

CALIFORNIA COASTAL COMMISSION

SAN DIEGO DISTRICT OFFICE
7575 METROPOLITAN DRIVE, SUITE 103
SAN DIEGO, CA 92108-4402
VOICE (619) 767-2370
FAX (619) 767-2384



Th16e

Date: February 15, 2026

To: COMMISSIONERS AND INTERESTED PERSONS

From: KARL SCHWING, DEPUTY DIRECTOR, SAN DIEGO COAST DISTRICT
DIANA LILLY, DISTRICT MANAGER, SAN DIEGO COAST DISTRICT
STEPHANIE LEACH, DISTRICT SUPERVISOR, SD COAST DISTRICT

Subject: STAFF RECOMMENDATION ON CITY OF DEL MAR MAJOR AMENDMENT
NO. LCP-6-DMR-24-0048-2 (Short-Term Rentals) for Commission Meeting
of February 4-6, 2026)

SYNOPSIS

The subject LCP implementation plan amendment was submitted on October 22, 2024 and filed as complete on March 25, 2025. A one-year time extension was granted on June 12, 2025. As such, the last date for Commission action on this item is the June 2026 hearing.

SUMMARY OF AMENDMENT REQUEST

The proposed amendment adds a new chapter (Chapter 30.96) to the certified Implementation Program (IP) to establish short-term rental (STRs) regulations including standards regulating the use and operation of STRs, relevant definitions, permitting and application requirements, allowable locations, operating requirements, and enforcement. The City's stated intent within the new chapter is to maintain long-term housing stock, maintain the residential character of neighborhoods where short-term rentals are permitted in residential zones, protect public health and safety, and minimize adverse impacts to private properties and coastal resources.

The proposed amendment caps the total number of short-term rentals in the City at 129 units, with several neighborhood-specific caps also put in place. This is equivalent to 5% of the total number of dwelling units located in the City based on 2020 Census data. However, existing STRs would be "grandfathered" into the new program regardless of the proposed cap. The most recent data from the City determined that 150 STRs are currently eligible for a short-term rental permit. Thus, a maximum of 150 STRs would be allowed to continue to operate after the LCPA is effective. Currently no applications for new STRs are being accepted. A waitlist for new STRs will be established after the LCPA becomes effective, and eventually, as the grandfathered STRs cease operating, it is anticipated that the maximum number of STRs City-wide will go down to the proposed cap of 129.

Short-term rentals would be allowed in both residential and several commercial zones. Only one STR per lot would be allowed on lots developed with one or two dwelling units (excluding ADU development). For multi-unit structures, the ordinance makes a distinction between rental units (apartments) and purchased units (condominiums). STRs would not be permitted in multi-unit (i.e. 3 units or more) apartment buildings in residential zones, but would be allowed in apartment buildings located within commercial zones. STRs are permitted in condominiums regardless of whether they are in commercial or residential zones, but they are limited to 10% of the total primary dwelling units within the complex. Additional circumstances where STRs are prohibited include any dwelling units that are subject to deed restrictions or affordable housing covenants that limit rental of the unit to housing for specific income-restricted households.

Unlike existing STRs, all new STRs must comply with a primary residency requirement. This means the owner must live in their unit and claim it as their primary residence for more than six months of the year. The City's amendment requires a minimum stay of three nights at an STR. There is no restriction on time of year or number of times a property may be rented per year, nor does the ordinance distinguish between whole home rentals versus partial home rentals, or hosted versus non-hosted. Other provisions require compliance with a Good Neighbor Policy, which requires a local contact person, signage, and compliance with noise restrictions and trash control. All garage, driveway, and designated on-site parking spaces must be made available for STR guests.

