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Date: January 22, 2026

To: **COMMISSIONERS AND INTERESTED PERSONS**

From: **KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT
DIANA LILY, DISTRICT MANAGER, SAN DIEGO COAST DISTRICT
CAMILA PAUDA, COASTAL PLANNER, SAN DIEGO COAST DISTRICT**

Subject: **STAFF RECOMMENDATION ON CITY OF ENCINITAS MAJOR
AMENDMENT NO. LCP-6-ENC-23-0041-1 (Short-term Rental Ordinance) for
Commission Meeting of February 4-6, 2026**

SYNOPSIS

The subject LCP implementation plan amendment was submitted and filed as complete on July 21, 2025. The date by which the Commission must take action, absent an extension of the time limits by the Commission, is October 14, 2025. A one-year time extension was granted on October 9, 2025. As such, the last date for Commission action on this item is October 14, 2026. This report addresses the entire LCP implementation plan amendment submittal.

SUMMARY OF AMENDMENT REQUEST

The proposed ordinance amends Title 30 Zoning of the City of Encinitas Municipal Code (EMC), which is part of the certified Implementation Plan (IP), to regulate and cap the number and type of short-term transient rentals (STRs). STRs will be permitted only in single-family or two-family dwelling units within the City. Specifically, the proposal amends the definition “transient habitation unit” in subsection 30.04.010 of Chapter 30.04 (Definitions), amends subsection 30.09.010 of Chapter 30.09 (Zoning Use Matrix), and adds new Chapter 30.50 (Short-term Rental) to establish new land use regulations for short-term rentals. The proposal also amends Section 6.05, Overview of the Encinitas Ranch Specific Plan, by adding reference to Municipal Code Chapter 30.50 (Short-term Rental) and modifying the endnote, and amends Section 3.2.5.A Table 3-1, Cardiff-By-The-Sea Specific Plan Area Zoning Matrix – Use Comparison of the Cardiff-By-The-Sea Specific Plan. The amendment package also includes another proposed ordinance to amend Chapter 9.38 (Regulating Short-term Rental) of the Encinitas Municipal Code and to rename the chapter, “Regulating Short-term Rental Permits,” which is not part of the certified IP, but will become effective when the subject proposed LCP amendment becomes effective.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Commission deny the LCP amendment as submitted and certify it as modified by staff.

The City of Encinitas currently regulates STRs outside of the LCP; the subject amendment proposes to expand and incorporate most of the substantive STR regulations into the LCP. Currently, short-term rentals (STR), either hosted or non-hosted, are permitted in all zones but only in single-family and two-family residential units. There are no existing limitations or restrictions on the number or location of STRs beyond STRs only being allowed in single-family or two-family units (duplexes), and that non-hosted STRs require a minimum three-night stay. The current STR regulations are in the City's Municipal Code, not in the LCP, but the regulations apply to STRs throughout the City, including in the Coastal Zone. Other existing STR regulations include nuisance control policies regarding trash, noise, etc. The proposed LCPA will add new Chapter 30.50 (Short-term Rental) to the municipal code and to the LCP. The chapter includes caps on the number of permits issued, a distance requirement, and a parking requirement. STRs will continue to be allowed in all zones, but only in single-family and two-family residential units.

The majority of STRs in the City of Encinitas, particularly non-hosted STRs, are located west of I-5, which is in the Coastal Zone. Non-hosted STRs have been a source of complaints and concern that neighborhood character and the housing stock are being impacted by non-hosted STRs. There are currently approximately 443 STRs (including hosted and non-hosted) citywide and 350 non-hosted STRs citywide. West of I-5, there are currently approximately 352 STRs (hosted and non-hosted) and 283 non-hosted STRs. These numbers include STRs located in the private Seabluffe residential community in Leucadia. The Seabluffe residential neighborhood is a private, gated blufftop residential community located in the northwest corner of the City, south of La Costa Avenue and west of Highway 101. As proposed, the 255 units in this community, which include both single and multi-family units, have been excluded from the STR cap and the residential unit count in recognition of the longstanding practice of renting homes in this area for short-term vacation use. Removing the STRs in Seabluffe from the previous numbers results in 386 total STRs and 296 non-hosted STRs citywide, and 295 total STRs and 283 non-hosted STRs west of I-5.

West of I-5, the proposed LCPA would cap non-hosted STRs at 4% of the residential units located west of I-5 that exist at the time of application submittal. Four percent of the residential units currently located west of I-5 is 376 non-hosted STRs. Thus, as proposed, the amendment would allow for an increase of 147 non-hosted STRs west of I-5. Citywide, the permit cap for non-hosted STRs will be 2.5% of the citywide residential units, inclusive of the permits west of I-5. Using this formula, a total maximum number of 654 non-hosted STRs would be allowed in the City, which is approximately 358 more than currently exist. The maximum possible number of non-hosted STRs will change annually as the number of residential housing units would be based on the housing units in existence at the time of application submittal.¹ These caps would only apply to non-hosted units; no limits on hosted units are proposed other than the restriction to only single or two-family units.

¹ The total residential housing units existing at the time of application submittal will be the units identified within the prior Housing Element Annual Progress Report or by the State of California Department of Finance annual housing estimates, as determined by the City's Director of Development Services.

Non-hosted STRs will also be subject to a 200-foot radius distance from other non-hosted STRs. The intent of the 200-foot radius is to avoid over-concentration of non-hosted STRs within a particular location, zone, or neighborhood. This will result in some existing STRs closer than 200 feet apart being considered legal non-conforming. No new non-hosted STRs would be approved within 200 feet of these existing units until such time as the legally non-conforming permit expires and is not renewed. Thus, it is possible that the maximum number of STRs able to be permitted would be less than the cap. As with the permit cap, the distance requirement will not apply to STRs in the Seabluffe community or to hosted STRs.

The Commission recognizes that STRs provide a unique and important source of visitor-serving accommodations in the Coastal Zone, especially for larger families and groups, and has found that outright bans or undue restrictions on STRs are inconsistent with Coastal Act and LUP policies prioritizing public access and visitor-serving uses. At the same time, the Commission has also recognized a need to restrict STRs in some coastal communities where evidence showed that the vacation rental market was having impacts on coastal resources or possibly impacting the availability of housing. Past Coastal Commission guidance to local governments has emphasized the need to allow, but regulate, vacation rentals in a manner that balances the important public access and visitor-serving benefits of such rentals with reasonable regulations to limit adverse impacts on coastal communities. For the proposed amendment, the City of Encinitas undertook extensive research and stakeholder engagement to identify an approach that “preserve[s], to the greatest extent feasible, the City’s residential rental housing stock, while balancing the general public’s transient access to the City’s coastline.” The City was one of 18 cities that did not meet their goals of the 5th Cycle Housing Element, but the City is on track to meet the goals of the 6th Cycle Housing Element. It is unclear the extent to which STRs impact housing price or availability; the current estimate of 443 total STRs represents approximately 1.7%² of the housing stock in the City. There are approximately 350 non-hosted STRs citywide representing approximately 1.3%³ of the housing stock. Most of the houses currently used for STRs, particularly in the Coastal Zone, would likely not be considered affordable to rent or buy. Nevertheless, by tying the STR permit cap to the amount of housing stock in the city, the City will be able to assure that STRs do not become a dominant portion of the City’s housing supply, supporting long-term housing. Regarding community character, the current STR policies in the City’s municipal code have been designed to improve the quality of STRs operations and lessen their impacts to long-term residents through mechanisms to control nuisance issues like noise, trash, and unruly gatherings. Additionally, the proposed changes to the permit renewal requirement (which is not part of the LCP) from annually to every three years will likely allow City staff to dedicate more time to compliance and enforcement issues.

Hosted STR permits will not be subject to a permit cap. Regarding other overnight accommodations in the City to meet visitors’ needs, there are 15 transient lodging establishments (i.e., hotels, motels, bed & breakfasts) offering 725 rooms. San Elijo State Beach is the only RV park/campground providing overnight accommodations in the City, with 147 total overnight spaces. All 15 of the City’s transient lodging establishments are

² 443 STRs divided by 26,408 total residential units citywide = 0.0167 = 1.7%

³ 350 non-hosted STRs divided by 26,408 total residential units = 0.0132 = 1.3%

located in the Coastal Zone, 12 of which are located west of the I-5. Furthermore, two new hotels have received discretionary entitlement approvals and are expected to be constructed in the next several years. The two hotels will provide 42 new rooms, and both hotels will be in the Coastal Zone and west of the I-5. The combination of hosted, non-hosted STRs, and other overnight accommodations provide a mix of accommodations that can meet various travelers' needs. However, **Suggested Modification No. 1** would add new ordinance language requiring non-hosted STRs to have a minimum night stay of three consecutive nights, ensuring that potential changes in minimum night stay will be reviewed by the Commission and therefore further protecting visitor-serving accommodations.

