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# Th12a

**Prepared March 27, 2026 for April 16, 2026 Hearing**

**To:** Commissioners and Interested Persons

**From:** Kevin Kahn, Central Coast District Manager  
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**Subject: Santa Cruz County LCP Amendment No. LCP-3-SCO-25-0049-2-Part B  
(Short-Term Rentals)**

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## SUMMARY OF STAFF RECOMMENDATION

Santa Cruz County proposes to amend its Local Coastal Program (LCP) Implementation Plan (IP) provisions that regulate short-term rentals (STR). The proposed amendment would consolidate the County's STR provisions by repealing IP Section 13.10.690 (Hosted Rentals) and replacing IP Section 13.10.694 (Vacation Rentals) with a new Section 13.10.694 (Short-Term Rentals) that governs both hosted and unhosted STRs. Many existing STR provisions would be retained in the new proposed section, including the STR permit renewal process, the STR registry and waitlist program, the 'designated area' construct that specifically includes numeric limits on the amount of STRs in three popular coastal tourist areas,<sup>1</sup> limiting STRs to no more than 20 percent of the parcels on any given block in designated areas, "good neighbor" policies (related to noise, guest safety, guest maximums, etc.), requiring clear signage that identifies a property as an STR with operator contact information, requiring that STR permittees actually operate STRs for a minimum period of time to allow STR permit renewal, and requirements for notice and written consent from owners of structures where there is a shared wall between an adjacent residential unit and an STR.

The proposed amendment mostly clarifies and refines existing STR provisions, particularly with respect to the number and density of STRs allowed both in the designated areas as well as countywide. While the proposed amendment would retain the limits for STRs in the Davenport/Swanton and Live Oak Designated Areas (i.e., the DASDA and LODA, respectively), the limit for unhosted STRs in the Seacliff/Aptos/La Selva Designated Area (SALSDA) would be adjusted downward to more accurately codify the actual number of STRs within the prescribed geographical boundary. Further, the proposed amendment introduces a new countywide limit on unhosted STRs that

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<sup>1</sup> The Davenport/Swanton, Live Oak, and Seacliff/Aptos/La Selva Designated Areas (DASDA, LODA, and SALSDA, respectively), which together constitute the areas in the County's coastal zone where the majority of STRs are located.

applies outside of the designated areas (based on the number of currently operating STRs and the number of pending unhosted STR permits), essentially capping the STR market where it stands today, and adjusts the hosted STR cap that applies countywide to exclude hosted STRs within the designated areas. Additional elements of the proposed amendment include more restrictive parking requirements (including that STR operators must remove private encroachments into public rights-of-way if such encroachments are precluding public parking), stronger enforcement mechanisms for STR violations, stricter hosting platform requirements (including by empowering the County to levy administrative penalties and subpoena hosting platforms), a new 24-hour STR hotline where complaints can be registered with the County and responded to, and improved tenant protections (including by requiring the payment of six months of a unit's actual rent to a tenant should they be required to move when an STR becomes operational).

Short-term rental regulations are not new in Santa Cruz County. Indeed, the County was one of the first local governments statewide to develop LCP STR provisions, where such provisions have been implemented in the LCP since 2011, and therefore the County has had some 15 years of implementation to understand and evaluate what works well, what needs improvement, and overall lessons learned on how to accommodate an STR market while also ensuring that that market is consistent with coastal resource protection. In fact, some of these lessons learned are codified in the LCP's Land Use Plan (LUP), which includes policies specific to STRs to form the reviewing lens for ordinance updates and changes such as what is proposed herein,<sup>2</sup> which is somewhat unusual in terms of statewide STR regulation where many LUPs lack such detail. As such, unlike other coastal communities that are either just starting to regulate STRs and/or do not have any specific LUP policies that provide specific direction, Santa Cruz County is a seasoned entity in this public policy arena. It is through this lens that the County proposes these STR changes, which should be understood as refinement to better implement something the County believes is already working well overall.

Overall, the LUP identifies that STRs are part of a larger mosaic of visitor accommodation types that facilitate public recreational access and thus should be protected, provided they are appropriately regulated with safeguards to protect against environmental impacts, use conflicts, and potential adverse impacts to housing supply. This is an important framework to point out: rather than being silent as to how to approach STRs, this LCP affirmatively provides for and includes specific prescriptions for them, including ensuring STR supply generally matches demand, and in a manner that guards against overuse in any one area and mitigates other impacts sometimes associated with STRs (e.g., related to affordable housing, noise/trash/residential overuse, etc.). The proposed amendment sets specific limits on the number of STRs allowed that are based on current STR market conditions, where altogether the unhosted STR caps amount to a little over one percent of the total residential units in

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<sup>2</sup> The certified LUP is the standard of review for IP amendments, and thus it is these LUP provisions with which the proposed IP changes must be consistent.

the unincorporated county.<sup>3</sup> Additionally, the proposed amendment further restricts STR use via density limits (i.e., no more than 20 percent of the parcels on any given block and no more than two STRs on adjacent parcels are allowed) that serve to distribute STRs evenly in neighborhoods, prohibits STRs in accessory dwelling units and deed-restricted affordable housing, and empowers the County to better regulate against unpermitted STRs. The proposed amendment also only allows persons/entities to operate one STR in the County and includes a series of stringent 'good neighbor' provisions (such as observing quiet hours, guest maximums, and trash management requirements), that have served to help properly assimilate STRs into the fabric of the community.

The LUP also directs that public recreational access opportunities be protected and maximized, and that visitor accommodations be made available within coastal neighborhoods. In fact, the LUP recognizes the importance of coastal visitors to the county in general, and of providing a range of accommodations, including STRs, that can provide a mix that can accommodate visitors at all income levels. Importantly, the LUP also speaks to the need to match supply with demand, and that concept has been the underpinning of the LCP's STR caps for 15 years, and continues even with the adjustments being made with this amendment, where it is clear that a market equilibrium of sorts has now essentially long established. And it is an important market as well, where STRs provide the majority of overnight accommodations in the County (i.e., relative to hotels, motels, etc.), where such accommodations are a critical driver for the County's tourist-oriented economy (with some \$1.5 billion in visitor spending in 2024). The County believes that the proposed amendment will enable it to continue to allow for this unique visitor-serving opportunity while adequately minimizing and mitigating potential adverse impacts commonly attributed to STRs, and staff concurs. Staff thus 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 motion and resolution are found on page 6 below.

**Staff Note: LCP Amendment Action Deadline**

This proposed LCP amendment was filed as complete on February 2, 2026. The proposed amendment affects the LCP's IP only, and the 60-working-day action deadline is April 29, 2026. Thus, unless the Commission extends the action deadline (it may be extended by up to one year), the Commission has until April 29, 2026 to take a final action on this LCP amendment (i.e., no later than the Commission's April 2026 meeting).

Therefore, if the Commission fails to take a final action in this case (e.g., if the Commission instead chooses to postpone/continue LCP amendment consideration), then staff recommends that, as part of such non-final action, the Commission extend the

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<sup>3</sup> A total of 682 unhosted STRs would be allowed overall countywide (3 in the DASDA, 262 in the LODA, 147 in the SALSDA, and 270 in other areas) in a County of some 57,425 overall residential units. In addition, the proposed amendment would refine hosted STR caps, which would be limited to 252 hosted STRs (4 in the DASDA, 18 in the LODA, 45 in the SALSDA, and 185 in other areas). These are all countywide numbers, and the limits apply both in and out of the coastal zone.

deadline for final Commission action on the proposed amendment by one year. To do so, staff recommends a YES vote on the motion below. Passage of the motion will result in a new deadline for final Commission action on the proposed LCP amendment. The motion passes only by an affirmative vote of a majority of the Commissioners present.

