into two main sections: Seal Beach/Main Beach and Surfside Beach. Along the main Seal Beach coast line, from north to south, the City maintains vertical public pedestrian beach access at the following locations: 2nd Street, 3rd Street, 4th Street, 5th Street, 6th Street, 7th Street, Seal Beach Pier/Eisenhower Park area, 11th Street, 12th Street, 13th Street, 14th Street, East Dolphin Avenue, and Neptune Avenue. Access is also provided via surface parking lots at 1st Street, 8th Street and 10th Street.

Surfside Beach is fronted by the private gated community of Surfside. A pre-Coastal (1966) boundary agreement between Surfside Colony and the California State Lands Commission fixes the boundary between state tide and submerged lands and private uplands in Surfside. As a result of this boundary agreement, Surfside Colony Ltd. owns a strip of the beach, up to 80 ft. in width, adjacent to the residences fronting the ocean. The beach seaward of this area is available for lateral public access. Vertical access is available at the end of Anderson Street to the south of the Surfside community. In addition, the Commission conditioned permit P-76-6364 to allow public access through Surfside community gates.

Past Commission Actions Related to STRs in Other Coastal Communities

As in other coastal communities in California, STRs have evolved over the years from what may have been predominantly summer and holiday rentals into what is now, in some cases, year-round use of residences for visitor-serving overnight accommodations. The unregulated proliferation of such STRs has raised concerns regarding impacts to the preservation of neighborhood character, reductions in rental housing stock, increased traffic and parking difficulties, and other more local issues such as noise and public safety.

As a reaction to such issues, some cities are seeking to regulate STRs, and typically such regulations that apply in the Coastal Zone are reviewed by the Commission within the context of an amendment to a jurisdiction's Certified Local Coastal Program (LCP). Some LCP amendment proposals have been submitted to the Commission to ban STRs in certain communities (e.g. outright bans in all residential zones). However, such bans can conflict with the Coastal Act and LCP policies and objectives that protect and provide for coastal visitor-serving opportunities and public access. In general, rather than supporting restrictive bans of such uses, the Commission has encouraged the allowance of STRs and more targeted, responsive regulations of STRs that are based on applicable community and area specific factors.

In response to proposed amendments of LCPs including for the City of Laguna Beach (LCP-5-LGB-19-0074-1), County of Ventura (LCP-4-VNT-18-0058-1), City of Pismo Beach (LCP-3-PSB-18-0051-1), County of Santa Cruz (3-SCO-18-0032-2-Part B), City of Del Mar (LCP-6-DMR-17-0083-3) and City of Encinitas (ENC-MAJ-1-06) and in order

to be consistent with Chapter 3 of the Coastal Act, the Commission has required that local jurisdictions provide a framework to appropriately regulate the establishment and operation of STRs, rather than overly restrict this use or otherwise significantly diminish its visitor-serving utility. The Commission has historically supported STR regulations that provide elements including, but not limited to, the following:

- Limits on the total number of STRs allowed within certain areas (e.g., by neighborhood, by communitywide ratio, etc.)
- Limits on the types of housing that can be used as STRs (e.g., primary residence vs. secondary residences; disallowing STRs in affordable housing contexts, etc.)
- Specifications for whether STRs must be Hosted and/or Unhosted
- Limits on maximum STR occupancies
- Limits on the amount of time a residential unit can be used as an STR during a given time period
- Requirements regarding onsite parking, garbage, and noise

The Commission has approved a number of LCP amendments and CDPs regulating STRs in the Coastal Zone.⁷ Each of these LCP amendments and CDPs presented unique issues considering geographic specificity, but the approved LCP amendments and CDPs generally provide for standards for continued STR operations, rather than blanket bans.

B. Standard of Review/Local Coastal Program

Section 30604(a) of the Coastal Act states:

Prior to certification of the Local Coastal Program, a Coastal Development Permit shall be issued if the issuing agency, or the Commission on appeal, finds that the proposed development is in conformity with the provisions of Chapter 3 (commencing with Section 30200) of this division and that the permitted development will not prejudice the ability of the local government to prepare a local coastal program that is in conformity with the provisions of Chapter 3 (commencing with Section 30200).