Thus, the City has made a reasonable attempt to balance the benefits that STRs provide to coastal visitors and communities with the adverse impacts they can have on those same communities, while also ensuring STRs do not impact the ability of the City to remain on track to meet its long-term housing obligations, consistent with Coastal Act and LUP policies. Thus, the amendment as modified can be found consistent with the certified Land Use Plan (LUP) for the City.

The appropriate motions and resolutions begin on page 6. The suggested modifications begin on page 7. The findings for denial of the Implementation Plan Amendment as submitted begin on page 8. The findings for approval of the plan, if modified, begin on page 26.

ADDITIONAL INFORMATION

Further information on the City of Encinitas LCP amendment no. LCP-6-ENC-23-0041-1 may be obtained from Camila Pauda, Coastal Planner, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

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EXHIBITS

[Exhibit 1 – Strikeout/Underline Ordinance](#)

[Exhibit 2 – City STR Maps from April 2022](#)

[Exhibit 3 – City STR Map from October 2022](#)

[Exhibit 4 – Land Use Map](#)

[Exhibit 5 – City STR Analysis from April 2022](#)

I. OVERVIEW

A. LCP HISTORY

On November 17, 1994, the Commission approved, with suggested modifications, the City of Encinitas’ LCP (both LUP and implementing ordinances). The City accepted the suggested modifications; and, on May 15, 1995, began issuing CDPs for those areas of the City within the Coastal Zone. The Commission has certified many amendments to the City’s LCP since 1995.

B. STANDARD OF REVIEW

Pursuant to Section 30513 of the Coastal Act, the Commission may only reject zoning ordinances or other implementing actions, as well as their amendments, on the grounds that they do not conform with, or are inadequate to carry out, the provisions of the certified land use plan. The Commission shall take action by a majority vote of the Commissioners present.

C. PUBLIC PARTICIPATION

The City has held Planning Commission and City Council meetings with regard to the subject amendment request. All of those local hearings were duly noticed to the public. Notice of the subject amendment has been distributed to all known interested parties.

II. MOTIONS AND RESOLUTIONS

Following a public hearing, staff recommends the Commission adopt the following resolutions and findings. The appropriate motion to introduce the resolution and a staff recommendation are provided just prior to each resolution.

1. MOTION:

I move that the Commission reject the Implementation Program Amendment LCP-6-ENC-23-0041-1 for the City of Encinitas as submitted.

STAFF RECOMMENDATION OF REJECTION:

Staff recommends a **YES** vote. Passage of this motion will result in rejection of Implementation Program and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

RESOLUTION TO DENY CERTIFICATION OF THE IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby denies certification of the Implementation Program Amendment submitted for the City of Encinitas and adopts the findings set forth below on grounds that the Implementation Program as submitted does not conform

with, and is inadequate to carry out, the provisions of the certified Land Use Plan. Certification of the Implementation Program would not meet the requirements of the California Environmental Quality Act as there are feasible alternatives and mitigation measures that would substantially lessen the significant adverse impacts on the environment that will result from certification of the Implementation Program as submitted.

2. MOTION:

I move that the Commission certify the Implementation Program Amendment LCP-6-ENC-23-0041-1 for the City of Encinitas if it is modified pursuant to the staff recommendation.

STAFF RECOMMENDATION:

Staff recommends a **YES** vote. Passage of this motion will result in certification of the Implementation Program Amendment with suggested modifications and the adoption of the following resolution and findings. The motion passes only by an affirmative vote of a majority of the Commissioners present.

RESOLUTION TO CERTIFY THE IMPLEMENTATION PROGRAM AMENDMENT WITH SUGGESTED MODIFICATIONS:

The Commission hereby certifies the Implementation Program Amendment for City of Encinitas if modified as suggested and adopts the findings set forth below on grounds that the Implementation Program Amendment, with the suggested modifications, conforms with and is adequate to carry out the certified Land Use Plan. Certification of the Implementation Program Amendment if modified as suggested 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 Implementation Program Amendment on the environment, or 2) there are no further feasible alternatives and mitigation measures that would substantially lessen any significant adverse impacts on the environment.

III. SUGGESTED MODIFICATIONS

Staff recommends the following suggested revisions to the proposed Implementation Plan be adopted. The underlined sections represent language that the Commission suggests be added, and the ~~struck-out~~ sections represent language which the Commission suggests be deleted from the language as originally submitted.

1. Section 30.50.030 Special Regulations shall be modified as follows:

D. Minimum Night Stay. Non-hosted short-term rental units shall have a minimum night stay of three consecutive nights. This provision shall not apply to hosted short-term rental units.

IV. FINDINGS FOR REJECTION OF THE CITY OF ENCINITAS IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED, AND APPROVAL IF MODIFIED

A. AMENDMENT DESCRIPTION

The City of Encinitas proposes to modify and expand several chapters of the City's Municipal Code, portions of which comprise the Implementation Plan (IP) component of its Local Coastal Program (LCP), to allow for, regulate, and cap the number and type of short-term transient occupancy of single-family and two-family dwelling units within the City. The proposed amendment adds a new Chapter 30.50 (Short-Term Rental). Its stated intent and purpose is to:

promote and protect the public health, safety, and welfare of the citizens of Encinitas by allowing for and regulating the short-term transient occupancy of single-family or two-family dwelling units within the City's residential zoning districts. The purpose of this Chapter is to limit the land use impacts that short-term rentals create within the City's residential neighborhoods, and to preserve, to the greatest extent feasible, the City's residential rental housing stock, while balancing the general public's transient access to the City's coastline.

As defined in the subject LCPA, a short-term rental is the rental of a single-family or two-family dwelling unit or any portion of any structure, but not an ADU, for less than 30 days. As described in further detail below, regulations added to a chapter of the City's zoning code outside of the LCP establish a minimum stay of three days for non-hosted STRs. Hosted STRs do not have a minimum stay requirement.

Short-term rentals would be allowed in any zone but only permitted to occur within single-family or two-family dwelling units. STRs would not be permitted in multi-family units. The amount and location of STRs would be restricted as follows:

- West of the I-5 within the communities Cardiff-By-The-Sea, Leucadia, and Old Encinitas, the maximum number of permits allowed for non-hosted STRs would be four percent (4%) of the total residential housing units west of the I-5 existing at the time of application submittal.
- Citywide, the maximum number of permits for non-hosted STRs would be two and one-half percent (2.5%) of the total residential housing units existing at the time of application submittal, inclusive of the maximum number of permits west of the I-5.
- Non-hosted STRs must maintain a 200-foot radius between units from the nearest non-hosted STR. Legal non-hosted STRs that don't meet this distance requirement will become legal non-conforming and will be eligible for renewal only if the permit has not been subject to revocation or enforcement,, and the ownership is up-to-date on its TOT (Transient Occupancy Tax) remittance to the City.

The above three restrictions and provisions would apply only to non-hosted STRs; they would not apply to hosted STRs citywide, or to the short-term rentals located within the Seabluffe residential neighborhood in Leucadia. The Seabluffe residential neighborhood is a private, gated blufftop residential community located in the northwest corner of the City, south of La Costa Avenue and west of Highway 101. The 255 units in this community, which include both single and multi-family units, have been excluded from the STR cap and residential unit count in recognition of the longstanding practice of renting homes in this area for short-term vacation use. In addition, the 255 residential units and the approximately 54 non-hosted STR permits⁴ within the Seabluffe neighborhood would not be included in the calculation of the maximum number of permits west of the I-5 and citywide.

Other requirements include that the allowed number of vehicles of overnight guests will be limited to the number designated in the permit, which will not exceed the number of designated on-site parking spaces. All designated on-site parking spaces are to be made available for the vehicles of guests.

The new chapter also includes an enforcement section stating it is unlawful to fail to comply with the requirements of this chapter and alleged violators are subject to fines, and violations may be enforced by methods allowed in Chapter 1.08 of the Municipal Code (which is not part of the LCP).