***Alternate Time Extension Motion:*** *I move that the Commission extend the time limit to act on Santa Cruz County Local Coastal Program Amendment Number LCP-3-SCO-25-0049-2-Part B to April 29, 2027, and I recommend a yes vote.*

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**EXHIBITS**

Exhibit 1: Proposed IP Amendment (shown in strikethrough and underline)

Exhibit 2: Designated Area Maps

**CORRESPONDENCE**

## 1. MOTION AND RESOLUTION

Staff recommends that the Commission, after public hearing, **certify the proposed LCP amendment as submitted**. The Commission needs to make one motion in order to act on this recommendation, and staff recommends a **NO** vote on the motion below. Failure of this motion will result in certification of the Implementation Plan 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.

***Motion to Certify:*** *I move that the Commission reject Implementation Plan Amendment LCP-3-SCO-25-0049-2-Part B as submitted by Santa Cruz County, and I recommend a **no** vote.*

***Resolution to Certify:*** *The Commission hereby certifies Implementation Plan Amendment LCP-3-SCO-25-0049-2-Part B for Santa Cruz County and adopts the findings set forth below on the grounds that the amended Implementation Plan conforms with, and is adequate to carry out, the provisions of the certified Land Use Plan. Certification of the amended Implementation Plan 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 amended Implementation Plan 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.*

## 2. FINDINGS AND DECLARATIONS

### A. Santa Cruz County Setting

Santa Cruz County's unincorporated shoreline to which its Local Coastal Program (LCP) applies (i.e., not including the coastal zone of the incorporated cities of Santa Cruz, Capitola, and Watsonville, all of which have their own certified LCPs) spans an estimated 32 miles and has three main geographical divisions: the North Coast, Coastal Live Oak, and South County. The North Coast (some 17 miles of shoreline between the southern San Mateo County line and the northern limits of the City of Santa Cruz) is typified by agricultural fields and evergreen forests, rugged mountain landscapes, and large expanses of public recreational and preservation lands,<sup>4</sup> along with some rural residential development, including the small town of Davenport.

Coastal Live Oak, on the other hand, constitutes roughly three miles of shoreline that is the urbanized core of unincorporated Santa Cruz County, situated between the City of Santa Cruz (at the Santa Cruz Harbor) and the City of Capitola. Coastal Live Oak hosts a varied coastline setting that is dominated by residential development with some concentrated commercial and industrial areas and is well known for excellent public access and recreational pursuits supported by a mix of sandy beaches, rocky tidal

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<sup>4</sup> Including the recently opened Cotoni-Coast Dairies, an approximately 5,800-acre onshore unit within the California Coastal National Monument, Big Basin and Wilder Ranch State Parks, and numerous popular remote coastal access points such as Greyhound Rock, Scott Creek Beach, Waddell Beach, Shark Fin Cove, and Panther Beach.

areas, blufftop terraces, and coastal lagoons. Live Oak also includes a number of commercial and light industrial corridors, such as Portola Drive and 41<sup>st</sup> Avenue, which are more densely developed, and serve residents and visitors alike for their commercial and recreational needs.

South County begins at the downcoast limit of the City of Capitola and extends some 12 miles to the northern Monterey County line along the Pajaro River, and includes a number of State Parks/Beaches (e.g., New Brighton, Seacliff, Sunset, and Manresa) and enclaves of residential subdivisions (particularly in the Aptos/Seacliff/Rio Del Mar area) but is predominantly agricultural/rural in nature. As opposed to the pocket beaches and bluff-terraced nature of the North Coast and Coastal Live Oak, South County hosts wide, sandy beaches.

Overall, it is the great variety of the Santa Cruz County shoreline, in terms of both the physical geography and the wide range of available commercial and visitor-serving services, that drives a robust tourism economy (reaching some \$1.5 billion visitor spending in 2024),<sup>5</sup> and draws millions of visitors each year. A cornerstone of any such successful tourism economy is the availability of overnight accommodations, which has increasingly included short-term rentals (STRs) in coastal California, and it is no different in Santa Cruz County. This is particularly the case given the single-family residential nature of much of the County's built environment nearest the shoreline, including a large number of second homes.<sup>6</sup>

## **B. Local Coastal Program STR Provisions Background**

Similar to other beach communities, STRs have been a part of Santa Cruz County's accommodations landscape for decades. As STR popularity exploded in the early 2000s with the proliferation of online hosting platforms (that made it easier for potential short-term renters to find potential places to stay), the County was one of the first in coastal California to recognize some of the challenges that such rentals posed, not only related to compatibility in residential areas but also to ensuring that the County was appropriately paid transient occupancy taxes (or TOT) associated with such rentals, and thus also one of the first in the State to pursue more formal STR regulation. In the coastal zone, those efforts culminated in 2011 when the Commission first certified the County's proposed LCP Implementation Plan (IP) STR provisions,<sup>7</sup> and the County began actively regulating STRs. Initially, those provisions only regulated unhosted STRs (where the entire residence is available for rental without a host on-site; named "vacation rentals" in the County's IP) and included an STR permit process (i.e., an approval mechanism separate from the regular coastal development permit (CDP) process); required signage identifying a property as an STR; "good neighbor" policies

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<sup>5</sup> In Santa Cruz County, visitor spending reached \$1.436 billion in 2024, according to Visit California (see <https://industry.visitcalifornia.com/research/reports/economic-impact?selectedCounty=Santa%20Cruz&selectedRegion=&selectedScope=counties>).

<sup>6</sup> Where the County has previously estimated that much of the County's ocean/beach fronting houses are not primary homes, but rather second, third, etc. homes; where past estimates for the immediate shoreline have identified a second home rate of over 70 percent.

<sup>7</sup> See Santa Cruz County LCP amendment number 1-11 Part 3 (Vacation Rental Regulations), certified by the Commission on July 13, 2011.

such as noise, guest safety, and guest maximum requirements; payment of TOT to the County; and the establishment of the Live Oak Designated Area (LODA)<sup>8</sup> which placed further limitations on the density (no more than 20 percent of parcels on any given block) and number (no more than 15 percent of the total residential parcels) of STRs within that particular area, recognizing that the STRs in the County were most prevalent in that area.

Over the subsequent years the County proposed and the Commission certified a number of amendments to the LCP's original STR provisions,<sup>9</sup> each of which clarified and essentially expanded STR regulations, including by strengthening enforcement provisions, adding parking requirements, clarifying the STR permit renewal process, and expanding context-specific STR regulations to other specifically designated areas (Davenport/Swanton and Seacliff/Aptos/La Selva Designated Areas (DASDA and SALSDA, respectively))<sup>10</sup> each with their own respective limits on the density and number of unhosted STRs allowed. In 2018, the County also began implementing regulations for hosted STRs (where a portion of a residence is rented for STR purposes while still occupied by a resident) that included limits on the number of hosted STRs allowed in each designated area as well as an overall countywide limit.<sup>11</sup> And in 2021, the Commission certified the most recent amendment to the LCP's STR provisions, which primarily transitioned the number of STRs allowed in each of the three designated areas to fixed numerical limits rather than limits based on a percentage of eligible parcels, overall reducing the number of allowable STRs at that time to better match the market.<sup>12</sup> In sum, the County has a long history of regulating STRs and making refinements based on the needs of residents and visitors alike, as well as in response to an evolving STR climate. And the County has made adjustments to adapt over time, as is exemplified by the five STR LCP amendments over the 15 years of LCP STR implementation.

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<sup>8</sup> The LODA includes the portion of Live Oak that lies east and south of East Cliff Drive and Portola Drive from the intersection of 9<sup>th</sup> Avenue and East Cliff Drive to the intersection of Portola Drive and 41<sup>st</sup> Avenue.