SUMMARY OF STAFF RECOMMENDATION

Staff recommends that the Commission approve the LCP amendment as submitted. There are currently no permitting requirements for STRs in effect in Del Mar, nor restrictions on the number, type, or location. The Commission has historically recognized that STRs can provide a unique and important source of visitor-serving accommodations in the Coastal Zone, especially for larger families and groups, and has typically found that undue restrictions on this type of lodging type are inconsistent with Coastal Act and LCP provisions prioritizing public access and visitor-serving uses. At the same time, the Commission has also in the past recognized a need to restrict STRs in some coastal communities where evidence showed that the STR market was having impacts on coastal resources, along with the concern that STRs significant impact the availability of housing. In that sense, the Commission has historically sought to accommodate a balance between these sometimes-competing interests, where the appropriate balance is typically driven by the community context. Further, the Commission supports "good neighbor" practices, which are important tools to address neighborhood concerns (e.g., safety, community character) while maintaining such balance.

The City of Del Mar recognizes the historic presence of short-term rentals within the community, and hosts millions of visitors each year. The City developed the STR program with the intent of balancing the need to protect and enhance public access via overnight accommodations with the City's housing goals. As noted, the City currently has 150 STRs that would be eligible for permitting under the proposed amendment. As proposed, all of the existing operators would be accommodated regardless of the proposed cap, but the long term goal is that the number of STRs citywide would drop to the cap of 129 units or

less. The total of 129 was chosen because it represents approximately 5% of the City's total number of dwelling units located in the City, based on the 2020 Census data. Requiring new STRs to operate only where the owner of the STR lives in their unit for more than six months of the year and considers it their primary residence prevents larger-scale STR operations and maintains residential units for their primary purpose as long-term housing. The three-night minimum is intended to help maintain neighborhood residential character and is considered the average stay length according to data collected by the City. Longer stays are typically considered less likely to result in "party houses" and the associated trash and noise, while still allowing reasonably affordable short-term stays. The amendment prohibits short-term rental operation in any unit deed-restricted affordable housing, and prohibiting STRs in ADUs and apartment complexes in residential zones also protects housing stock that is typically more affordable. The City notes that at least 74% of the existing STRs are not in primary residences, and so the longer-term impact of the amendment will result in owners of future STRs being residents of Del Mar. In this way, the amendment as proposed is a flexible and proactive approach, bridging the gap between current conditions and a future short-term rental program more clearly defined by housing goals.

Staff therefore recommends that the Commission find the proposed amendment consistent with and adequate to carry out the policies of the LUP, and that the Commission approve the amendment as submitted

The appropriate motions and resolutions begin on page 5. The findings for approval of the Implementation Plan Amendment as submitted begin on page 6.

ADDITIONAL INFORMATION

Further information on the City of Del Mar LCP amendment LCP-6-DMR-24-0048-2 may be obtained from Stephanie Leach, District Supervisor, at (619) 767-2370 or SanDiegoCoast@coastal.ca.gov.

TABLE OF CONTENTS

I. OVERVIEW5

 A. LCP HISTORY 5

 B. STANDARD OF REVIEW 5

 C. PUBLIC PARTICIPATION 5

II. MOTION AND RESOLUTION.....5

III. FINDINGS FOR APPROVAL OF THE CITY OF DEL MAR
 IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED.....6

 A. BACKGROUND..... 6

 B. AMENDMENT DESCRIPTION 6

 C. CONFORMANCE WITH THE CERTIFIED LAND USE PLAN 9

 D. FINDINGS FOR APPROVAL 10

IV. CONSISTENCY WITH THE CALIFORNIA ENVIRONMENTAL QUALITY
 ACT (CEQA).....15

EXHIBITS

- [Exhibit 1 – Ordinance No. 1010](#)
- [Exhibit 2 – Existing Short-Term Rental Map](#)
- [Exhibit 3 – Neighborhood Caps](#)
- [Exhibit 4 – Affordable Housing Sites](#)

I. OVERVIEW

A. LCP HISTORY

In May 1991, the City of Del Mar submitted its Land Use Plan (LUP) for Commission action. The Commission denied the LUP as submitted, but approved it with suggested modifications in September 1991. The City did not accept the suggested modifications within six months; so, the City resubmitted the same documents and the Commission again approved the LUP with suggested modifications in June 1992. The City Council adopted the modifications within the prescribed time and the Commission effectively certified the LUP in March 1993. The Implementation Plan (IP) was approved with suggested modifications on March 13, 2001. On September 11, 2001, the Commission concurred with the Executive Director's determination to effectively certify the City of Del Mar Local Coastal Program (LCP). The Commission has certified many amendments to the City's LCP since the LUP/IP certifications.