The LCPA includes additional changes other than adding the new chapter 30.50. The definition of “transient habitation unit” in subsection 30.04.010 of Chapter 30.04 (Definitions) is proposed to be edited in order to be consistent with related definitions, policies and with the intent of STRs. For example, the current definition uses living *quarters* [emphasis added] instead of units, and the ordinance is proposing to replace “quarters” with “units.” Furthermore, the current definition also states that a transient habitation unit is subject to TOT and includes hotel, motel rooms and cabins or campgrounds, but does not include single-family or duplex (two-family) units. However, short-term rentals are a subset of transient habitation units, because they are meant to be rented for 30 days or less, and Section 9.38.050.N of the EMC requires payment of TOT as a part of the STR permit operating requirements. As such, the part of the transient habitation unit definition excluding single-family and two-family units, therefore STRs, is proposed to be deleted to clarify that a single-family or two-family unit that is rented as a STR would be subject to TOT.

Relatedly, also proposed is updating Subsection 30.09.010 of Chapter 30.09 (Zoning Use Matrix) to delete the existing reference to Transient Habitation. The purpose of this modification is to remove redundancy in the matrix given that camps, hotels, and motels (all transient habitation units) have their own rows within the Zoning Use Matrix. The amendment also makes minor revisions to two other segments of the IP: Section 6.05 Overview of the Encinitas Ranch Specific Plan by adding a reference to the newly created Municipal Code Chapter 30.50 (Short-term Rental), and Section 3.2.5.A Table 3-1 Cardiff-By-The-Sea Specific Plan Area Zoning Matrix – Use Comparison of the Cardiff-By-The-

⁴ The City provided the number of hosted (54) and non-hosted (3) STR permits in Seabluffe through May 15, 2025.

Sea Specific Plan, to delete the Transient Habitation portion of the table to prevent redundancy between the Specific Plans and the Municipal Code.

The City is also revising Chapter 9.38 (Regulating Short-term Rentals) of the Encinitas Municipal Code and renaming the chapter to “Regulating Short-term Rental Permits.” This chapter is not part of the certified IP, and is not proposed to be incorporated into it, but the proposed changes will not go into effect until the subject LCPA is effective. This section includes administrative regulations for applying for a permit, establishing and operating a short-term rental (including nuisance control policies managing noise, trash and large gatherings), and imposes fines and penalties for violation of the regulations. As noted above, regulations in this chapter also establish a minimum stay of three days for non-hosted STRs. Hosted STRs do not have a minimum stay requirement. Other proposed changes include replacing “duplex” with “two-family,” changing permit renewal from annually to every three years, and adding that permits may be revoked for inactivity during a twelve-month period.

B. BACKGROUND/HISTORY

The City of Encinitas has been considering the impact of short-term rental occupancy on the availability of long-term housing and rental stock, tourism, and community character for a number of years. The City first passed two ordinances, 2005-06 and 2005-09, in 2005. Ordinance 2005-09 proposed to establish Ch. 9.38 (Regulating Short-Term Rentals) and Ordinance 2005-06 would have amended the LCP; as such, LCPA 2-05 was submitted to the Commission, proposing to prohibit short-term rentals (30 days or less) within all residential zones to limit the conflicts, like late night disturbances, excessive noise, parking problems, and trash, resulting from residential and condominiums near the shoreline being increasingly rented out as STRs. Both City ordinances were to go into effect after Commission approval of LCPA 2-05. However, a staff report recommending denial of LCPA 2-05 was released, concluding that prohibition on STRs in all residential zones would have significantly restricted lodging opportunities for coastal visitors. The City withdrew the amendment request prior to the October 2005 hearing. Accordingly, both ordinances proposing to establish STR regulations in the EMC and LCP did not go into effect.

In July 2006, Chapter 9.38 was added in the EMC. The City modified Ordinance 2005-09 proposing to establish Chapter 9.38 (Regulating Short-Term Rentals) to remove the section tying it to when the Commission was to approve a related ordinance proposing to amend the LCP, among other modifications, and adopted Ordinance 2006-05 to replace Ordinance 2005-09. Therefore, the regulatory permit process in Chapter 9.38 (Regulating Short-Term Rentals) was added into the EMC and went into effect. It established administrative regulations related to application and operational requirements and enforcement, and applied to all STR permits, including those operating in the Coastal Zone, but did not place any limits on the location or on minimum night stays, and limited STRs to single-family and duplex units only.

Also in July 2006, the City resubmitted Ordinance 2005-06 for an LCP amendment request (LCPA 1-06), identical to the amendment submitted in 2005 (LCPA 2-05). The Commission

approved the amendment in November 2006 with suggested modifications, including the addition of a new special purpose overlay zone (“Short-term Vacation Overlay Zone”), amending the City’s proposed definition of Transient Habitation Unit, and adding language pertaining to the number of parking spaces to be made available for guests. As modified, the new Short-term Vacation Overlay Zone would have prohibited STRs in all residential zones east of Highway 101 and allowed them to continue as a permitted use in all residential zones west of Highway 101. The definition of Transient Habitation Unit was also modified to remove including STRs in the definition because transient habitation units were prohibited in all residential zones, which would have prohibited STRs in all residential zones as well. The intent of the modifications was to regulate the neighborhood nuisances resulting from STRs and assure the compatibility of STRs in the residential neighborhoods, while allowing the continuation of STRs to support visitor access. However, the City did not accept the suggested modifications and the LCPA did not take effect.

In 2021, in response to increasing complaints, the Encinitas City Council began looking into addressing issues related to STR proximity, guest behavior, length of stay, and TOT collection. Ordinance 2021-22 was adopted in December 2021, modifying Ch. 9.38 (Regulating Short-Term Rentals). Examples of edits and additions included adding the definitions for “hosted unit” and “non-hosted unit,” modifying the definition of “short-term rental” to clarify that ADUs cannot be an STR, and adding permit operating requirements including requiring payment of Transient Occupancy Tax (TOT) and a minimum night stay of three consecutive nights for non-hosted STRs. Ch. 9.38 also currently provides for the regulation of short-term rentals in all residential zones, including limiting STRs to only single-family or duplex units, limiting the number of people staying overnight, limiting the number of automobiles, requiring a telephone number to be available 24 hours to register complaints about any nuisance, permitting requirements for establishing and operating a short-term rental, and imposing fines and penalties for violation of the regulations. Other notable regulations include that accessory dwelling units (ADUs) cannot be operated as an STR, an STR permit is subject to a TOT, approved permits are valid for one year and are non-transferrable to another location or to another person, and non-hosted STRs have a minimum night stay of three consecutive nights.

While the majority of these changes are administrative requirements to regulate permit requirements and nuisance issues, limitations on the length of stay and the type of dwelling units where STRs are permitted to operate do material impact visitor serving uses, and should have been submitted to the Commission for approval through an LCP amendment. The subject amendment will appropriately incorporate the restrictions and caps on STRs into the LCP, with the exception of the three-night minimum stay. As explained below in the findings, the minimum night stay requirement impacts visitor serving uses and public access, and should be incorporated at this time into the LCP.

The Council also directed City staff to analyze STR data and explore a process for the City to establish a maximum number of STR permits, such as establishing permit caps based on location or housing percentages. In April 2022, staff presented findings in which the approximate numbers of residential units, hotels, overnight rental rates of STRs and hotels, and the distribution of STRs were analyzed. The Council recommended capping non-hosted STR permits citywide and specifically west of I-5, where STRs are most concentrated, along with a 200-foot spacing requirement ([Exhibit 2](#), [Exhibit 3](#)). Following public meetings and revisions, the Council adopted Ordinances 2022-16 ([Exhibit 1](#)) and

2022-15 in December 2022, leading to the submission of the LCP amendment to the Coastal Commission. The LCP amendment application was deemed filed as complete in July 2025, and a one-year time extension was approved in October 2025.

City of Encinitas Background

The City of Encinitas comprises approximately 19.6 square miles (approximately 12,500 acres) located along approximately six miles of coastline with an approximate population of 63,000. The City consists of five communities, Cardiff-By-The-Sea, Leucadia, New Encinitas, Old Encinitas, and Olivenhain, which provide for a small-town atmosphere with a pleasant climate and other amenities, such as public beaches and acclaimed surfing conditions. The City's certified LUP states that a major portion of the City lies within the Coastal Zone, and the 2024 General Plan Annual Progress Report states that the Coastal Zone consists of 14 square miles. As such, approximately 71% of the City is within the Coastal Zone.