<sup>9</sup> See Santa Cruz County LCP amendments LCP-3-SCO-15-0008-1-Part A (Vacation Rental Ordinance Update) and LCP-3-SCO-16-0052-1 (Amendments to Vacation Rental Ordinance).

<sup>10</sup> The DASDA is defined as "that portion of the North Coast Planning Area bounded on the south by Riverside Avenue and San Vincente Street in the unincorporated town of Davenport, and extending north along Highway 1 to include the areas of New Town and Davenport Landing south of Highway 1, and bounded on the north by the intersection of Swanton Road and Highway 1, and including all parcels within one-quarter mile of Swanton Road, but excluding any parcels that abut Last Chance Road." The SALSDA is defined as "that portion of the Aptos Planning Area bounded on the west by the Capitola city limit, on the north by Highway 1, and on the east and southeast by Bonita Drive, San Andreas Road, the Urban Services Line from San Andreas Road to Monterey Bay, and the community of La Selva Beach."

<sup>11</sup> See LCP-3-SCO-18-0032-2-Part B (Hosted Rentals).

<sup>12</sup> See LCP-3-SCO-20-0064-2 (Vacation Rentals).

More recently, in September of 2024, the County Board of Supervisors formed the Short-Term Rental Ad-Hoc subcommittee,<sup>13</sup> which was tasked with meeting with relevant stakeholders and drafting potential revisions to the County's STR regulations to address issues related to regulatory compliance, noise violations, hosting platform cooperation, regulation consolidation and clarity, tenant protections, and the concern that unhosted STRs, especially unpermitted ones, were becoming oversaturated relative to available housing stock. The subject IP amendment, which is described in more detail below, is the result of those efforts.

In sum, short-term rental regulations are not new in Santa Cruz County. Indeed, the County was one of the first local governments statewide to develop LCP STR provisions, where such provisions have been operational in the LCP since 2011, and therefore has had about 15 years of implementation to understand and evaluate what works well, what needs improvement, and overall lessons learned on how to accommodate an STR market while also ensuring that that market is consistent with coastal resource protection. In fact, some of these lessons learned are codified in the LCP's Land Use Plan (LUP; see also below), which includes policies specific to STRs to form the reviewing lens for ordinance updates and changes such as what is proposed herein, which is somewhat unusual in terms of statewide STR regulation where many LUPs lack such detail. As such, unlike other coastal communities that are either just starting to regulate STRs and/or do not have any specific LUP policies that provide direction, Santa Cruz County is essentially a seasoned entity in this public policy arena. It is through this lens that the County proposes these STR provision changes, which should be understood as refinement to better implement something the County believes is already working well overall.

### **C. Proposed LCP Amendment Description**

The proposed amendment would consolidate the County's STR provisions by repealing IP Section 13.10.690 (Hosted Rentals) and replacing IP Section 13.10.694 (Vacation Rentals) with a new IP Section 13.10.694 (Short-Term Rentals) that would govern both hosted and unhosted STRs. Many existing STR provisions would be retained in the proposed new section, including the STR permit renewal process, the STR registry and waitlist program, the 'designated area' construct, limiting STR use to no more than 20 percent of the parcels on any given block in the designated areas,<sup>14,15</sup> "good neighbor" policies (related to noise, guest safety, guest maximums, etc.), requirements for clear

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<sup>13</sup> Led by former Commissioner and current Third District County Supervisor (encompassing, among other areas, the North Coast) Justin Cummings, and First District Supervisor (encompassing, among other areas, the Coastal Live Oak area) Manu Koenig.

<sup>14</sup> A block, for the purposes of the County's STR provisions, is defined as "the properties abutting both sides of a street, or one side on a one-sided street, extending from one intersecting street to another, or to the terminus of the street, as indicated on the official Block Maps (adopted by the Board of Supervisors on August 18, 2020). In the DASDA, 'blocks' shall apply only in the town of Davenport, extending to all R-1 zoned parcels along San Vicente Street, in New Town on Cement Plant Road, Adeline, and 1<sup>st</sup>, 2<sup>nd</sup>, and 3<sup>rd</sup> Streets, and on Davenport Landing."

<sup>15</sup> In cases where there are too few parcels on a given block for this percentage to be feasible (i.e., less than five parcels), one parcel on such a block may have an STR, if applicable STR regulations otherwise allow for issuance of an STR permit (for example, if the overall designated area limit has not been exceeded).

signage that identifies a property as an STR with operator contact information, requirements for proof of significant use for STR permit renewal,<sup>16</sup> and requirements for notice and written consent from owners of structures where there is a shared wall between an adjacent unit and an STR.

The proposed amendment further clarifies and restricts certain STR provisions, particularly with respect to the number and density of STRs allowed both in the designated areas as well as countywide. Currently, the Davenport/Swanton Designated Area (DASDA) is limited to three unhosted STRs and four hosted STRs, and the Live Oak Designated Area (LODA) is limited to 262 unhosted STRs and 18 hosted STRs, and the proposed amendment retains these limits. On the other hand, the County's current provisions for the Seacliff/Aptos/La Selva Designated Area (SALSDA) limit unhosted STRs to 241 and hosted STRs to 45, besides the SALSDA Exclusion Zone<sup>17</sup> where there is no limit on the number or density of allowable STRs (both hosted and unhosted) based on historic use patterns there. According to the County, the 94 existing unhosted STRs located in the SALSDA Exclusion Zone have been inadvertently counted towards the overall SALSDA limit since its inception, thereby incorrectly inflating the number of STRs that count towards the SALSDA limit. To address this, the proposed amendment would adjust the limit on unhosted STRs in the SALSDA to 147 (i.e., 241 minus 94) and retain the current limit of 45 hosted STRs, effectively setting the unhosted STR limit to reflect the existing number of STRs currently located within the SALSDA but outside of the SALSDA Exclusion Zone. In other words, while this constitutes a change in the text of the County's STR provisions, there is no actual change in the number of unhosted STRs presently allowed in the SALSDA. The proposed amendment further affects the limits set for these three designated areas by establishing a new "draw down" measure whereby the County is able to reduce the limits for unhosted STRs by up to 10 permits per year over a five year period (i.e., between 2026 and 2031) if there are any unused unhosted STR permits and there are no applicants on the waitlist,<sup>18</sup> where these measures are provided to ensure that the

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<sup>16</sup> The proposed amendment defines "significant use" as "no fewer than 10 percent of weekend nights in a given year, or a minimum occupancy of five weekends or 10 nights per calendar year." These types of provisions are intended to address a concern where an STR operator obtains a permit with no intention of actually operating an STR. This type of rule is instituted to ensure that the limited STR permits available (due to a limit on available permits, for instance, as applies in Santa Cruz County) are actually used for bona fide STR operations, and are not acquired by others as means of thwarting STRs (sometimes referred to as 'STR permit camping').

<sup>17</sup> The SALSDA Exclusion Zone is defined as "Pot Belly Beach Road; Las Olas Drive; those residentially zoned parcels in the Rio Del Mar flats consisting of parcels fronting Stephen Road, Marina Avenue, and Venetian Road between its intersection with the Esplanade and Aptos Beach Drive to its intersection with Lake Court and Stephen Road; those parcels fronting on or gaining access from Cliff Court or fronting on or gaining access from Rio Del Mar Boulevard between its intersection with Aptos Beach Drive and Beach Drive to its intersection with Kingsbury Drive, Cliff Drive, and Beach Villa Lane; Beach Drive; and Via Gaviota." The SALSDA Exclusion Zone generally constitutes properties that are located on or near the immediate shoreline and is an area where there is a long history of STR use that pre-dates the County's STR regulations, and thus was excluded when the SALSDA was created. STRs in these areas are still subject to all other applicable requirements in the ordinance, with the exception of the number and density limits. Please see **Exhibit 2** which depicts the SALSDA Exclusion Zone.