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. MOTION AND RESOLUTION

MOTION:

I move that the Commission reject the Implementation Program Amendment for the City of Del Mar as submitted.

STAFF RECOMMENDATION OF CERTIFICATION AS SUBMITTED:

Staff recommends a NO vote. Failure of this motion will result in certification of the Implementation Program Amendment as submitted 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 IMPLEMENTATION PROGRAM AMENDMENT AS SUBMITTED:

The Commission hereby certifies the Implementation Program Amendment for the City of Del Mar as submitted and adopts the findings set forth below on grounds that the Implementation Program Amendment conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan, and certification of the Implementation Program Amendment will meet the requirements of 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 or mitigation measures that would substantially lessen any significant adverse impacts on the environment that will result from certification of the Implementation Program.

III. FINDINGS FOR APPROVAL OF THE CITY OF DEL MAR IMPLEMENTATION PLAN AMENDMENT, AS SUBMITTED

A. Background

After experiencing a significant increase in the number of STRs operating in residential zones, on April 4, 2016, the Del Mar City Council adopted a moratorium on new STRs in residential zones and provided for existing, non-conforming STRs to temporarily continue to operate while new regulations were being processed. On November 6, 2017, the City Council adopted an STR Ordinance that was submitted to the San Diego District Office as an LCP amendment. The Commission approved the amendment with suggested modifications in June 2018, but the City did not accept the Commission's conditional approval, and thus, the ordinance did not go into effect. In the meantime, the City adopted a temporary policy to allow STRs that were already operating before April 4, 2016, to continue operating without the requirement to pay a Transit Occupancy Tax (TOT). This policy has been extended several times by the City and is still in effect today.

B. AMENDMENT DESCRIPTION

The City's Implementation Plan amendment proposes to add a new Chapter 30.96 (Short-Term Rentals) to the City's LCP. Several new sections within the chapter will be added to explain the purpose of the amendment, relevant definitions, permitting and application requirements, allowable locations, operating requirements, and enforcement. The City's stated intent within the new chapter is to maintain long-term housing stock, maintain the residential character of neighborhoods where short-term rentals (STRs) are permitted in residential zones, as well as protect public health and safety, minimize adverse impacts to private properties and coastal resources, and prevent an overconcentration of STRs in specific areas throughout the City, such as the popular North Beach neighborhood. The ordinance expressly states that the coastal resource protections of the Coastal Act and the City's certified LCP are not to be superseded or lessened in any way through implementation of the proposed STR provisions. The owner of an STR remains obligated to disclose if the property contains environmentally sensitive habitat area and identify any STR operational requirements to avoid impacts to coastal resources.

Neighborhood Caps and Prohibitions

The City has capped the number of STR permits to be issued at 129 STRs, which is equivalent to 5% of the total number of dwelling units located in the City based on the 2020 Census data. STRs are allowed in both residential and several commercial zones. Research performed by the City's consultant found 125 STRs existing in the City in June 2023, which is approx. 4.9% of the City's housing stock and informed the City's proposed cap. The City's proposed STR program also allowed for any STR in operation prior to the Ordinance adoption date of September 23, 2024 to come forward for registration, resulting in a current count of 150 existing STRs ([Exhibit 2](#)). Any future increase in capacity for new STRs is subject to City Council approval and will require review and certification by the Coastal Commission.

The overall cap of 129 is broken down into caps for specific neighborhoods. These neighborhood caps are intended to mimic historic use patterns and minimize the potential for overconcentration of STRs in any one area. Based on the data collected by the City and its consultant, approximately 60% of the existing STRs are in residential zones in the North Beach neighborhood (RM-West, RM-East, and R1-5 zones); 25% of the existing STRs are in residential zones in the South Bluff neighborhoods (R-2 and RM-South Zones); and 15% of the existing STRs are in residential zones in the Hills neighborhood (R1-10 and CVPP). Therefore, the caps for each of the three neighborhoods has been set at these respective percentages, which is equivalent to 77 STRs in North Beach, 32 STRs in South Bluff, and 19 STRs in the Hills neighborhood. In locations where no concentration limit is set (i.e. the North Bluff or commercial zones), STRs would still count towards the overall citywide cap. The Wavecrest Resort and L'Auberge Villas provide an additional 43 STR options, which are allowed by existing entitlements (the R2 zone and Hotel Specific Plan); these STRs were not considered during the initial count of existing STRs.