The City's residential zones provide for a variety of densities but predominantly allow for single-family residential land use. Low- and medium-density zones that allow for single-family and/or two-family units include: RR, RR-1, RR-2, R-3, R-5, R-8, RS-11, R-11, and R-15. High-density zones like R-20, R-25, and R-30 OL are designed to accommodate multifamily structures. According to the 2024 General Plan Annual Progress Report, single-family residential land uses account for 46.5% of all land area in the City, multifamily residential at 1.6% and mobile home parks and group quarters at 0.7%.⁵ The primary housing type is detached single-family homes (50.9% of the total housing stock), followed by attached single-family homes (30.8% of the total housing stock), multifamily homes at 15.5%, and mobile homes and other non-traditional housing types at 2.8%.⁶ The Land Use Map ([Exhibit 4](#)) shows that much of the land use west of the I-5 is designated as residential, from Residential 3 (R-3) through Residential 25 (R-25). While specific data on the exact percentage of residential land uses and housing type in the Coastal Zone or west of the I-5 are not regularly reported, City-provided data from the County Assessor records suggest that approximately 43%⁷ of the City's housing is located west of the I-5, and approximately 98%⁸ of the City's housing is in the Coastal Zone. Using the housing data provided in the 2024 General Plan Annual Progress Report and City-provided data, approximately 37%⁹ of the City's housing is west of the I-5. Using a combination of data

⁵ Land uses other than housing in the City are parks/open space/beaches/recreation at 21.4%, transportation-related uses at 15%, vacant/undeveloped land at 3.6%, commerce/office at 3.3%, industrial/commercial services at 2.9%, agriculture at 2.3%, water at 1.9%, industrial/warehouse/utilities at 0.8% of all land area in Encinitas.

⁶ City of Encinitas – General Plan Annual Progress Report (2024), and SANDAG Population and Housing Estimates v2023, generated December 19, 2024
https://adlsdasadsprodpublicwest.z22.web.core.windows.net/datasurfer/v23_1_sandag_estimate_2023_jurisdiction_encinitas.pdf

⁷ Using the numbers from the County Assessor records, 10,034 residential units west of I-5/23,104 total residential properties citywide = 0.434 = 43%.

⁸ Using the numbers from the County Assessor records, 22,608 residential housing units in the Coastal Zone/23,104 total residential units citywide= 0.978 = 98%.

⁹ 9,646 residential units west of I-5/26,408 residential units citywide = 0.365 = 37%

from the County Assessor records data the 2024 General Plan Annual Progress Report suggests that approximately 84%¹⁰ of the City’s housing is in the Coastal Zone.

Currently, the City has approximately 26,408 total housing units.¹¹ A December 2023 Displacement Risk Analysis report of the City written by Beacon Economics found that the City is in short supply of its housing stock overall due to multiple factors, including two decades (1970-1990) of little to no construction and generally recommends that additional housing should be constructed. The City was one of 18 cities that did not meet their goals of the 5th Cycle Housing Element, but the City is on track to meet the goals of the 6th Cycle Housing Element. The 6th Cycle covers the years 2021 – 2029. The City has been assigned a total Regional Housing Needs Allocation (RHNA) of 1,554 dwelling units for the 2021-2029 Planning Period and has permitted 1,379 new units as of December 31, 2024. According to the 2024 General Plan Annual Progress Report, 695 new housing units were issued building permits, 128 building permits were issued for accessory dwelling units (ADUs). Out of the 695 new housing units permits, 45 were very low-income deed restricted, 5 very low-income non-deed restricted, 50 low-income deed restricted, 1 low-income non-deed restricted, 20 moderate-income non-deed restricted, zero moderate-income deed restricted, and 574 above moderate-income units. The California Department of Housing and Community Development (HCD) Housing Element Implementation and Annual Progress Report Dashboard shows the progress of the City of Encinitas in meeting its RHNA goals. The dashboard organizes the issued building permits by affordability. It shows that when it is approximately 62.5% through the 6th Cycle, the City has met 22% of the very low income, 19.5% of the low income, 35.1% of the moderate income, and 240.4% of the above moderate income permit allocations.¹²

Approximately 41 acres in the City, or approximately 0.3%,¹³ are zoned for visitor-serving uses. The City has multiple overnight accommodations including hotel, motel, bed & breakfast, and campground offerings. Hotels and motels are permitted by right in visitor-serving commercial (VSC) and limited visitor-serving commercial (L-VSC) zones and require a conditional use permit in general (GC) zones. Camps require a conditional use permit in public/semi-public zones (P/SP) and in open spaces (ER/OS/PK). Hotels, motels, and campgrounds are not permitted in residential zones. Per section 30.48.040.X of the certified IP, a bed & breakfast home is a permitted accessory use upon issuance of a minor use permit provided several conditions are met, including that the house is located in a residential zone or in a designated historic building, or within a structure constructed prior to 1936, no bed & breakfast home is to be located on a lot closer than 200 feet of another bed & breakfast, and the owner or lessee of the property shall operate the facility and reside in the home. There are 15 transient lodging establishments offering 725 rooms.

San Elijo State Beach is the only RV park/campground providing overnight accommodations in the City, with 147 total overnight spaces. All 15 of the City’s transient lodging establishments are located in the Coastal Zone, and 12 of them are located west

¹⁰ 22,608 residential units in the Coastal Zone/26,408 residential units citywide = 0.835 = 84%.

¹¹ Estimate from the 2024 General Plan Annual Progress Report and was based on the United States Census Data as of 2020. The rest of the staff report will use 26,408 as the total residential units citywide, inclusive of the 255 residential units in Seabluffe.

¹² Annual Progress Reports – Data Dashboard and Downloads website: <https://www.hcd.ca.gov/housing-open-data-tools/apr-dashboard>. Accessed January 7, 2026.

¹³ 41 visitor-serving uses acres/12,500 acres citywide = 0.003 = 0.3%.

of the I-5. Furthermore, two new hotels have received discretionary entitlement approvals and are expected to be constructed in the next several years. The two hotels will provide 42 new rooms, and both will be in the Coastal Zone and west of the I-5. The 2024 median nightly rate for transient lodging accommodations (not including San Elijo State Beach campground) in the City is \$157.91, the mean is \$240.30, and the mean nightly rate for San Elijo State Beach campground is \$64.73.

C. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN

The standard of review for LCP implementation plan submittals or amendments is their consistency with and ability to carry out the provisions of the certified LUP. The certified LUP has a number of goals and policies relevant to the proposed amendment; the most applicable LUP standards are as follows:

Land Use Element

Purpose of this Element: ...The City seeks to accomplish the following with the implementation of the goals and policies in this Element:
[...]

- The preservation and maintenance of the existing character of the five individual communities that comprise the City.

Policy 1.13: The visitor-serving commercial land use shall be located where it will not intrude into existing residential communities. This category applies in order to reserve sufficient land in appropriate locations expressly for commercial recreation and visitor-serving uses such as:

- tourist lodging, including campgrounds (bed and breakfast facilities may be compatible in residential areas)
- eating and drinking establishments
- specialty shops and personal services
- food and beverage retail sales (convenience)
- participant sports and recreation
- entertainment (Coastal Act/30250)

The above listed uses and other uses specifically intended to serve the needs of visitors shall be the principal uses allowed within the visitor-serving land use designation. All other permitted or conditionally permitted uses specified in the Zoning Code for areas zoned as visitor-serving commercial, shall be considered as ancillary uses to the allowable principal uses. Ancillary or non-principal uses and required off-street parking shall not occupy or utilize more than 30% of the ground floor area. Policy 1.13 amended 5/11/95 (Reso. 95-32)

Policy 1.14: The City will maintain and enhance the Hwy 101 commercial corridor by providing appropriate community-serving tourist-related and pedestrian-oriented uses. (Coastal Act/30250).

Compatibility Between Existing and Future Development: Land use conflicts often arise when newer projects are insensitive to the use, character, or scale of existing development. These conflicts can over time lead to both deterioration and blight of both the older and newer homes or businesses. There are a number of ways potential conflicts can be resolved through proper planning in the early stages of project design. In addition, code enforcement is an important tool in ensuring that property is maintained. [...]

Community of Cardiff-By-The-Sea, Distribution of Land Use: Land use policy for the Cardiff community calls for new development to generally correspond with existing types and intensities of development. The community will continue to be predominantly residential in character with the higher densities concentrated in that portion of the community west of the Interstate 5 Freeway. Residential areas east of the freeway are generally lower density than that found west of the freeway...Public beaches extend along the entire length of the coastline, along the westernmost margin of the community.

Community of Leucadia, Distribution of Land Use: Land use policy for Leucadia will not significantly alter the existing distribution and character of development in the community. The majority of the community will remain predominantly residential in character...the areas designated for the lowest residential densities are located in an area east of the Interstate 5 Freeway. Finally, the residential land use designations that permit the greatest densities of development are applied to those neighborhoods located in the coastal areas west of Highway 101.