<sup>18</sup> For example, if there are 20 unused unhosted STR permits in the SALSDA over 2027 and 2028, the limit could be reduced by 10 for each of those years, resulting in a new limit of 144 (from the proposed 164 unhosted STR limit). Or, if there are only 5 unused unhosted STR permits, the limit would only be

County can be as flexible as possible to address potential market conditions where there are fewer STRs, and not simply allow excess available STR permits to be used as an incentive to convert longer term housing units to STRs.

In addition to the limits for the three designated areas, the proposed amendment introduces a new countywide limit of 270 unhosted STRs, effective outside of the designated areas, whereas there is currently no limit. This is based on the number of existing permitted unhosted STRs (263) and pending unhosted STR permits (7) located outside of the three designated areas. The proposed amendment would also adjust the countywide limit for hosted STRs, which currently sits at 250. And because the existing ordinance is not clear whether this limit applies to the three designated areas, and for consistency between hosted and unhosted STR regulations, the proposed amendment would refine the countywide hosted STR limit by reducing it from 250 to 185 hosted STRs, where the limit only applies outside of the three designated areas.<sup>19</sup> Another proposed limitation on unhosted STRs includes the requirement that no new unhosted STR permit will be issued if it results in three or more unhosted STRs adjacent to one another (in other words, only up to two unhosted STRs may be adjacent to one another on any given block).

As it relates to housing, the proposed amendment prohibits STR use in accessory dwelling units (ADUs) but does allow for hosted STRs on a property with a junior ADU (JADU), which the County interprets to allow a property owner to live in an ADU/JADU, and rent the main residential unit as an STR.<sup>20</sup> Additionally, the proposed amendment includes stricter tenant protections for rental tenants by requiring the payment of six months of a dwelling unit's actual rent to the tenant should they be required by the owner to move to accommodate an STR. The proposed amendment further prohibits any one person or entity (i.e., an LLC, corporation, or other legal entity) from holding more than one active STR permit in the County at a time, and prohibits more than one STR on any given parcel.

In terms of parking requirements, the proposed amendment limits the number of guest cars allowed for hosted STRs to one. For unhosted STRs, the number of cars a guest is allowed to park is based on the number of bedrooms: guests must be provided one on-site parking space for one- and two-bedroom units, and a minimum of two on-site parking spaces for units with three or more bedrooms; and, guests will be allowed to park an additional vehicle off-site only where existing County LCP provisions allow for off-site parking, subject to site-specific parking impact mitigation fee requirements. Furthermore, should providing on-site parking be infeasible but there are existing private

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reduced by 5. But, if all 164 unhosted STR permits in the SALSDA are claimed, then there would be no reduction in the limit. And if there is an active waitlist, the unused permits would go to those on the waitlist before implementing the draw down.

<sup>19</sup> Between the DASDA, LODA, and SALSDA, there is a limit of 67 hosted STRs in these areas, and the County's intention was to reduce the countywide 250 hosted STR limit roughly by that number.

<sup>20</sup> Current state housing law prohibits the rental of ADUs or JADUs for 30 days or less, but does not restrict their use by property owners or longer-term renters when a main unit is used as an STR. The LUP already prohibits STR usage on a property that includes an ADU, and the County indicates that STR usage on a property with a JADU would qualify such an STR as hosted, requiring a hosted STR permit (see Government Code Sections 66323 and 66333(g)).

encroachments into the public right-of-way caused by the prospective STR property, such encroachments must be removed before an STR permit may be issued if they preclude parking along the frontage of the subject property.

Finally, the proposed amendment would make minor clarifying changes to the County's use charts (located in IP Chapter 13.10) to identify that a use permit is required (in addition to the STR permit) and the processing level for that use permit.<sup>21</sup> Moreover, the proposed amendment would expand the responsibilities of hosting platforms where STRs are advertised and booked, such as requirements to remove unpermitted STRs and to include the STR permit number in the listing; would strengthen the County's ability to enforce against hosting platforms found to be out of compliance via administrative penalty and subpoena authorities; and would introduce a new "STR hotline" where complaints could be registered with the County 24 hours a day for the County to follow up. Finally, the proposed amendment would also update the definition of "vacation rental" in IP Section 13.10.700 to align with proposed definitions in new IP Section 13.10.694.

Please see **Exhibit 1** for the proposed IP amendment text and **Exhibit 2** for maps of the Davenport/Swanton, Live Oak, and Seacliff/Aptos/La Selva Designated Areas (i.e., DASDA, LODA, and SALSDA).

### **C. Land Use Plan Consistency Determination**

#### ***Standard of Review***

The proposed amendment affects the LCP's IP, and the standard of review for IP amendments is that they must conform with and be adequate to carry out the provisions of the certified Land Use Plan (LUP).

#### ***Applicable Land Use Plan Provisions***

The Santa Cruz County LUP contains provisions specifically related to short-term rentals, recognizing short-term rentals as a means of offering visitor accommodation opportunities within coastal neighborhoods and tourist areas, while simultaneously balancing local community character and preserving the availability of long-term housing stock. These provisions include:

***LUP Objective BE-2.5: Short-Term Rentals.*** *To provide a regulatory framework for short-term residential rentals that protects and preserves neighborhood character and available long-term rental housing stock, while offering accommodations to visitors and income to homeowners, consistent with standards and limitations.*

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<sup>21</sup> Hosted rentals would be allowed in any legal dwelling unit with no more than three bedrooms provided the underlying zoning district allows residential uses. Unhosted rentals would be allowed in all zoning districts that allow residential use, where these zoning districts include Commercial Agricultural (CA), Agricultural (A), Residential Agricultural (RA), Rural Residential (RR), Single-Family Residential (R-1), Single-Family Ocean Beach Residential (RB), Multifamily Residential (RM), Residential Flex (RF), Neighborhood Commercial (C-1), Community Commercial (C-2), Professional-Administrative Office (PA) (hosted rentals only), Parks, Recreation, and Open Space (PR), Public Facility (PF) (hosted rentals only), and Timber Production (TP).

**LUP Policy BE-2.5.1: Short-Term Rental Regulations.** *Allow a limited number of vacation rental homes and “hosted rental” rooms within homes to be rented on a short-term (less than 30 day) basis, balancing potential impacts of rentals on neighborhoods with the benefits of extra revenue for homeowners and local businesses and additional lodging options for visitors. Short-term rentals require permits that are associated with the property owner and do not run with the property upon sale.*

**LUP Policy BE-2.5.2: Short-Term Rentals and ADUs.** *Do not allow short-term rentals in ADUs or on properties where ADUs are located, recognizing the importance of ADUs in addressing housing needs as small units that are affordable by design.*

**LUP Policy BE-2.5.3: Short-Term Rentals in Coastal Tourist Areas.** *Accommodate a stabilized level of short-term rentals in coastal tourist areas and other areas of the County, consistent with historic use and appropriate neighborhood thresholds of intensity, in order to balance visitor accommodation with preservation of neighborhoods and availability of housing.*

**LUP Implementation Strategy BE-2.5a:** *Maintain vacation rental (unhosted whole-house rental) and hosted rental (rental of one or two bedrooms hosted by the property owner) ordinances establishing short-term residential rental rules and regulations and require permits for these uses. Set performance standards for short-term rental permits regarding number of guests, noise, events, parking, and other factors to prevent inappropriate impacts on surrounding homes and neighborhoods. Periodically adjust regulations as needed.*