While there is a hard cap in place, all existing STRs are to be grandfathered into the new program (even where the cap is exceeded), so long as the owner registered with the City by December 31, 2024, and applications for approval of the STR are submitted within 60 days of certification of this amendment. In considering the 150 existing STRs registered with the City, two of the three neighborhood caps have been exceeded ([Exhibit 3](#)). Assuming an approved application, existing STRs will be allowed to continue operating even when and where existing operations do not conform with specific requirements applicable to new STRs. Because the maximum number of STRs has been reached and exceeded, new STR applications have been placed on a waitlist. As existing STRs cease to operate, and capacity becomes available under the citywide and neighborhood caps, new STRs will be processed in the order in which they have been received.

New STRs will be allowed where there is capacity under the citywide cap, in any area that allows STRs and has not otherwise reached a maximum neighborhood cap limit. Unlike existing STRs, new STRs must comply with the primary residency requirement, meaning the owner (as defined by the City's Ordinance) must live in their unit and claim it as their primary residency for more than six months of the year, and an owner may only claim one STR per lot developed with one or two dwelling units (excluding ADU development). Operation of an STR is not permitted in multi-unit (i.e. 3 units or more) apartment buildings in residential zones.

For those lots developed with multi-unit condominium development, a maximum of 10% of the total primary dwelling units may be STRs. Five condominium complexes in residential zones currently have existing STR use that already exceeds the 10% maximum standard; however, under the proposed amendment, these existing STRs will be permitted to continue to operate with a valid STR Permit. HOA regulations are unenforceable by the City and therefore cannot be considered by the City when issuing STR permits; however, if applicable, written consent from an HOA is required to acknowledge that there are no CC&Rs, private covenants, deed restrictions, or other governing documents that prohibit or limit STR use of the dwelling unit in a different manner than the amendment once it is effective.

Short-term rentals will also be allowable in commercial zones so long as there is capacity under the cap. This includes the Central Commercial, Visitor-Commercial, 941 Camino del Mar Specific Plan area, North Commercial Zone, Professional Commercial, and Residential-Commercial Zones. The exception is the Beach Commercial Zone, where commercial activities are limited in favor of protecting highly scenic or fragile coastal areas, open space, and public recreation. The City's analysis of existing and planned dwelling units within the commercial zones indicates a potential 26 new STRs would be allowable once there is room under the cap. In accordance with State law, the City's STR amendment prohibits operation of an STR in an ADU in residential zones. However, the amendment allows the operation of an STR in an ADU in commercial zones, so long as the ADU is a primary residence, as could be the case with an ADU constructed in a mixed-use building.

Additional circumstances where STRs are prohibited include any dwelling units that are subject to deed restrictions or affordable housing covenants that limit rental of the unit to housing for specific income-restricted households. STRs are not permitted in non-dwelling units such as garages, vehicles, treehouses, tents, or other temporary shelters. Finally, the Fairgrounds property is also not a location with a capacity for STR use as proposed by the City. Finally, STRs are prohibited in several zones designated neither residential nor commercial, including Public Facilities, Public Parkland, Railroad Right-of-Way, and Floodway Zones

Community Character

The City's amendment requires a minimum stay of three nights at an STR. There is no restriction on time of year or number of times a property may be rented per year assuming that new STRs comply with the primary residency requirements. Guest counts are not to exceed two persons per bedroom plus two additional persons.

The City determined that most, if not all, existing STRs registered with the City operate as whole home rentals; no registrants indicated they only rent out a portion of their dwelling unit as a STR. The STR Ordinance does not distinguish between whole home rentals for existing or new STRs. And there is no requirement that the owner be present in the STR during STR use. As part of the STR Permit approval process, individual STRs will have a designated local contact person available 24 hours a day, seven days a week, in the event there are complaints about the operation or condition of the STR or the conduct of the guests.