Community of New Encinitas, Distribution of Land Use: The land use policy for the community of New Encinitas will not result in any substantial changes in the patterns and densities of development over that which presently exists.

Community of Old Encinitas, Distribution of Land Use: The land use policy for the community of Old Encinitas encourages the maintenance of the existing character of the community. [...] Residential densities are greater in those neighborhoods adjacent to the beach while those areas east of the Highway 101 corridor have much lower densities.

Community of Olivenhain, Distribution of Land Use: Olivenhain has the largest land area of the five communities while at the same time, has the lowest residential densities. Land use policy for Olivenhain will be effective in preserving the rural “feeling of country” character that is typical of the community.

Recreation Element

Policy 2.9: The City will encourage the maintenance of existing overnight camping facilities (both tent and RV) at public beaches or upland from beaches. (Coastal Act/30213)

Policy 3.2: The City will designate as "Visitor-Serving Commercial" use areas land in the vicinity of primary coastal access routes, particularly in proximity to higher intensity beach use areas. (Coastal Act/30221/30222/30223)

Policy 5.1: The City recognizes Cardiff Beach State Park, San Elijo Beach State Park, South Carlsbad Beach State Park and Moonlight Beach (future City) State Park, as the major visitor destination beaches in the Encinitas area. The City will work with the State to upgrade and promote access to these State beaches, and will act to upgrade and promote access to Moonlight Beach, in order that they may receive an increased proportion of visitor uses. (Coastal Act/30214)

Policy 5.3: The areas of South Carlsbad Beach State Park, Moonlight Beach State (future City) Park, Cardiff Beach State Park and San Elijo Beach State Park shall be designated as high intensity beach recreational use areas. (Coastal Act/30212.5/30221)

1. FINDINGS FOR DENIAL

Summary Finding

While the majority of the proposed ordinance balances the needs to promote access to the coast, protect overnight accommodation, and preserve housing and community character, the City has not proposed to incorporate the existing minimum three-night stay requirement for STRs into the LCP. A minimum night stay affects the intensity of use for an STR and also can affect the availability and accessibility of STRs to visitors. If the City were in the future to increase the minimum night stay to seven nights, for example, it would result in the cost of a stay being out of range for many people, effectively eliminating STRs as viable a source of overnight visitor accommodations in the Coastal Zone. It is important that the minimum night stay be codified in the LCP, so the Commission has the opportunity to review any proposed changes in the future for consistency with the visitor serving and public access policies of the certified LUP. Therefore, as proposed, the amendment must be denied as submitted.

Detailed Findings

The City of Encinitas' LUP promotes and preserves a full range of public access opportunities along the coast which serve and support coastal visitors, and also protects community character through several policies in the Land Use and Recreation Elements. LUP policies memorialize the City's beaches as being "major visitor destination beaches," "shall be designated as high intensity beach recreational use areas," and that the "City will work with the state to upgrade and promote access to these State beaches." In addition, it also expresses the intent to preserve and maintain the existing character of the five communities (Cardiff-By-The-Sea, Leucadia, New Encinitas, Old Encinitas, and Olivenhain) and to resolve land use conflicts between new and existing development. These land use conflicts may "arise when newer projects are insensitive to the use, character, or scale of existing development," but can be resolved through proper planning and code enforcement.

In 2006, the City submitted an LCP amendment to prohibit STRs in all residential zones throughout the City because it was suggested that residential homes and condominiums near the shoreline were increasingly being rented out for STRs and resulting in increased conflicts between residents and visitors involving late night disturbances, excessive noise, parking issues, and trash. The purpose and intent of the proposed amendment was to limit the conflicts by preventing additional residential units from being used as STRs. After reviewing the amendment, the Commission was concerned that banning STRs in all residential zones would eliminate a significant source of overnight visitor-serving accommodations and impact visitors because a minimal area of the City and its Coastal Zone is devoted exclusively to visitor-serving uses. The staff report for the 2006 LCP amendment observed that only approximately 41 acres (approximately 0.3%) out of the entire City are zoned for high-priority visitor-serving use. The proposal to prohibit STRs further would have restricted lodging opportunities for coastal visitors and raised inconsistencies with the LUP requirements promoting public access to the City's beaches.

Today, the purpose and intent of the subject LCP amendment is similar to the 2006 amendment, while also taking into consideration the importance of maintaining and supporting the City's housing stock for long-term residents. The City's position is that STRs are a commercial activity and over time, the increase in STRs, the majority of which are non-hosted and concentrated west of I-5, has negatively impacted the City's residential neighborhoods by creating adverse impacts involving "excess noise, disorderly conduct, vandalism, overcrowding, traffic congestion, illegal vehicle parking, and accumulation of refuse." However, Encinitas is also a tourist destination with a long history of STRs. Thus, the City's request is intended to limit land use impacts and conflicts, preserve housing stock, while also balancing public access to the coast, by establishing permit caps for non-hosted STRs citywide and west of I-5. In addition, 200 feet is required between non-hosted STRs. STRs are and will continue to be allowed in all zones, but are only allowed in single-family and two-family residential units. STRs are tied to development type, not to zones, to ensure the applicable regulations encompass all STR units, including legal non-conforming housing units (which could be legal non-conforming STRs), and existing and future residential development to account for future housing laws that may allow for housing in zones other than residential zones. The proposed regulations are intended to maintain a balance between providing visitor-serving accommodations and public access, and preserving residential quality of life and housing stock.

Coastal Access and Overnight Visitor Accommodation

The Commission recognizes that STRs provide a unique and important source of visitor-serving accommodations in the Coastal Zone, especially for larger families and groups, and has found that outright bans or undue restrictions on STRs are inconsistent with Coastal Act and LUP policies prioritizing public access and visitor-serving uses. In fact, the City's 2006 LCP amendment proposing to ban all STRs in all residential zones was rejected as proposed due to concerns about its potential impact to overnight visitor-serving accommodations. At the same time, the Commission has also recognized a need to restrict STRs in some coastal communities where evidence showed that the vacation rental market was having impacts on coastal resources or even impacting the availability of housing. Past Coastal Commission guidance to local governments has emphasized the need to allow, but regulate, vacation rentals in a manner that balances the important public

access and visitor-serving benefits of such rentals with reasonable regulations to limit adverse impacts on coastal communities.¹⁴

The City provided the STR permit count through May 15, 2025. The data is compiled into Tables 1 and 2, along with the proposed permit caps and how the numbers would change under the proposed amendment. The 255 residential units and the three hosted and 54 non-hosted STRs in Seabluffe have been subtracted from the data below because Seabluffe will be excluded from proposed permit caps, including in the calculation of the caps.

Table 1: Non-Hosted STRs West of I-5 (excluding Seabluffe)

| | Current Total STRs | Current Non-Hosted STRs | Estimated Residential Units West of I-5 | Current % | Potential Total Non-Hosted STRs with Proposed Permit Cap 4% | Potential Change in Non-Hosted STRs |
|--------------------|---------------------------|--------------------------------|--|------------------|--|--|
| West of I-5 | 295 | 229 | 9,391 | 229/9,391 = 2.4% | 9,391*0.04 = 376 | +147 |

Table 2: Non-Hosted STRs Citywide (excluding Seabluffe)

| | Current Total STRs | Current Non-Hosted STRs | Estimated Residential Units | Current % | Potential Total Non-Hosted STRs with Proposed Permit Cap 2.5% | Potential Change in Non-Hosted STRs |
|-----------------|---------------------------|--------------------------------|------------------------------------|-------------------|--|--|
| Citywide | 386 | 296 | 26,153 | 296/26,153 = 1.1% | 26,153 *0.025 = 654 | +358 |

As shown in Table 1, excluding the residential units and STRs in Seabluffe, there are approximately 9,391 residential units west of I-5 and 229 are non-hosted STRs. The percentage of non-hosted STRs represents 2.4% of the residential units west of I-5. With the proposed permit cap of 4% of the residential units west of I-5, approximately 147 more non-hosted STR permits would be possible. As shown in Table 2, also excluding the

¹⁴ See, for example, the Commission’s 2016 guidance to local governments available at: https://documents.coastal.ca.gov/assets/la/Short_Term_Vacation_Rental_to_Coastal_Planning_&_Devt_Directors_120616.pdf.

residential units and STRs in Seabluffe, there are approximately 26,153 residential units Citywide and 296 of them are operating as non-hosted STRs. This represents 1.1% of the total residential units and with the proposed permit cap of 2.5% of the total units, approximately 358 more non-hosted STR permits would be possible Citywide. However, the calculation of the permit cap Citywide is inclusive of those west of I-5. Also important to note is that the maximum number of non-hosted STRs allowed would change annually, as the number of residential housing units would be based on the total housing units in existence at the time of application submittal, as identified within the prior Housing Element Annual Progress Report or by the State of California Department of Finance annual housing estimates. Given the current trend of the majority of non-hosted STRs being located west of I-5 and the proposed method in calculating the permit caps, it is likely that approximately half of the possible 358 Citywide permits could be issued west of I-5.