**LUP Implementation Strategy BE-2.5b:** *In designated geographic areas that are popular with visitors, set overall maximums for the number of short-term rental permits allowed, as well as maximum percentage allowed per residential block. Periodically review and adjust these maximums and also set Countywide maximum permits as needed.*

More generally, the LUP encourages the availability of a variety of visitor accommodation types and recreational facilities, including matching supply with visitor demand, providing for small-scale accommodations in neighborhoods, and protecting and encouraging lower-cost visitor accommodations within the coastal zone. See, for example:

**LUP Objective BE-3.5:** *To provide for a range of lodging options that meet demand for modern visitor accommodations and enable visitors of all income levels to enjoy Santa Cruz County.*

**LUP Policy BE-3.5.1: Visitor Accommodations for All.** *Provide a variety of accommodation types including hotels, motels, bed and breakfasts, hostels, and organized camps and RV parks. Plan for a mix of accommodations serving visitors of all income levels. In particular, protect and encourage lower-cost visitor accommodations within the Coastal Zone.*

**LUP Policy BE-3.5.2: Match Supply to Visitor Demand.** *Ensure that the County's commercial visitor accommodations meet modern tourist needs, so that the County does not lose tourist business due to mismatched supply and demand. Recognize that existing visitor accommodation businesses may need to be co-located with other businesses and services to remain economically viable year-round. Regulate short-term rental of residences to accommodate some visitors but limit the number of vacation and hosted rentals in order to preserve permanent housing supply and neighborhood character.*

**LUP Policy BE-3.5.5: Small-Scale Visitor Accommodations in Neighborhoods.** *In neighborhoods and rural areas, encourage small scale visitor accommodations such as bed and breakfasts and boutique hotels, where the use is compatible with neighborhood character, available infrastructure capacity, resource protection, and adjacent land uses.*

**LUP Objective PPF-2.1:** *To provide a full range of public and private opportunities for access to, and enjoyment of, park, recreation, and scenic areas, including the use of active recreation areas and passive natural open spaces by all ages, income groups and people with disabilities, within the economic capabilities of the County.*

Additionally, the LUP includes provisions that seek to protect and expand public recreational access opportunities. These provisions include:

**LUP Objective AM-4.1:** *To provide measures to protect existing coastal access and create new or expanded access to the shoreline and other recreational opportunities.*

**LUP Policy AM-4.1.5: Protecting Public Access.** *Existing private development, including unauthorized structures, signs, fences, and landscaping, which encroach into the public right-of-way and inhibit public access to the coast and other public recreational facilities shall, as a condition of approval, be removed upon application for any development on the subject property, if public access opportunities exist at the location of encroachments. If no such opportunities exist and encroachments will remain in the public right-of-way, as a condition of approval, the applicant must acquire appropriate encroachment authorization. Continue to restrict the nature and extent of improvements that may be installed over public rights-of-way and preserve the County's right to utilize street easements for public projects, including parking spaces.*

**LUP Policy AM-4.1.7: Enhancing Public Access.** *Expand and enhance public access to and along the shoreline and to beaches, coastal waters, tidelands, coastal parks, and trails where feasible and where all environmental impacts and use conflicts can be satisfactorily mitigated. Focus first on areas where disadvantaged communities have limited or no coastal access.*

**LUP Policy AM-4.1.8: Existing Access.** *Continue to protect the public's right of access to the sea where acquired through historic use or legislative authorization. Where substantial evidence of prescriptive rights exists, actively*

*pursue public acquisition or require access easements as a condition for new development.*

Finally, the LUP establishes a hierarchy of uses within the coastal zone, and protects and encourages the provision of housing for low- and moderate-income households in the coastal zone:

***LUP Policy BE-5.1.2: Priority of Uses within the Coastal Zone: Maintain a hierarchy of land use priorities within the Coastal Zone:***

- ***First Priority: Agriculture and coastal-dependent industry.***
- ***Second Priority: Recreation including public parks, visitor-serving commercial uses, and coastal recreation facilities.***
- ***Third Priority: Private residential, general industrial, and general commercial uses.***

***LUP Policy BE-5.1.8: Low and Moderate-Income Housing in the Coastal Zone.*** *Encourage the provision of housing for low and moderate-income households in the Coastal Zone. Restrict conversion or demolition of existing residential units occupied by persons or families of low or moderate income, unless provision has been made for replacement units for persons of lower or moderate income. If units that are converted or demolished are in the Coastal Zone, replacement units should be located elsewhere within the Coastal Zone, if feasible.*

### **Consistency Analysis**

As described previously, STR regulation is not new in Santa Cruz County. Indeed, the County was one of the first local governments statewide to develop LCP STR provisions, where such provisions have been implemented in the LCP since 2011, and therefore has had about 15 years of implementation to understand and evaluate what works well, what needs improvement, and overall lessons learned on how to accommodate an STR market while also ensuring that that market is consistent with coastal resource protection. In fact, some of these lessons learned are codified in the LUP, which includes policies specific to STRs to form the reviewing lens for ordinance updates and changes such as what is proposed herein. As such, unlike other coastal communities that are either just starting to regulate STRs and/or do not have any specific LUP policies that provide direction, Santa Cruz County is a seasoned entity in this public policy arena. It is through this lens that the County proposes these STR changes, which should be understood as refinement to better implement something the County believes is already working quite well overall.

The County's LUP recognizes that STRs benefit the County and visitors alike, and seeks to accommodate them when consistent with coastal resource protection otherwise (see, for example, LUP Objective BE-2.5; LUP Policies BE-2.5.1 through BE-2.5.3; and LUP Implementation Strategies BE-2.5a and BE-2.5b). The LUP more generally directs that a variety of visitor accommodations be provided that serve a mix of income levels, that lower-cost accommodations in particular be protected and

provided within the coastal zone,<sup>22</sup> that the supply of visitor accommodations match the demand for such accommodations, and that small-scale visitor accommodations be made available in neighborhoods (see LUP Objective BE-3.5 and LUP Policies BE-3.5.1, BE-3.5.2, and BE-3.5.5). Furthermore, the LUP directs that public recreational access be protected and expanded, including by reducing the impacts on parking availability caused by private encroachments into public rights-of-way, by enhancing coastal access where use conflicts and potential environmental impacts can be satisfactorily mitigated, and protecting existing accessways (see LUP Objectives PPF-2.1 and AM-4.1 and LUP Policies AM-4.1.5, AM-4.1.7, and AM-4.1.8). Finally, the LUP generally prioritizes recreational uses, including those that facilitate coastal access, over private residential uses (see LUP Policy BE-5.1.2), and the LUP also seeks to protect and encourage the provision of affordable housing for low- and moderate-income households, including by restricting the conversion or demolition of affordable units and requiring their replacement (see LUP Policy BE-5.1.8).

In sum, the LUP identifies that STRs are part of a larger mosaic of visitor accommodation types that facilitate public recreational access and thus should be protected, provided they are appropriately regulated with safeguards to protect against environmental impacts, neighborhood conflicts, and potential adverse impacts to housing supply. This is an important framework to point out: rather than being silent as to how to approach STRs, this LCP affirmatively provides for STRs and includes specific prescriptions for them, including ensuring STR supply generally matches demand, and in a manner that guards against overuse in any one area and mitigates other impacts that some have traditionally associated with STRs (e.g., on affordable housing, on noise/trash/residential overuse). Specifically, the LUP establishes important safeguards to protect against environmental impacts and use conflicts while providing adequate supply and protecting housing – particularly affordable housing.