Additionally, owners must agree to a Good Neighbor Policy, which requires exterior signage displaying the contact information of the designated local contact person and the maximum number of people and vehicles allowed on site, and generally agreeing to comply with noise control provisions, trash control, and to not host special events such as weddings, commercial functions, and bachelor/bachelorette parties.

Finally, the City's amendment states that the owner will limit the number of vehicles at the STR to the number designated in the STR permit, which will be determined by the City at the time of permit issuance based on the number of available on-site parking spaces. All garage, driveway, and designated on-site parking spaces need to be made available for STR guests; however, existing STRs will not be required to change their parking and must be accommodated regardless of whether or not there are available off-street parking spaces.

Permitting, Implementation, and Enforcement

An STR Permit is valid for two years and must be renewed prior to its expiration. Subletting of an STR is prohibited, and an STR permit may not be transferred, sold or assigned to any other person or entity. A new STR permit is not required for changes in title to the dwelling unit resulting from inheritance or where an original owner under the STR Permit remains an owner under the new title; however, the City needs to be notified of the change in title within 30 days of the transfer's effectiveness. Existing hotels in the City, including the Best Western, Del Mar Beach Hotel, L'Auberge Vacation Villas, and Wavecrest Resort Timeshares, among others, are subject to the requirement to collect and remit the Transit Occupancy Tax ("TOT"), but are not subject to the requirement to obtain an STR permit.

Implementation and enforcement of the new STR regulations is anticipated to be managed primarily by a third-party vendor. This will include management of the STR Permit issuance process, resources to assist STR Operators and interested persons in the community, monitoring and reporting, and enforcement. The City has recently selected a consultant to oversee the implementation, administration and enforcement of STR Permits. It is anticipated that the STR Permit fee will be calculated based, in part, on the costs reasonably borne by the City in reviewing, processing, and enforcing STR Permit applications and renewal applications.

[Exhibit 1](#) is Ordinance 1010 as approved by the City and submitted for inclusion in the IP through this amendment request.

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:

Policy II-6 of the City's certified LUP states:

Encourage visitor-serving and recreation-oriented businesses that blend harmoniously with the traditional small-town character of the community.

Policy II-11 of the City's certified LUP states:

Promote those uses of the City's commercial areas which will be of greatest economic benefit to the community while insuring compatibility with all other goals and objectives of the City's Community Plan and this document.

Goal IV-D of the City's certified LUP states:

Maximize the opportunity for access to beach areas by minimizing competition for public on-street parking spaces.

Goal V-B of the City's certified LUP states:

Provide the public with quality overnight accommodations and other visitor-serving facilities which enhance the unique village character of the community.

Policy V-8 of the City's certified LUP states:

Only visitor serving uses shall be developed or expanded on properties designated as VC (Visitor Commercial) or BC (Beach Commercial) on the Land Use Map of this document (Figure II-A).

D. FINDINGS FOR APPROVAL

There are currently no permitting requirements for STRs in effect in Del Mar, nor restrictions on the number, type, or location. The Commission has historically recognized that STRs can provide a unique and important source of visitor-serving accommodations in the coastal zone, especially for larger families and groups, and has typically found that undue restrictions on this type of lodging are inconsistent with Coastal Act and/or LCP provisions prioritizing public access and visitor-serving uses. At the same time, the Commission has also in the past recognized a need to restrict STRs in some coastal communities where evidence showed that the STR market was having impacts on coastal resources, with the concern that STRs may significantly impact the availability of housing. In that sense, the Commission has historically sought to accommodate a balance between these sometimes-competing interests, where the appropriate balance is typically driven by the community context. Further, the Commission supports "good neighbor" practices, which are important tools to address use concerns (e.g., safety, community character) while maintaining such balance.