On July 28, 1983, the Commission denied the City of Seal Beach Land Use Plan (LUP) as submitted and certified it with suggested modifications. The City did not act on the suggested modifications within six months of the date of Commission action. Therefore, pursuant to Section 13537(b) of Title 14 of the California Code of Regulations, the Commission's certification of the land use plan with suggested modifications expired. The City of Seal Beach is currently working on a new LUP in coordination with Commission staff, but it has yet to be formally submitted for certification.

The standard of review for the proposed development is, therefore, the Chapter 3 policies of the Coastal Act. Since portions of the project site are located between the

⁷ [Sample of Commission Actions on Short Term Rentals](#)

first public road and the sea, the project must also be consistent with the Chapter 3 public access and recreation policies of the Coastal Act.

C. Public Access and Recreation

Section 30210 of the Coastal Act states:

In carrying out the requirement of Section 4 of Article X of the California Constitution, maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights, rights of private property owners, and natural resource areas from overuse.

Section 30213 of the Coastal Act states, in part:

Lower cost visitor and recreational facilities shall be protected, encouraged, and, where feasible, provided. Developments providing public recreational opportunities are preferred.

Section 30222 of the Coastal Act states:

The use of private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation shall have priority over private residential, general industrial, or general commercial development, but not over agriculture or coastal-dependent industry.

In the early 2010s, STRs grew in popularity through the increased use of electronic reservation systems and online platforms. In general, STRs have provided an important opportunity to increase the number of visitor-serving overnight accommodations (a priority use) throughout the Coastal Zone in accordance with Coastal Act Sections 30210 and 30222. The Commission has generally found that visitor-serving overnight accommodation uses, including STR units, help maximize the opportunities provided for all the public to access the coast, as they can accommodate individuals to large families at a wide range of price points, including lower cost accommodations in accordance with Coastal Act Section 30213. In addition, STRs can be located within many of California's beach-fronting residential communities where easy coastal access has historically only been afforded to residents. At the same time, as discussed in the Commission's adopted Environmental Justice Policy (2019), housing—specifically affordable housing—within the Coastal Zone can also facilitate coastal access especially for populations that have been historically excluded from living in such communities.

The City of Seal Beach's proposed STR Program seeks to strike a balance between providing visitor-serving overnight accommodations and maintaining long-term housing, which is in short supply in Seal Beach and statewide. In this case, STR permits cannot be issued for any deed-restricted affordable housing units. Additionally, the City does

not expect that the number of STR permits allowed would in any way affect the City's ability to meet their regional housing needs.⁸

Visitor-Serving Accommodations

Sections 30221-30223 of the Coastal Act prioritize visitor-serving, commercial recreational facilities over private residential development regarding the use of private lands, as the former use enhances public opportunities for coastal recreation. These policies are not intended to adversely impact residential uses in the Coastal Zone; rather, it is important to balance visitor-serving recreational uses with private residential uses to ensure all coastal resources are protected. In this case, the Commission finds that the proposed STR Program is structured in a manner that provides for coastal public access in accordance with the public access policies of the Coastal Act without significantly impacting long-term residential opportunities, as described below.

The Program prohibits large scale events at STR properties that in turn may impact coastal access by limiting parking availability and causing traffic. The Program also avoids impacts to lower cost housing and minimizes impacts to rental housing units, as Accessory Dwelling Units (including junior ADUs) built after January 1, 2020, cannot serve as STRs, STRs cannot be deed-restricted affordable housing units, STR permits would expire after one year, and for properties with up to 15 units, only one STR permit is allowed, while properties with 16 or more units would be allowed no more than four STR permits. In addition, an owner (defined as a person, group or entity, including a person that may be a member of multiple groups or entities like LLCs) shall not be granted a permit for more than one STR within the City. The STR permit application, as described by the City, has a section that requires all the beneficiaries of an LLC to be listed. The City states that this is so they can cross check names with other STR applications and approvals to ensure that an individual can only have one STR permit. Further, the STR Program ensures that the occupants and/or guests of the STR do not create unreasonable noise or disturbances, which in turn protects coastal access.