Short-term rentals provide unique coastal access opportunities whereby visitors can enjoy the coastal neighborhoods that make the County's coastal zone worth visiting in the first place, and also have secondary benefits such as providing a means for property owners to reap the economic benefits of operating an STR (including, for example, to pay a mortgage), and providing a revenue stream for the County through the collection of transient occupancy taxes (TOT).<sup>23</sup> On the other hand, the potential impacts

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<sup>22</sup> Although the Commission has a long established and long applied methodology for identifying lower cost hotel rooms, it has not developed nor applied a methodology for determining whether any particular STR is lower cost, which hampers evaluations where that is a criterion. The difficulty lies in the product itself, where individual STRs can be vastly different from one another in terms of what they offer and how many people can be accommodated, whereas double-occupancy hotel rooms are less so, and more easily compared. However, that has not stopped various stakeholders from determining that most STRs are either lower cost or higher cost, depending on one's point of view. The Commission has long taken the view that some STRs can likely be considered lower cost, especially for families and larger groups, when compared to other forms of overnight accommodations, but they are simply not homogenous enough to make any sort of blanket proclamations on either end of the spectrum. They are probably best understood as something that provides for more choices in the overnight accommodations market, that can be particularly cost effective for families and larger groups.

<sup>23</sup> The County indicates that the STR TOT revenue collected thus far through fiscal year 2025-2026 (i.e., since July 1, 2025) equates to approximately \$6.5 million whereas the TOT revenue collected from hotels/motels equates to approximately \$4.9 million. In other words, TOT collected from STR operations

attributable to STRs include conflicts with neighbors (e.g., noise, parking, and trash issues) and the possibility of impacts to overall (but not affordable per se) market rate housing availability.<sup>24</sup>

The proposed amendment would clarify and refine the limits of allowed hosted and unhosted STRs in the Davenport/Swanton, Live Oak, and Seacliff/Aptos/La Selva Designated Areas (i.e., DASDA, LODA, and SALSDA, respectively), which represent the vast majority of the County's 'urbanized' coastal tourist areas where such residential uses take place. The amendment retains the existing limits that apply to the DASDA (three unhosted and four hosted STRs) and LODA (262 unhosted and 18 hosted STRs), and adjusts the limits that apply to the SALSDA to correctly reflect SALSDA's geographical boundary (147 unhosted and 45 hosted STRs).<sup>25</sup> Additionally, the proposed amendment retains the requirement that no more than 20 percent of the parcels on any given block within the three designated areas may be used for STRs and also includes a new restriction that prohibits more than two unhosted STRs operating on adjacent parcels (i.e., three or more unhosted STRs in a row would be prohibited). Taken together, these provisions require that allowable STRs be appropriately distributed throughout the three designated areas, and help to combat oversaturation of STRs within particular locations in these areas, thereby helping implement LUP provisions that seek to guard against visitor overuse in any particular area. The proposed amendment also limits the number of STR permits per parcel to one, and further limits the number of STR permits issuable to any single person or entity (i.e., an LLC, corporation, or other legal entity) to one. These types of measures help to avoid the type of commercialization and corporate takeover via STRs that is perceived by many as a 'step too far' in these coastal communities, instead making it a prerequisite that such STR operators have a stake and an interest in the County, and cannot simply be real-estate speculators attempting to buy up large numbers of properties for the purposes of turning them into STRs.

As noted previously, the numerical limits that apply to each designated area were implemented beginning in 2020 when the Commission most recently certified an update

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accounts for nearly 60 percent of all TOT revenue for the current fiscal year so far. If these numbers are extrapolated over a full year, the County would receive nearly \$9 million in TOT revenue from STRs alone. Given that the County receives only 13% of its property taxes back from the state per Proposition 13, this TOT revenue has become an important source of general fund revenue for the County. This breakdown also shows that STRS are quite an important component of the County's accommodations market, where they appear to be the predominant form of accommodations available, highlighting their overall importance in that regard.

<sup>24</sup> Given the average home cost in Santa Cruz County is roughly \$1.3 million with 2-bedroom rentals going for around \$3,700 per month (where both housing prices and rent are even more expensive in the coastal zone), the homes to which such STR activity can typically be attributed are actually quite expensive, and certainly not affordable in any sense of that word.

<sup>25</sup> As described previously, the County inadvertently included properties within the SALSDA Exclusion Zone in the existing unhosted SALSDA cap. The proposed adjustment properly excludes those properties, modifying the cap from 241 to 147. The practical effect of this adjustment for the SALSDA is that the same number of STRs would be available, given that the updated limits simply reflect the current number of operating/pending unhosted STRs that are located within the SALSDA but outside of the SALSDA Exclusion Zone.

to the County's STR provisions.<sup>26</sup> At that time, these numerical limits were set based on the number of operating STRs in these three designated areas, which had begun to slow in growth up to the point of that certification, essentially capturing what was considered market equilibrium. Further, TOT data available in 2020 indicated that motel/hotel usage in the County had levelled off and even decreased in the five years prior, suggesting that, overall, these numerical limits represented a healthy match between the supply of available accommodations and visitor demand. The same appears to be true today, at least as evidenced by the fact that there are currently two available unhosted and no available hosted STR permits in the DASDA, 40 available unhosted and 6 available hosted STR permits in the LODA, and 11 available unhosted and 14 available hosted STR permits in the SALSDA, as of the publication date of this report. In other words, these supply caps generally mirror STR demand, and if visitor demand outpaced available accommodation supply, the expected result would be that the STR market would be constrained by the existing limits, but that is not the case. Moreover, the proposed "draw down" measure enables the County to reduce the limits for the three designated areas over time should these limits remain unreached. Thus, the limits for the three designated areas have served and are expected to continue to serve the County well in providing a stabilized STR market in coastal tourist areas and balancing accommodation supply with visitor demand, consistent with LUP Policies BE-2.5.3 and BE-3.5.2.

In addition to the limits for the three designated areas, the proposed amendment refines the countywide limit that applies to hosted STRs by adjusting the limit from 250 hosted STRs, which applies both within and outside of the designated areas, to a limit of 185 hosted STRs that applies only outside of the designated areas (i.e., a reduction by the number of hosted STRs allowed within the designated areas). The proposed amendment would also introduce a new countywide 270 STR permit limit that applies to unhosted STRs outside of the designated areas, which is based on the number of operating unhosted STRs (263) and pending unhosted STR permit applications (7). Accordingly, these numbers reflect what the current STR market has borne and thus are consistent with LUP Policy BE-3.5.2, which directs that accommodation supply is balanced with visitor demand. Further, these countywide limits implement LUP Implementation Strategy BE-2.5b, which directs the County to impose limits and periodically review the limits, recognizing that the appropriate limit may shift over time. On this point, LUP Policies BE-2.5.1 and BE-2.5.3 and Implementation Strategy BE-2.5b collectively require re-evaluation of the limits to ensure they are periodically reviewed through the resource balancing lens with any future adjustments subject to Commission review and approval via a future LCP amendment.

As noted above, the County's LUP directs that the benefits of STRs be balanced with the need to appropriately manage potential conflicts, both with respect to neighborhood conflicts (e.g., noise, parking, and trash issues) and their potential impact on available housing stock. In terms of neighborhood conflicts, the proposed amendment includes a number of provisions that address these concerns. To start, the proposed amendment establishes a County-operated 24-hour "STR hotline" where complaints can be registered with the County, where they can then be tracked and responded to in a timely

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<sup>26</sup> Again, see Santa Cruz County LCP amendment LCP-3-SCO-20-0064-2 (Vacation Rentals).

manner. The amendment also includes “good neighbor” provisions such as requiring trash to be managed and kept in designated closed containers only, requiring quiet hours between 10:00pm and 8:00am, and requiring adequate on-site parking for all STRs (and where off-site parking is necessary, requiring payment of parking mitigation fees where applicable and also requiring removal of private encroachments into the public right-of-way where such removal would enable parking along the immediate property frontage). Further, the proposed designated area and countywide STR limits, the 20 percent block cap, the cap of no more than two adjacent unhosted STRs, the maximum allowance of one STR per parcel and one STR permit per single person or entity, all seek to distribute STRs more evenly in individual neighborhoods and distinct areas in the County, and reduce the likelihood that STRs ‘overtake’ any given block or neighborhood. Together, these requirements and restrictions serve to minimize potential neighborhood impacts, consistent with LUP Objective BE-2.5, LUP Policies BE-2.5.1 and BE-2.5.3, and LUP Implementation Strategy BE-2.5a, and as it relates to parking encroachments, LUP Policy AM-4.1.5.