Del Mar has emphasized that the purpose of the amendment is to provide a framework of regulations for implementation and enforcement of short-term rentals while preserving housing stock. As submitted, the amendment allows for existing STRs to operate as is while providing for new STRs to operate under a stricter set of operating parameters, including most prominently that only the primary residence of an owner (i.e. where the

owner lives for more than six months of the year) may be used as an STR. This ensures the units used as STRs are also still reported and counted as “occupied” dwelling units that support long-term housing capacity within the City while supplementing the existing local visitor accommodations. In this way, the amendment as proposed balances the need to protect and enhance public access via overnight accommodations with the City’s housing goals and overall objective to remain an attractive and vibrant destination for visitors with a small-town community character, as stated in the relevant LUP policies above.

Balancing Overnight Accommodations with Housing Goals

Del Mar is a small coastal city that hosts millions of visitors each year. Setting aside the option of a short-term rental, there are 400 guest rooms between six hotels and two additional visitor-serving lodging businesses within the City limits. Within a five-mile radius of the City, there are an additional 1,979 guest rooms between 13 hotels. Based on the 2020 United States Census, the City has a total of 2,574 dwelling units. When comparing this number to the 2,379 guest rooms and 150 existing STRs operating both within Del Mar and in its vicinity, one finds the number of visitor-serving accommodations in the greater Del Mar area exceeds the total number of dwelling units in Del Mar. This reflects the largely single-family nature of this small city. The estimated total of 2,529 overnight accommodations in the Del Mar area also does not include the hundreds of STRs located in neighboring communities in the City of San Diego, City of Solana Beach, and County of San Diego, which are routinely advertised as being in “Del Mar.”

The City recognizes the importance of maintaining visitor-serving accommodations and the history of this land use within the community, but intends to maintain the majority of the local housing stock for use by long-term residents. The City has balanced these competing priorities by allowing existing STRs to continue to operate, while new STRs will be subject to stricter requirements. For example, existing STRs to be grandfathered into the program are exempt from the primary residency requirement, the limit of one STR per lot, and type of ownership entity. The City estimates approximately 20 percent of the owners of existing STRs own multiple STRs and approximately 26 percent of the properties with STRs have multiple STRs on them. Unlike new STRs, which may only operate as an LLC, LP, or LLP, an existing STR may continue to operate as a fully or partially owned timeshare, business trust, corporation, general partnership or other business entity. The intent of this requirement is to maintain the character of residential neighborhoods and avoid the commercialization of neighborhoods.

An existing STR will be allowed to operate as it currently does, until either the property changes ownership, the STR permit is not renewed, or the permit is revoked for non-compliance. Once any of the three scenarios above occurs, the existing STR ceases to operate as such and must be permitted by the City to operate under the regulations of a new STR. Currently, 150 short-term rentals are registered with the City, exceeding the cap of 129 units and allowing for continued operation of existing rentals without disruption to current capacity. In this way, the amendment as proposed is a flexible and proactive approach, bridging the gap between current conditions and a future short-term rental program more clearly defined by the owner residency requirement, and by extension, overall housing goals. The City notes that at least 74% of the existing STRs are not in primary residences, and the amendment will result in a renewed emphasis on owners being residents of Del Mar.

The City also explicitly considered housing needs as well as visitor accommodations during the development of this amendment. The Commission has reviewed and approved a number of LCP amendments over the past several years that support the City's programmatic goals for affordable housing (e.g. LCP-6-DMR-20-0079-3, LCP-6-DMR-23-0032-1, and LCP-6-DMR-24-0062-3). Del Mar has approved 199 net new units during its current 6th Housing Element Cycle, while approximately 101 low and very/extremely low units must still be approved in order for the City to meet its Regional Housing Needs Allocation (RHNA) target. The City has developed a plan to provide the 101 affordable units that includes building at least 54 lower income units on a portion of the Fairgrounds, at least 25 lower income units in the commercial zones, and approximately 34 additional units throughout the City, for a total of 113 units ([Exhibit 4](#)), although most of these projects have not yet been reviewed or approved by the City or the Commission through the coastal development process. In light of the City's plan to meet housing goals at specific sites and through specific programs, the Commission finds that the regulations and provisions governing short-term rental operation will not jeopardize the City's ability to meet its RHNA numbers and provide affordable housing.