The proposed STR Program would revise Seal Beach Municipal Code Section 11.4.05.135 to allow STRs in any residentially zoned area in the Coastal Zone and will no longer limit STRs to the Old Town area of the City (generally the neighborhoods south of Pacific Coast Highway). The City does not have organized historical records of the amount of STRs that have existed in the City, but they have managed to determine that number of permitted STRs in the City has ranged from approximately 14 to 23 since 2010 and, while the proposed cap for STR permits is one percent of the residential housing units in the Seal Beach Coastal Zone, it only amounts to 47 STR

⁸ The City, which was allocated 1,243 units in the last Regional House Needs Assessment Cycle, does not yet have a certified Housing Element. The City does have a draft Housing Element that is under review and recently (June 2024) received comments from the California Department of Housing and Community and Development (HCD). The City's Plan to provide for these units, plus an additional buffer, are not anticipated to be impacted by implementation of the subject ordinance.

permits per recent housing data. This percentage is consistent with past Commission actions (as described in more detail in subsection D of this staff report) and is appropriate for Seal Beach, which only has two hotels in the Coastal Zone that together account for 180 hotel rooms in total. Since the number of hotels (visitor-serving accommodations) are limited in the City, STRs would provide an alternative for accommodating visitors to the coast.

In addition, depending on site-specific circumstances, short-term rental of a residence can potentially provide a lower cost option as compared to a traditional hotel room. For instance, this can be true when traveling with extended family or other larger groups where renting a single residence is less expensive per person than renting multiple traditional hotel rooms. Short-term residential rental units, typically include full kitchen facilities, which allow overnight visitors the option of preparing meals in, a more affordable option than dining out. Also, a hosted STR (where a property owner/resident who lives onsite rents living space and host visitors in their homes) can be more affordable than traditional overnight accommodations like hotels because only a room or a portion of a residential unit is being rented with the resident onsite.

Many of the existing STRs in the City rent at similar average rates as the local hotel rooms,⁹ but there is wide variation in prices.¹⁰ The City states that a few range from rates as low as \$125 a night for one bedroom, one bath condominium, to as high as \$971 a night for a four bedroom, four bath home. Thus, while not all STRs are lower cost, the proposed ordinance maintains the possibility that some STRs could be lower cost consistent with Coastal Act Section 30213.

In all cases, STRs increase the range of options for overnight accommodations available to coastal visitors so that they can access and enjoy the coast. Visitor-serving overnight accommodations are a high priority use under the Coastal Act because they allow for enhanced public access and visitor serving opportunities. To this end, the City has also provided evidence that the proposed STR Program, which would allow approximately 47 STR permits throughout the Coastal Zone per recent residential housing data, would not significantly impact the existing overnight accommodations provided by hotels in the City's Coastal Zone (as average hotel room costs have been less than average STR costs) and, rather, would maintain or increase the range of coastal access and recreational opportunities.

For STRs in residential communities that have a Homeowners Association (HOA), California appellate court decision in *Greenfield v. Mandalay Shores Community Association* confirmed the requirement that HOAs must obtain a coastal development permit prior to establishing a ban on STRs, pursuant to Coastal Act Sections 30600 and

⁹ The City indicated in its letter dated August 17, 2023, that the average cost of STRs in the City was \$367 per night in August 2023, whereas the average cost of rooms for the three hotels in the Seal Beach was approximately \$290 per night (lower than the neighboring cities of Long Beach and Huntington Beach).

¹⁰ City of Seal Beach Letter dated August 17, 2023.

30106.¹¹ That case makes clear that regulation of STRs in the Coastal Zone is a matter for cities and the Coastal Commission to regulate, not HOAs acting alone. Currently, there are four known HOAs within the City of Seal Beach's Coastal Zone: Heron Pointe, Surfside Colony, River Beach, and Ocean Place.

Based on the most recently available information from the City, the first two HOAs ban STRs via covenants, conditions, and restrictions (CC&Rs), while the City is unsure if the remaining two HOAs prohibit STRs. If the CC&Rs legally banned STRs prior to enactment of the Coastal Act then the ban would be upheld without the need for a CDP. However, any bans since enactment of the Coastal Act require a CDP. Additionally, the City states that there is an additional community where they are unsure whether they have an HOA and prohibit STRs and another community that does not have an HOA but does have CC&Rs. The City is unsure if in that community STRs are prohibited in their CC&Rs. In any case, as previously stated, any STR bans since enactment of the Coastal Act require a CDP.

As proposed, the City's STR permits would not be approved in communities where any legal Homeowners Association Conditions, Covenants, and Restrictions ("CC&Rs") prohibit STRs. However, for such prohibitions to be legal, they must have been legally established prior to enactment of the Coastal Act or authorized through a CDP; thus to ensure that the City and HOAs comply with all legal requirements, Commission staff suggests that the Commission impose **Special Condition No. 1**, which requires the property owner to prove the legality of HOA bans or restrictions on STRs to the City before being placed on the Prohibited Buildings List with other residential dwelling units that would prohibit STRs like deed-restricted affordable units and ADUs.