In addition, the 200-foot distance requirement will limit which houses could qualify for a new non-hosted STR permit. The 200-foot radius is not intended to reduce the ability to meet the percent cap west of the I-5. The intent of the 200-foot radius is to avoid over-concentration of non-hosted STRs within a particular location, zone, or neighborhood. The City-provided data shows that there are approximately 148 non-hosted STRs within 200 feet of another (excluding Seabluffe). Current operating non-hosted STRs will remain allowed if they are in good standing with paying TOT and do not have enforcement issues. If there is an existing good standing non-hosted STR that is grandfathered in, it would as a result limit a new non-hosted short-term rental from being approved within 200 feet. This would be the case until the grandfathered permit expires and is not renewed. The owner of the property applying for a new short-term rental may still receive a permit for the short-term rental as a hosted unit, rather than non-hosted.

The distance requirement and permit caps do not apply to **hosted** STRs Citywide, or to hosted and non-hosted STRs in the Seabluffe community, and Seabluffe is excluded from the permit cap calculations. STRs, both hosted and non-hosted, are allowed in all zones but only in single-family or two-family residential units. As such, an important source of overnight visitor accommodation promoting public access and recreation will continue to be available, but will be limited to single-family and two-family homes, and non-hosted STRs will be restricted by proximity to others and by permit caps.

Regarding other overnight visitor accommodations in the City, the City provided the composition of hotel, motel, bed & breakfast, and campground offerings and their locations relative to the Coastal Zone and I-5. The City has 15 total transient lodging establishments (hotels, motels, B&B) offering 725 rooms, and one RV park/campground at the San Elijo State Beach campground. The campground is located west of I-5, and all 15 transient lodging accommodations are located in the Coastal Zone, and 12 are located west of I-5. In addition, two new hotels have received discretionary entitlement approvals and are anticipated to be constructed in the next several years. They both will be located west of I-5. Thus, the current hotels, motels, etc., in addition to the STRs provide and will continue to serve as overnight accommodations for visitors looking to visit the City and its coast.

A common argument supporting STRs is that they represent a more affordable option for families and visitors. Another argument specifically against non-hosted STRs is that they are more expensive than hosted STRs, and sometimes more expensive than hotel rooms. The City provided data on the prices of transient lodging establishments, the campground,

hosted, and non-hosted STRs throughout the City. In sum, the median nightly rates for transient lodging establishments (hotels, motels, B&Bs) in 2024 was \$157.91 and was \$64.73 for San Elijo State Beach campground. The City also provided a dataset of the average advertised nightly rates for 78 hosted and 257 non-hosted STRs currently operating in the City. It excluded STRs without permits, with expired permits, and those for which the average advertised nightly rates could not be determined. Of the nightly rates provided in the dataset, the median nightly rate for hosted STRs is \$291 and for non-hosted STRs is \$391. While the dataset is not comprehensive, it does capture the average nightly rates for over three-quarters of the STRs currently operating in the City. In addition, the Displacement Risk Analysis report by Beacon Economics stated that the average price of STRs tend to be about \$500 to \$600 per night, but did not distinguish between hosted or non-hosted STRs.

However, as mentioned earlier, STRs generally are important sources of visitor-serving accommodations in the Coastal Zone for larger families and groups. It is difficult to compare the cost of STRs with hotels, because STRs typically have multiple bedrooms and accommodate more people. In addition, STRs typically have kitchen facilities, which can reduce costs by allowing for the preparation of food instead of having to purchase food for each meal. Thus, it is challenging to categorize them on a cost basis, and to compare them to hotels, motels, etc. Instead, the strength of STRs is that they augment the other types of accommodation available to the general public, and the end result is a mix of accommodations that can meet various travelers' needs. For whatever particular reason, the popularity of STRs demonstrates they meet a demand not satisfied by traditional overnight accommodations.

The 2006 Encinitas LCP amendment also raised the concern regarding protecting existing public parking for public access. A suggested modification was to limit the number of vehicles to the number of available onsite spaces to assure that the number of visitors' vehicles will be limited to the number of onsite spaces so that they will not usurp public street parking. Today's proposed amendment includes this same regulation, limiting the allowed number of overnight vehicles to the number of designated onsite parking spaces. Thus, the existing public access in the form of public street parking will be protected.

Community Character

Complaints and concerns from residents about STRs include proximity to other STRs, the number of guests gathering, public safety, noise, and quality of life. Regarding the issues the complaints pointed to, the City provided data on nuisance issues among all STRs.¹⁵ The data demonstrates a slightly elevated tendency for nuisance issues among non-hosted STRs, with 24% (84/350 total non-hosted STRs) receiving complaints, code violations, and/or calls for service since 2021 compared to 22.6% (21/93 total hosted STRs) of hosted STRs. Comparing the number of complaints to the total number of STRs, approximately 19% (84 non-hosted/443 total) of the complaints are for non-hosted STRs, and approximately 5% (21 hosted/443 total) of the complaints are for hosted STRs. Looking at the number of STRs that have received complaints, code violations, and/or calls for service, 84 out of the total 105 calls were non-hosted STRs (80%), and 21 out of 105

¹⁵ The STRs in Seabluffe were not removed from this analysis.

calls were hosted STRs (20%). It can be argued that these numbers do not point to a significant difference between hosted and non-hosted STRs. However, the City asserts that hosts provide real-time enforcement, and the current policies in Chapter 9.38 mitigate impacts to the neighborhood. As such, limiting the number of non-hosted STRs may provide a framework for further reducing nuisance issues.

The City concluded that the combination of the percent caps and 200-foot radius on non-hosted short-term rentals (particularly west of the I-5) would sufficiently limit commercial uses in neighborhoods to preserve their residential character and alleviate impacts to coastal resources including coastal access and parking. The proposed regulations are intended to maintain balance between Encinitas' appeal as a tourist destination while preserving residential quality of life and long-term housing stock. An exhibit ([Exhibit 2](#)) presented by City staff to their City Council in April 2022 shows a map of STRs in the City, that shows some neighborhoods near the coast having multiple STRs, including directly adjacent to one another. A City exhibit from October 2022 provides an aerial view of the City and shows the majority of STRs (hosted and non-hosted) are concentrated west of I-5 near the coast ([Exhibit 3](#)). The City's analysis presented in April 2022 demonstrates that there were 527 STRs permitted and under review, and 418 STRs (permitted and under review) were west of I-5 ([Exhibit 5](#)). In other words, approximately 1.98% of the total residential units Citywide had STR permits issued or under review, and approximately 4.3% of the total residential units west of I-5 had STR permits issued or under review. Updated counts of permitted STRs in the City through May 15, 2025, provided by City staff, show that there are 443 total hosted and non-hosted STRs citywide, 425 STRs (hosted and non-hosted) in the Coastal Zone, and 352 STRs (hosted and non-hosted) west of the I-5. Excluding the 57 STRs (hosted and non-hosted) in the Seabluffe community in Leucadia,¹⁶ there are 295 total STRs (hosted and non-hosted) west of the I-5. Focusing on non-hosted STRs, there are 350 Citywide, 336 in the Coastal Zone, and 283 west of I-5.¹⁷ Simply put, approximately 64% (283/443) of total STRs are un-hosted and west of I-5. The permit caps on non-hosted STRs of 2.5% Citywide and 4% west of I-5 will help mitigate saturation of these STRs in coastal areas. As described earlier, the proposed ordinance and permit caps will allow for an increase in non-hosted STRs west of I-5 and Citywide with a total of 654 non-hosted STR units allowed Citywide.