As it relates to the broader issue of housing availability, the relationship between STRs and housing can be quite complex. To date, based on available evidence, it does not appear that the County’s existing STR provisions have led to a reduction in the overall supply of available housing, particularly affordable housing. As previously explained, the proposed amendment would effectively maintain the number of existing STRs where it stands now, especially with respect to the new countywide unhosted STR limit that applies outside of the three designated areas. The County embarked on the subject amendment with the primary goal of balancing STRs’ benefits with their potential impact on available housing stock, with the County ultimately finding that the proposed amendment strikes that balance. Also, importantly, the LUP prioritizes public recreation (where STRs promote such recreation and access to the coast) over private residential uses, and, where housing is to be protected, the LUP primarily seeks to protect and encourage the provision of affordable housing within the coastal zone (see LUP policies BE-5.1.2 and BE-5.1.8).

There is a growing body of research on how housing supply constraints impact overall housing affordability. Some researchers have found that the lack of housing supply, primarily in terms of declining housing production, is the main driving force behind rising housing costs.<sup>27</sup> On the other hand, others have found that housing supply constraints alone do not play such a central role in housing affordability, and rather that other complicated market forces (such as demand levels, income levels, and population) may play a larger role,<sup>28</sup> and others have specifically found that there is little correlation between the supply of STRs and the supply of affordable housing.<sup>29</sup> This type of

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<sup>27</sup> See, for example, “America’s Housing Affordability crisis and the Decline of Housing Supply.” Edward Glaeser and Joseph Gyourko. 2025.

<sup>28</sup> See, for example, Louie, Schuyler, John Mondragon, and Johannes Wieland. 2025. “Supply Constraints Do Not Explain House Price and Quantity Growth Across U.S. Cities.” Federal Reserve Bank of San Francisco Working Paper 2025-06. <https://doi.org/10.24148/wp2025-06>.

<sup>29</sup> See, for example, “Unequal Access: Protecting Affordable Accommodations Along the California Coast.” Dr. Philip G. King and Sarah Jenkins. 2020. That study concludes that the claim that STRs lead to less affordable housing in coastal California “is profoundly flawed.”

research suggests that reducing STRs, or making them more difficult to operate, in order to facilitate more longer term affordable housing opportunities may not have the intended result, particularly not at any significant scale.

In Santa Cruz County, there is already high demand for housing of all types and recent decades have seen a dearth of affordable housing development,<sup>30,31</sup> and the neighborhoods in which STRs operate are already quite expensive in the first place given their highly desirable location near the coast. Put another way, should an STR cease operating, there is no expectation that that residential unit would be available for rent or purchase at a rate affordable for a low- or moderate-income household,<sup>32</sup> and attributing the state's housing shortage to STRs as opposed to several decades' worth of slowed housing production stemming from complex and interwoven social, macroeconomic and policy factors distracts from addressing the root issues of housing unaffordability and developing complementary and nuanced solutions.<sup>33</sup> Clearly, there

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<sup>30</sup> As directed by the California Department of Housing and Community Development, within the unincorporated County area the County must plan to provide 4,634 new housing units, including 2,468 units affordable to lower-income households, over the eight-year period between 2023 and 2031 per the County's sixth cycle Housing Element and its Regional Housing Needs Allocation (RHNA). The County has indicated a commitment to reach these targets to the extent feasible with available resources.

<sup>31</sup> It is also important to note that the City of Santa Cruz, which is wholly contained in Santa Cruz County but has separate RHNA requirements, was among only approximately 7 percent of local jurisdictions in California that met its RHNA targets for the 2015-2023 Housing Element Cycle, during which the City was required to develop 747 units at various income levels. Further, the City has permitted ten major mixed-use projects in recent years in the downtown area, including five 100 percent affordable housing projects, three of which are currently under construction and two are complete. These ten projects alone total 642 residential units. This is all to say that while the unincorporated County also has significant growth targets to hit, housing development is underway in the region.

<sup>32</sup> For example, while it might be presumed that less STR use less of the time would lead to more housing opportunities, the County cannot mandate or assure that property owners will rent or sell their properties for longer term residential use if they cannot pursue STRs. And even if they could, and even if the laws of supply and demand would suggest that making more housing stock available for long-term housing could correspondingly lead to lower costs for such housing overall, the housing stock in question is actually quite expensive (with median home prices in this area hovering around \$1.3 million, and 2-bedroom rentals going for around \$3,700 per month in the County, with prices far beyond that in the coastal zone), and the degree to which such housing availability, if it were to become available due to County STR actions, might 'trickle down' and help reduce costs/rents at the lower end of the market is unclear, and unlikely in the short-term. In addition, the actual mechanisms by which that might happen are complicated, not the least of which is the inability to predict individual property owner circumstances that may or may not suggest that a property would be offered for rent or sale if an STR is not possible in the unit.

<sup>33</sup> See, for example, the letter the Commission received February 2, 2026 on behalf of 17 California chapters of YIMBY Action entitled "Housing & Action to the Coast" (see correspondence package for this item). While YIMBY Action is clear that it wants the Commission to focus more on easing potential restrictions on housing production in general, it also makes clear that "blaming short-term rentals obscures the scale of the [housing] problem and delays meaningful solutions. Even eliminating short-term rentals entirely would not come close to addressing the cumulative housing deficit created by decades of exclusionary land-use policies and institutional resistance to growth." As YIMBY Action succinctly put it: "we write to express serious concern about the Commission's continued focus on short-term rentals as a central explanation for California's high housing costs. This framing is a distraction from the core and long-standing problem: coastal cities have failed, for decades, to produce enough housing to meet demand." While the Commission may not agree entirely with what is stated in the YIMBY Action letter, it is clear that it represents another data point, similar to the research cited above, that suggests that a focus

are significant and complex challenges impacting housing affordability, but there is little research showing that STR regulation alone is a significant driver, let alone the key driver of such problems. Given this lack of sufficient evidence establishing STRs' culpability in the housing affordability problem, it appears that STRs are being unnecessarily targeted rather than larger societal and economic forces that actually shape and have shaped housing markets to what they are today,<sup>34</sup> which are predominantly unaffordable in the coastal zone, including in Santa Cruz County.

It is also illustrative to consider the overall share of residential units that would be allowed for STR use when taking into account the countywide and designated area STR limits. Across the three designated areas (again, the DASDA, LODA, and SALSDA) and the countywide limits, 682 unhosted and 252 hosted STRs are allowed across the entire county. Based on available data from the United States Census Bureau, there are approximately 57,425 residential units in the unincorporated area of Santa Cruz County.<sup>35</sup> Thus, across the unincorporated county, the allowable number of unhosted STRs constitutes just under 1.2 percent<sup>36</sup> and the allowed number of hosted STRs constitutes 0.4 percent of the total number of residential units, respectively, for a total of only about 1.6 percent overall.<sup>37,38</sup>

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on STR restrictions – even extending to eliminating STRs entirely – is unlikely to bring about any type of significant long term housing relief, let alone affordable housing relief.