Future changes to the City's proposed STR Program may lead to adverse impacts on visitor-serving, including potential lower cost, overnight accommodations. Thus, the Commission imposes **Special Condition No. 2**, which requires the City to submit any changes to the Program for review by the Executive Director to determine whether a CDP amendment is required. To further assess if the proposed STR Program adversely impacts lower cost overnight accommodations, the Commission imposes **Special Condition No. 3**, which requires the applicant to study and assess whether the STR Program would have any adverse impacts on overnight accommodations within the Seal Beach Coastal Zone over a six-year period. If adverse impacts are found, the need for a CDP amendment would be triggered. Together, these conditions will safeguard the protection and encouragement of public access and visitor-serving recreational facilities, including lower cost amenities, through the continued monitoring of the Program's performance and implementation of Commission-approved adjustments on an as-needed basis.

Conclusion

The Program, as proposed and conditioned, optimizes public access while balancing existing residential uses, will not adversely impact the public's continued access to the

¹¹ *Greenfield v. Mandalay Shores Community Assn.* (2018) 21 Cal.App.5th 896.

coast, and maintains the potential for the provision of lower cost overnight accommodations, and will, therefore, be consistent with Coastal Act Sections 30210, 30213, and 30222. Additionally, as conditioned, the City of Seal Beach STR Program's allowance of STR restrictions in HOA-governed areas would not adversely impact the availability and distribution of public access amenities and visitor-serving overnight visitor accommodations in the City's Coastal Zone. Thus, the Program, as conditioned, conforms to the public access and recreation policies of the Coastal Act.

D. Development and Community Character

Section 30105.5 of the Coastal Act states:

"Cumulatively" or "cumulative effect" means the incremental effects of an individual project shall be reviewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects.

Section 30250 of the Coastal Act states, in relevant part:

(a) New residential, commercial, or industrial development, except as otherwise provided in this division, shall be located within, contiguous with, or in close proximity to, existing developed areas able to accommodate it or, where such areas are not able to accommodate it, in other areas with adequate public services and where it will not have significant adverse effects, either individually or cumulatively, on coastal resources. [...]

(c) Visitor-serving facilities that cannot feasibly be located in existing developed areas shall be located in existing isolated developments or at selected points of attraction for visitors.

Section 30251 of the Coastal Act states, in relevant part:

The scenic and visual qualities of coastal areas shall be considered and protected as a resource of public importance. Permitted development shall be sited and designed to protect views to and along the ocean and scenic coastal areas, to minimize the alteration of natural land forms, to be visually compatible with the character of surrounding areas, and, where feasible, to restore and enhance visual quality in visually degraded areas.

Section 30253 of the Coastal Act states, in relevant part:

New development shall do all of the following:

(d) Minimize energy consumption and vehicle miles traveled.

(e) Where appropriate, protect special communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses.

The City's decided that the total number of permitted STRs shall not exceed one percent of the residential units in the Coastal Zone, which in August 2023, equated to up to 47 STR permits. While the City lacks significant historical information to support this one percent number since the historical data that does exist suggests that there have been approximately 14 to 23 STRs in the City, the City's decision to use the one percent figure is comparable to ratios of STRs to residential units approved by the Commission for the coastal zones of other Southern California cities, such as Laguna Beach (1.5%), San Diego (1.0%), and Long Beach (1.6%).¹² As such, the one percent cap would be similar to rates approved for nearby cities.

When reviewing a project's consistency with the Chapter 3 policies of the Coastal Act, the Commission also analyzes the cumulative effects of development. Section 30250(a) of the Coastal Act requires development to not have significant adverse effects, either individually or cumulatively, on coastal resources. Sections 30251 and 30253 of the Coastal Act state that scenic areas and special communities should be protected. These sections of the Coastal Act require permitted development to be compatible with the character of surrounding areas and require protection of communities and neighborhoods that, because of their unique characteristics, are popular visitor destination points for recreational uses. To evaluate the potential cumulative effects of programmatic CDPs, such as the subject STR Program, on community character, the incremental effects of the development are considered in connection with the effects of past, current, and probable future impacts that arise from implementation of the program.