There will not be an immediate change in the type or availability of short-term rentals, provided each short-term rental owner procures a short-term rental permit in a timely manner and observes the requirements. However, over time, it is anticipated that the number of short-term rentals in the City of Del Mar will decrease. As population rises, this limited pool of visitor-serving accommodations will likely be more difficult and expensive to use. In a world-famous visitor destination, such a decrease in overnight opportunities could make public access more difficult in these areas. However, while recognizing such concerns, limiting the expansion of STRS is an important means to minimize the commercialization of traditionally residential areas and safeguard longer term housing opportunities, which are also LUP requirements. One approach to address housing shortages is simply to build more housing, and as noted, the City is working to develop new housing units and expand opportunities for housing in traditionally commercial areas. Nevertheless, the reality is that opportunities for substantial amounts of new housing in Del Mar are limited, and in cases where development potential is limited, more stringent limits on vacation rentals may be appropriate to retain existing housing stock.

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 small city like Del Mar contained entirely in the Coastal Zone may not be the right solution for a neighboring City like Encinitas, which is much larger and has a wider range of housing stock. 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 attributes of the built and natural environment of its coastal areas and the various policies of its LUP.

LCPA LCP-6-DMR-24-0048-2 (Short-Term Rentals)

Unlike some jurisdictions, Del Mar has chosen to institute a hard cap on the number of STRs that does not automatically adjust as a percentage of its housing stock. The Commission encourages the City to recognize that the proposed vacation rental regulations will likely need to be updated as implementation progresses and lessons are learned. But the City also needs to begin implementation of the program in order to determine what refinements may be necessary, based on empirical evidence of its successes and failures.

Accommodating Short-Term Rentals in Multi-Family Structures in Commercial Zones

The STR Ordinance prohibits STRs from operating in multi-unit (i.e. more than three units) apartments in residential zones but does make an allowance for multi-unit properties in commercial zones. There are currently no existing STRs in the commercial zone, but once capacity is available under the cap, several apartment complexes would be eligible for STR use. Two apartment projects are pending construction in a commercial zone. The 941 Camino del Mar project includes two deed-restricted affordable units that preclude STR use, and six unrestricted units. The Watermark apartment complex includes ten deed-restricted units that preclude STR use, and 40 unrestricted units. The maximum number of new STRs for these properties is six and four, respectively.

A third existing apartment complex is the 53-unit Terraces at Del Mar, located in the Visitor Commercial (VC) zone ([Exhibit 3](#)). In recognizing that visitor use is a priority over residential use in commercial zones, the City has proposed an allowance for the operation of STRs in the Terraces Apartment in conformance with the LCP. While there is no available capacity at this time under the Citywide cap for any new STRs to operate in this complex, or any other apartment complex in the City, a maximum of 10% of the units (i.e. five units) would be allowed to operate as a New STR. Only the property owner is allowed to apply for a STR permit and the owner would need to live in that unit as their primary residence for at least six months of the year. City planning staff notes they have not received any interest from the property owner of the Terraces Apartments, or tenants within the complex, of an intent to pursue STR use.

Because the City's amendment will be protecting deed-restricted affordable housing in commercial zones, as well as recognizing the overall goal of the Coastal Act in prioritizing visitor-serving uses, the City's amendment can be found in conformance with the LUP.

Community Character

While there are no permitting requirements in effect today, nor restrictions on the number, type, and location of STRs, the City has maintained a database of existing STRs in operation within the last ten years to inform them of a reasonable baseline for the number of STRs to be officially accommodated as part of this LCP amendment proposal. As part of the City's prior 2017 LCPA submission, the City unknowingly submitted inaccurate data on STRs operating in the City. This information was supplied by a vendor in the industry who in turn had submitted public correspondence to the City containing data on STRs. The vendor's data was inaccurate and incomplete, and the City afterwards discovered that the inaccurate data provided included duplicate listings, as well as listings for STRs outside of the City's jurisdiction (including in the City of San Diego, City of Solana Beach, and County of San Diego). It also likely included non-STRs in the Wavecrest timeshares and

L'Auberge Hotel Vacation Villas, which are legally-entitled visitor-serving accommodations that often appear mislabeled in advertisements as STR rentals.