With respect to the high concentration of non-hosted STRs in neighborhoods west of I-5, the proposed amendment will provide a 200-foot radius distance requirement between non-hosted STR units. As shown in the City's maps ([Exhibit 2](#), [Exhibit 3](#)), non-hosted STR units are concentrated in neighborhoods near the ocean and the 200-foot radius will assist in limiting an over-concentration of STRs within residential neighborhoods and essentially places a minimum of three-parcel-distance in all directions between units. This distance requirement will apply to all non-hosted STRs Citywide to address the current issue of over-concentration of STRs west of I-5 and to prevent this same issue occurring east of I-5. The proposed ordinance includes language to allow existing legal non-hosted STRs to continue operating. Those that do not meet the distance requirement will become legal nonconforming after adoption of the ordinance, and will be eligible for renewal provided

¹⁶ The STRs in Seabluffe are excluded from the proposed STR regulations and calculations because Seabluffe was developed with the purpose to serve as second homes, vacation homes (STRs), and are subject to their own rules and regulations.

¹⁷ These numbers of non-hosted STRs include those in Seabluffe.

“the unit has not been subject to revocation and/or any issues in gaining compliance with pending code enforcement actions,” and the unit is current and up to date on paying the TOT.

Members of the public supportive of STRs have suggested that the majority of the issues stem from STRs that do not have an operator onsite, referred to as non-hosted STRs, and that enforcement efforts should be increased and would be more effective than additional regulations. The City has informed staff that the workload of City staff dedicated to enforcement issues and STRs have been dominated by processing permit renewals because the current policies in Chapter 9.38 require STR permits to be renewed annually. Planning, Code Enforcement, and Finance staff review every renewal and new STR permit application for code compliance. Code Enforcement staff also complete inspections after permits have passed review, which place a significant burden on Code Enforcement staff. Moreover, Code Enforcement staff also monitor for unpermitted STRs. Workload related to STRs has historically required Code Enforcement staff to work on weekends for proper enforcement. Due to this, City staff is proposing to amend this policy to instead require permits to be renewed every three years, and add the specification that permits “may be revoked for inactivity during a 12 month period, which will be monitored through the collection of Transient Occupancy Tax...” As mentioned earlier, additional requirements for the permitting processes, conditions of approval, operating requirements are not proposed to be part of the proposed LCP amendment, but the current proposed edits to Ch. 9.38 will not go into effect until the subject LCP amendment is effective. Chapter 9.38 is not part of the certified LCP as it primarily includes policies related to nuisance control. Changes and refinements to the policies within Chapter 9.38 can ensure the regulations can be effectively enforced to reduce nuisance issues. Furthermore, hosted STRs will not be subject to the proposed permit caps and distance requirement due to the low number of complaints and enforcement issues with hosted STRs. Public comment and communication with the City suggests that onsite hosts provide real-time enforcement to enforce the permit operating requirements of Chapter 9.38 that address noise, trash, and parking complaints.

The Seabluffe community within Leucadia (and is west of I-5) will be exempted and excluded from the permit caps and distance requirement because it was developed in the 1970s with the intent of being used for second homes, vacation homes, and vacation rentals. As such, Seabluffe STRs are subject to their own regulations, and nearly a quarter of units within Seabluffe are STRs. Looking at the rest of the City, concerns on nuisance issues, and over-concentration of non-hosted STRs impacting community character will be addressed by the proposed LCP amendments requiring the permit caps of 2.5% Citywide and 4% west of I-5, the 200-foot radius distance requirement, in addition to the edits within Chapter 9.38, which is not part of the certified LCP.

Housing

The relationship between STRs and housing is complex and currently a crucial citywide and statewide topic. The City’s 2021-2029 Sixth Cycle Housing Element outlines a plan for the City to meet the housing needs of its residents. A part of the updated Housing Element called for a Displacement Risk Analysis to identify the economic, social, and structural factors leading households to be forced to leave their community when they otherwise

would have preferred to stay. The report and analysis were conducted by Beacon Economics and released in December 2023. Generally, the report concludes that rising housing and rental costs in the City have increased significantly over the last 20 years displacing those in the City who cannot afford the rising costs. The City's housing stock is in short supply overall due to approximately 20 years of minimal construction. As such, the report provides several recommendations to help lower the displacement risk in the City including increasing enforcement of STR policies and building more housing.

One of the recommendations to lower displacement risk is that the City "should consider increasing its enforcement of its new short-term rental laws" because Beacon Economics found in their analysis that the number of active STRs in the City was nearly double the number of legally approved STRs in 2022. Beacon Economics stated that STRs "influence displacement risk because they reduce the supply of housing in the city." They reported that there was a maximum of 846 active STRs in the third quarter of 2022, but only 478 STRs that had registered with the City. The report also finds that the vacancy rate of housing in the City has doubled from 4.3% in 2000 to 8.6% in 2020. While researchers estimate that a normal vacancy rate is around 5%, Beacon Economics did not have the data to confirm if the vacant houses are being used for vacation or investment purposes. As discussed above, the proposed change to require permit renewal every three years instead of annually in Ch. 9.38 will allow for City staff to more effectively enforce its STR policies.

Public comments against more restrictive STR regulations argue that STRs provide additional income for residents and allow them to live in the City. While Commission staff do not have data or reports regarding this claim, the proposed amendment will continue to allow for an unlimited number of hosted STRs in the City. In addition, the current number of non-hosted STRs will be able to increase until the permit cap is reached, and the number of non-hosted STRs may grow with the housing stock. Thus, the proposed amendment strikes a balance between limiting STRs, preserving housing stock, and providing a source of income for residents to remain in the City.

Some local governments have taken the approach that long term housing can help be protected by only allowing STRs in homes that are primary residences to safeguard the existing housing stock and prevent commercial operators or investors from buying property for the express purpose of operating an STR. For example, the City of Half Moon Bay has a primary residence requirement, and the City of Del Mar has also adopted an STR ordinance that limits STRs to homes that are primary residences. The City of Del Mar's LCPA has been scheduled for Commission review at the same hearing as the subject LCP. The City of Encinitas is not proposing a primary residence requirement at this time, but does have similar concerns regarding the protection of long-term housing. Part of the purpose and intent of the subject LCP amendment is to preserve the City's housing stock, and adopted the ordinance finding that "the City Council further finds that a majority of short-term rentals are operated by agents and/or absentee owners, or non-hosted units, and the increase of short-term rentals over time have created adverse impacts..." There is not clear evidence how many of the non-hosted units in the City of Encinitas have been bought by commercial operators or investors for the express purpose of operating an STR. The Displacement Risk Analysis report does state that "there is no dataset that identifies whether houses are bought by outside investors," but the number of houses bought entirely with cash is a commonly used proxy metric and "the high proportion of houses

bought entirely with cash recently suggests” that a portion of the vacant homes could be used for vacation or investment purposes. The report also states that “roughly 22% of homes in Encinitas were bought with cash only” in 2017, “which is similar to California’s state average of 24%.”¹⁸

City of Encinitas staff provided an overview of primary residence tax exemption data derived from County Assessor records to help convey how many residential units are likely occupied by full-time residents and thus, if data suggests the homes are primarily used as full-time housing or not. Generally speaking, if there is a higher number of primary tax exemptions, this may suggest that these residences are being used as a residence, and are not being used as second or third vacation (or rental) homes. The City reports that there are approximately 12,651 primary tax exemptions Citywide; 12,152 single-family residential units with primary tax exemptions, and 377 two-family residential units with primary tax exemptions. In the Coastal Zone, 8,863 residential units have primary tax exemptions and 3,273 residential units west of I-5 have primary tax exemptions. STRs currently are and will continue to be only permitted in single-family and two-family residential units. The primary tax exemption numbers suggest that approximately 55% of residential units Citywide have primary tax exemptions (12,651 total tax exemptions/23,104 total residential units), approximately 63% of Citywide single-family residential units have primary tax exemptions (12,152 SF tax exemptions/19,324 total SF properties), and approximately 35% of two-family residential units have primary tax exemptions (377 two-family tax exemptions/1,085 total two-family properties). In the Coastal Zone, approximately 40% of the residential properties have primary tax exemptions (8,863 tax exemptions/22,068 residential properties), and approximately 33% of the residential properties west of I-5 have primary tax exemptions (3,273 tax exemptions/10,034 properties). Looking at the primary tax exemptions themselves, the majority of them are located in the Coastal Zone¹⁹ and approximately 96%²⁰ of primary tax exemptions are single-family homes.

Broadly speaking, the data suggests that the majority of the primary tax exemptions are for single-family residential units, and the majority of the exemptions are within the Coastal Zone, suggesting a strong presence of full-time residents and owner occupants in coastal areas, which supports the City’s focus on limiting non-hosted STRs and protecting residential stability. However, the number of primary tax exemptions is one data point of interest and should be analyzed with other data points and in the context of the City. Beacon Economics states that housing costs are the main driver of displacement in Encinitas and thus, recommends that the City build more housing to lower the risk of displacement. Beacon Economics’ report also discusses how the basic underlying economic principle of supply and demand is important to review when assessing the Encinitas housing market and considering policies to lower displacement risk. In sum, demand for housing has increased in the City while the supply has not meaningfully

¹⁸ Levin. M., & Christopher. 8. (2018. March 28). Are foreign investors driving up real estate in your California neighborhood? CalMatters.