While only a small percentage of residential units would be allowed to provide STRs pursuant to a permit, to accomplish a more thorough and comprehensive monitoring/tracking of the STR Program's performance and ensure adverse cumulative impacts are not incurred, the Commission imposes **Special Condition No. 3** for a study and assessment during an extended six-year period with more prescriptive criteria and metrics, to corroborate that no unintended adverse cumulative impacts on public access, lower cost overnight accommodations, and community character (including housing stock) arise during implementation of the Program ([Exhibits No. 3](#)).

In particular, the City will be required to 1) monitor the number of STR permits issued and rescinded over the six-year term, determine their affordability, and assess whether the permit caps or types are adequate in meeting both market demand and neighborhood needs, 2) monitor enforcement statistics (nuisance complaints, violations, City's enforcement response) and assess the Program's efficacy to address nuisance complaints and violations; 3) monitor the City's Coastal Zone housing inventory, including the number of residential units at any given time and the number of units converted to STRs, evaluate long-term rental affordability, and assess the Program's adverse impacts on depleting housing stock and affordable long-term rental

¹² The 14-23 STRs come from TOT records between 2009-2014, which the City started tracking in 2009. Also, the number of STRs discussed in the City Council Staff Report dated October 22, 2012, was used in the number.

units in the Coastal Zone; 4) monitor inventory of non-STR coastal overnight accommodations and their affordability, and assess the Program's adverse impacts on visitor use of non-STR overnight accommodations and other visitor-serving recreational facilities; 5) assess whether parking and vehicle occupancy requirements for STRs are adequate and whether STRs are facilitating or offering non-automobile transit options; and 6) assess revenues from application fees and waitlist times to determine if they are appropriate.

Special Condition No. 3 requires that if, based on the results of the study (which shall be reported out to the Commission at a scheduled public hearing), the Executive Director determines that adverse significant impacts to public access or community character are occurring as a result of the STR program, and/or the City determines that significant impacts to housing stock are occurring as a result of the STR program, in the Seal Beach Coastal Zone, the City shall seek an amendment from the Commission to revise the STR program to address these issues. During the six-year study period, the City must monitor and report on STRs throughout the Coastal Zone, which will give the City time to learn, incorporate, and assess the Program's requirements and impacts. Six years is a sufficient time period for the City to evaluate various market trends and to present available data and make recommendations on necessary improvements to the Program. Thus, as written, this condition will ensure that any significant adverse impacts to public access, housing stock, or community character are not prolonged in perpetuity without remedy or recourse.

If adverse impacts are observed, the City may correct and mitigate for such impacts in accordance with requirements set forth in **Special Condition No. 2**, which require the City to submit any changes to the Program for review by the Executive Director to determine whether a CDP amendment is required.

Conclusion

Thus, the Commission finds that the proposed STR Program, as conditioned, can be found consistent with the development and community character policies of the Coastal Act.

E. California Environmental Quality Act (CEQA)

The applicant, the City of Seal Beach, is the lead agency, and the Commission is a responsible agency for the purposes of the California Environmental Quality Act ("CEQA"). A Categorical Exemption pursuant to Section 15061(b)(3) and Section 15301(b) (Existing Facilities) of Title 14 of the California Code of Regulations was granted for the proposed development and approved by the City of Seal Beach Planning Department on May 31, 2023.

Section 13096 of the Commission's administrative regulations require Commission approval of coastal development permit (CDP) applications to be supported by a finding showing the application, as modified by any conditions of approval, to be consistent with any applicable requirements of CEQA. Section 21080.5(d)(2)(A) of the California Public

Resources Code prohibits approval of a proposed development if there are feasible alternatives or feasible mitigation measures available that would substantially lessen any significant impacts that the activity may have on the environment. The Commission's regulatory program for reviewing and granting CDPs has been certified by the Resources Secretary to be the functional equivalent of CEQA. (See 14 CCR § 15251(c).).

The preceding coastal development permit findings in this staff report have discussed the relevant coastal resource issues with the proposal, and the permit conditions identify appropriate mitigations to avoid and/or lessen any potential for adverse impacts to said resources. The Commission incorporates these findings as if set forth here in full. As conditioned, there are no feasible alternatives or mitigation measures available which would substantially lessen any significant adverse impact, individual or cumulative, which the proposed project would have on the environment. Therefore, the Commission finds that the proposed project can be found consistent with the requirements of the Coastal Act to conform to CEQA.