For its current submittal, the City contracted with a consulting firm to collect STR data in January 2023. The consultant collected data between January 1, 2023, through June 30, 2023, to provide a general understanding of existing STRs in Del Mar (i.e., number, type, average length of stay, rental rate, and occupancy rates; and general location in the City). With a more thoroughly researched baseline, the City has proposed an amendment that essentially seeks to maintain a status quo until the City Council votes in favor of an expansion to the overall city cap of 129 short-term rental units.

In past correspondence submitted to the Commission staff, a member of the public asserted there will be a ninety percent reduction in STRs and that the cap of 129 STR units is a de facto ban on STRs within the community. Commission staff worked with City staff and determined this assertion is based on incorrect data reviewed as part of the 2017 LCPA submittal that double-counted a portion of the rental units and also included STRs that technically fall outside the City limits. Other assertions have been made that the primary residency requirement will result in the elimination of ninety percent of Del Mar's STRs; however, there is no evidence to suggest this will happen and, if certified as submitted, all of the 150 STRs currently registered with the City would not be beholden to the primary residency requirement. To qualify as an existing STR, the owner had to provide documentation to demonstrate existing STR operations within the last 10 years prior to the City's adoption of the STR Ordinance on September 23, 2024. In this ways, the amendment is inclusive of all STRs currently operating within the City.

The City's amendment would preserve a historic use pattern by placing caps on short-term rentals by neighborhood as well; not only does this align with existing conditions, but it will also serve to prevent an overconcentration of short-term rental customers to one area of the City. This has the secondary effect of safeguarding against the overuse of public beach parking and public bathrooms, although it is important to note there is no evidence to suggest there are particular existing STRs creating this issue, or that it will become so after issuance of a permit for their operations.

Numerous requirements in the amendment will ensure the operation of an STR is not disruptive of the community while maintaining flexibility. This includes the designation of a local contact person available 24 hours a day, seven days a week, a required complaint response time, a limit on guest count, exterior and interior signage, and a prohibition on nuisance noise, visible trash, and special events. The three-night minimum is intended to help maintain neighborhood residential character. Longer stays are typically considered less likely to result in "party houses" and the associated trash and noise, while still allowing reasonably affordable short-term stays. In addition, the data collected by the City from January 1 through June 30, 2023. Two STR datasets (one from April 2023 and one from June 2023) revealed that the average days per rental increased from three days to five days. Thus, the proposed three-night minimum is the average and is expected to capture much of the desired stay length. Otherwise, there is no limit on how many times a year the unit may be rented, whether it is a whole-home or partial-home rental, or whether the unit owner is present or not (i.e. if the stay is hosted or not). In this way, flexibility and

availability of short-term rentals is preserved while the housing unit continues to count towards the City's housing stock and is accounted for in the City's Housing Element.

Other types of housing rental arrangements, including Home Exchanges and Long-Term Rentals (each defined by this amendment), are not considered STRs, and are exempt from the requirements of this amendment, including the requirement to pay TOT. The owner of a long-term rental may also rent their unit as a short-term rental under the relevant requirements and with a valid STR permit, and must also pay the TOT when rented short-term.

As a final note, the City Manager has committed City staff to provide annual updates to the City Council in order to provide for continued evaluation of regulation implementation over time and the opportunity for future City Councils to direct processing of amendments. In this way, the City will continue to review the success of its STR program and will have the opportunity to submit a future LCP amendment as necessary for any changes.

IV. 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.

The City found the proposed amendment is exempt from CEQA pursuant to Section 15061(b)(3)(often called the "common sense" exemption) because there is no change in baseline environmental conditions or potential to cause a significant effect on the environment. On April 17, 2024, the City's CEQA consultant, Interwest Group, completed an Initial Study evaluation, which concluded that no environmental factors would be potentially affected by the STR regulations contemplated by the City. A Notice of Exemption was filed on September 26, 2024.

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 LCP amendment as submitted will not have any significant adverse effect on coastal resources or public access to the coast. Therefore, the Commission finds the subject LCP, as proposed, conforms to CEQA provisions.