<https://calmatters.org/housing/2018/03/data-dig-are-foreign-investors-driving-up-real-estate-in-your-california-neighborhood/>

¹⁹ 8,863 primary tax exemptions are in the Coastal Zone and there are a total of 12,651 citywide.
 $8,863/12,651 = 0.700 = 70\%$

²⁰ 12,152 primary tax exemptions are for single-family properties. $12,152/12,651 = 0.960 = 96\%$

increased, and therefore the price of housing has increased. The City has relatively little ability to adjust demand, but can prevent a reduction in supply by imposing and enforcing STR restrictions, and can directly influence supply by approving and facilitating new housing and lowering housing costs.

As discussed earlier, the City has been making progress permitting housing and meeting its Regional Housing Needs Allocation (RHNA, which is part of the 2021-2029 Sixth Cycle Housing Element) goals. As of the 2024 General Plan Annual Progress Report, the City is on track to meet the goals of the 6th Cycle Housing Element. The City is required to produce 1,554 new homes in the cycle and has permitted approximately 1,379 new homes as of December 31, 2024. In 2024, 695 new housing units were issued building permits, and 128 of those were issued for ADUs. The California Department of Housing and Community Development (HCD) has housing open data tools accessible on its website, including a data dashboard on cities' submitted annual progress reports.²¹ The dashboard showing progress of the City of Encinitas meeting its RHNA goals and organizing the issued building permits by affordability shows that at the moment when it is approximately 62.5% through the 6th Cycle, the City has met 22% of the very low income, 19.5% of the low income, 35.1% of the moderate income, and 240.4% of the above moderate income permit allocations.²² All in all, if a local government is issuing building permits at a rate that is higher than the percentage through cycle number (i.e., 62.5%), then the targets for those categories are being met. Conversely, if the permit rate is lower, then the local government is falling short of meeting the targets. In Encinitas' case, market rate housing permits have been over allocated and the affordable housing categories (very low, low, and moderate income) have been under allocated based on their RHNA targets. To compare the City's progress with other cities in San Diego County, a Voice of San Diego article reviewed data from HCD and concluded that Encinitas is the closest city to meeting its target, and only unincorporated San Diego County and San Marcos are doing well in meeting their affordable housing numbers.²³

Currently, the total number of non-hosted STRs Citywide, excluding Seabluffe, represents approximately 1.1% of the housing stock, and the total number of non-hosted STRs west of I-5 represents 2.4% of the housing stock west of I-5. The proposed permit caps would allow 147 more permits west of I-5 and 358 more permits Citywide (inclusive of those west of I-5). While housing, particularly affordable housing, is still needed in the City, the number of allowable STRs will remain at a very small percentage of the City's total housing, and the City is continuing to prioritize the construction of new housing. As such, the potential increase of 358 non-hosted STRs for a total of 654 non-hosted STRs Citywide is not expected to lead to a substantial adverse impact on housing, and will support the City's important tourist economy and the public access and visitor serving policies of the LCP and the Coastal Act.

²¹ Annual Progress Reports – Data Dashboard and Downloads website: <https://www.hcd.ca.gov/housing-open-data-tools/apr-dashboard>. It should be noted that the data is self-reported by cities and counties and is not independently verified by HCD.

²² Commission staff accessed the website and dashboard on January 7, 2026.

²³ <https://voiceofsandiego.org/2025/07/31/the-places-in-san-diego-meeting-their-housing-goals-will-blow-your-mind/>

While the majority of the proposed ordinance balances the needs to promote access to the coast, protect overnight accommodation, and preserve housing and community character, not incorporating the minimum night stay requirement in the LCP is cause for concern. Chapter 9.38, the existing STR regulations, is comprised of mainly nuisance control regulations, not land use regulations and thus have not been and do not need to be incorporated into the LCP. However, it does currently require that “non-hosted short-term rental units shall have a minimum night stay of three consecutive nights. This provision shall not apply to hosted short-term rental units.” As such, the minimum night stay requirement currently applies to STRs Citywide, including those in the Coastal Zone, but is not in the LCP. A minimum night stay affects the intensity of use for an STR and also can affect the availability and accessibility of STRs to visitors. If the City were to increase the minimum night stay to seven nights, for example, it would result in the cost of a stay being out of range for many people, effectively eliminating STRs as viable a source of overnight visitor accommodations in the Coastal Zone. It is important that the minimum night stay be codified in the LCP, so the Commission has the opportunity to review any proposed changes in the future for consistency with the visitor serving and public access policies of the certified LUP. Therefore, as proposed, the amendment must be denied as submitted.

2. FINDINGS FOR APPROVAL IF MODIFIED

The City has chosen specific caps and limitations based on its years of outreach and study and based on its findings that these regulations are consistent with and adequate to carry out its LUP. There is a high level of discretion and a wide range of what can be considered reasonable to meet the objectives of providing overnight accommodations and protecting other coastal resources. As the Commission has found in other cases, there is no “one size fits all” vacation rental solution in coastal California. What is appropriate for a city like Encinitas may not be the right solution for a neighboring city like Del Mar, which is much smaller and has fewer options for expanding housing. The City spent many years on an inclusive public process to arrive at this proposal, where there were and are many supporters and opponents of vacation rentals. The City carved out a middle ground that represents a balance based on the needs of its long-term residences, its historic tourist-oriented character, and the various policies of its LUP.

As explained in detail above, the proposed amendment allows for an increase in the number of non-hosted STRs Citywide, including west of I-5. When analyzed in context of the amendment’s provisions, the current regulations in Chapter 9.38, the City’s overall overnight visitor accommodations, and the City’s progress in meeting the goals within its Sixth Cycle Housing Element, the increased number of STRs should not lead to a substantial adverse impact to community character or housing, and supports the public’s ability to visit the coast and the City’s beaches. The three-night minimum stay strikes a reasonable balance between a residential-like stay, while preserving the opportunity for more affordable short stays.

As discussed above, the three-night minimum stay current exists in Chapter 9.38 of the EMC; however, it is not necessary to add the entire chapter as it contains regulations mainly not related to land use. The length of stay requirement is a policy that impacts public access, and thus, should be codified in the LCP. For example, a large portion of people, particularly families looking for overnight accommodations with a kitchen and yard,

would be excluded if the minimum night stay was increased significantly. Including this important provision in the LCP ensures that any future revisions to the length of stay will be reviewed by the Commission through an LCP amendment. **Suggested Modification No. 1** inserts new ordinance language that will be part of the LCP requiring non-hosted STRs to have a minimum night stay of three consecutive nights, ensuring that potential changes in minimum night stay will be reviewed by the Commission.

Thus, with the above suggested modifications addressing the identified shortfall in the STR amendment as proposed by the City, the amendment can be found consistent with the certified LUP for the City of Encinitas and approved, as modified.

V. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Section 21080.9 of the California Environmental Quality Act (CEQA) exempts local government from the requirement of preparing an environmental impact report (EIR) in connection with its local coastal program. The Commission's LCP review and approval program has been found by the Resources Agency to be functionally equivalent to the EIR process. Thus, under CEQA Section 21080.5, the Commission is relieved of the responsibility to prepare an EIR for each LCP submission.

Nevertheless, the Commission is required in an LCP submittal or, as in this case, an LCP amendment submittal, to find that the LCP, or LCP, as amended, does conform with CEQA. The City found the proposed amendment is not subject to review under the California Environmental Quality Act (CEQA) guidelines pursuant to General Rule, Section 15061(b)(3) of Title 14 since there would be no possibility of a significant effect on the environment, and pursuant to Guidelines Section 15378(b)(5), which exempts organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment in that the amendments to the Municipal Code and local coastal program regard local administrative procedure updates. Further, the City found the proposed amendment is categorically exempt pursuant to Guidelines Section 15301 Class 1 (Existing Facilities), in that the short-term rental Municipal Code amendments relate to the licensing, permitting, and operation of a short- term rental within an existing private structure that involves negligible or no expansion of use.

In this particular case, the proposed changes to the City's Implementation Plan, as modified, would not result in significant impacts to the environment within the meaning of the California Environmental Quality Act. Therefore, the Commission finds that approval of the LCP amendment, as modified, will not result in any significant adverse environmental impacts.