<sup>34</sup> Including the fact that the population of the state of California has almost doubled (to over 40 million people) from the time of the enactment of the Coastal Act in 1976 to present day, all of which has put significant pressure on housing markets to both keep up and provide a range of price points that allow for true freedom of movement in living situations. Accordingly, and as detailed in the studies referenced above, lower- and moderate-income earners have been and are continuing to be squeezed out of certain areas, which assuredly includes the coastal zone. But these forces are complex, and research to date appears to show that the lack of affordable housing cannot be attributed solely to STRs. To claim that reducing STRs 'is at least a step in the right direction', ignores the reality that even eliminating STRs altogether would not move the needle on affordable housing, as explained above, and would come at significant cost to this County's coastal visitor-serving economy and public coastal access, which is a paramount Coastal Act concern to protect.

<sup>35</sup> This estimate is based on the total residential units in all of Santa Cruz County subtracted by the number of residential units in each of the County's four incorporated cities (Santa Cruz, Capitola, Scotts Valley, and Watsonville), according to the 2024 United States Census Bureau American Community Survey (see <https://data.census.gov/>).

<sup>36</sup> It is noted that some housing advocacy groups, including Better Neighbors L.A., have called for limiting all STRs to hosted STRs, and where that is not feasible then limiting unhosted STRs to 1 percent of the overall residential housing stock in coastal jurisdictions, which is quite close to what the County has accomplished here.

<sup>37</sup> And, notably, these percentages do not account for the other restrictions on STRs, such as LUP Policy BE-2.5.2 which prohibits STRs on properties with ADUs, the 20 percent block density limit, or the limit of no more than two unhosted STRs operating on adjacent parcels.

<sup>38</sup> It should be noted that STRs as a percentage of housing units vary considerably in LCP STR provisions up and down the coast (e.g., ranging from a low of 1 percent in Half Moon Bay to 15 percent in Trinidad, all the way up to 50 percent in certain Marin County coastal areas (such as the over 350 allowed STRs in Dillon Beach and Seadrift), and even 100 percent in some places (e.g., the 255 units in the Seabluffe area of Encinitas west of Highway 101).

Additionally, the proposed amendment prohibits STR use in accessory dwelling units (ADUs), as required by LUP Policy BE-2.5.2, as well as deed restricted affordable housing. Also, the proposed amendment strengthens the County's ability to enforce against unpermitted STRs by expanding the responsibilities of hosting platforms, including requiring such entities to remove unpermitted STRs and include the STR permit number in the listing, and by enabling the County to levy administrative penalties and issue subpoenas against hosting platforms found to be out of compliance. Finally, the proposed amendment would better protect tenants in rental units by requiring the payment of six months of a dwelling unit's actual rent to the tenant should they be made to move by an owner intending to establish an STR. This is a particularly important and notable proposed provision to help both protect existing rental tenants and to guard against STR speculation on the real estate market. Given all of the reasons above, the Commission finds that the proposed amendment appropriately addresses housing availability consistent with LUP Objective BE-2.5, LUP Policies BE-2.5.1, BE-2.5.2, and BE-2.5.3, and LUP implementation Strategy BE-2.5a.

Importantly, the County's LUP recognizes that STRs are an important part of a larger accommodation scheme that provides unique access opportunities within coastal neighborhoods and tourist areas. And in fact, as demonstrated earlier, STRs represent about 60 percent of the County's TOT revenues, suggesting that they are the majority of overnight accommodations available to visitors to the County, highlighting their importance to visitors as well as to the County's coastal tourist-oriented economy overall. Unhosted STRs are especially unique insofar as they provide kitchen facilities, shared common spaces, and, typically, backyard/patio areas for congregating, all of which are beneficial to large groups and families,<sup>39</sup> especially those wishing to save costs by dining in,<sup>40</sup> serving to further the LUP goal of providing "accommodations for all" (see LUP Policy BE-3.5.1). Moreover, STRs are generally located within the neighborhoods that make Santa Cruz County a desirable place to visit in the first place, as directed by LUP Policy BE-3.5.5 which calls for dispersing small-scale accommodations within such neighborhoods. The County's LUP specifically calls for protecting existing access opportunities (see LUP Policy AM-4.1.8), and the proposed amendment does just that by sustaining the existing number of STRs within the designated areas and throughout the county, while also considering the potential impacts caused by such access as described throughout this report. Thus, the County's

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<sup>39</sup> This specific benefit of STRs is noted in the previously cited King and Jenkins (2020) report, as well. This is particularly important when considered through an environmental justice lens, where STRs are another way to provide more family-oriented access opportunities for families from inland communities, who may otherwise find accessing the coast difficult to begin with due to financial and/or social hurdles. This is particularly the case as studies show that coastal areas are whiter and wealthier than inland areas (see, for example, "Coastal Access Equity and the Implementation of the California Coastal Act", 36 Stan. Envtl. L. J. 89, 108 (2016)), and it is more difficult for more disadvantaged communities to access the coast in general, relatively speaking. And when a trip from farther away to enjoy the coast necessitates and/or is facilitated by an overnight stay, STRs provide an important function in that respect, and lend even more credence to LUP policies that support them when viewed through an environmental justice lens.

<sup>40</sup> In a study conducted in Monterey County, for example, it was found that families of four could save up to \$267 per day by cooking their own meals (Sarah Jenkins, Kiki Patsch, and Dr. Philip D. King, 2025, "Monterey County Overnight Accommodation Market Analysis").

approach leans heavily on capturing the historically allowed market, but subjecting it to appropriate regulation, which is directed by and consistent with the LUP that requires precisely that.

Finally, there is no ‘one size fits all’ STR solution in coastal California, and an appropriate balance must be found in each community, including how STRs – and different types of STRs – are appropriately part of the overnight accommodations context in the area. Simply put, STR regulation is not an all or nothing proposition in coastal areas, as some might claim, and the key is finding a balance that makes sense for both a community and its visitors while remaining Coastal Act and LCP compliant.<sup>41</sup> Santa Cruz County believes it has found that balance, honed over nearly two decades of STR study, regulation, and lessons learned, and the Commission agrees.

In conclusion, the proposed amendment is expected to support the County’s ongoing efforts to provide unique coastal access opportunities through STR use while balancing the potential impacts associated with STRs. The Commission thus finds the proposed amendment consistent with and adequate to carry out the provisions of the LUP.

#### **D. California Environmental Quality Act (CEQA)**

CEQA Section 21080.5(d)(2)(A) prohibits a proposed LCP or LCP amendment from being approved if there are feasible alternatives and/or feasible mitigation measures available that would substantially lessen any significant adverse effect that the LCP or LCP amendment may have on the environment. Although local governments are not required to satisfy CEQA in terms of local preparation and adoption of LCPs and LCP amendments, many local governments use the CEQA process to develop information about proposed LCPs and LCP amendments, including to help facilitate Coastal Act

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<sup>41</sup> Commission actions on STR LCP amendments have varied considerably in policy and other outcomes due to unique circumstances in each case but have all included the premise of balancing at their core. See, for example: the 2018 rejection of a Santa Barbara County proposal that would have significantly restricted STRs without meaningful benefits to community character or housing (LCP-4-STB-17-0086); the 2018 approval of a City of Santa Cruz ordinance that significantly restricted STRs to facilitate greater housing opportunities (LCP 3-STC-17-0073-2-Part B); the 2022 approval of City of Dana Point STR provisions with conditions to allow for a “cap” on unhosted STRs in the coastal zone based on the approximate number of STR permits in existence when the City stopped issuing STR permits (A-5-DPT-22-0038); the 2022 approval of City of San Diego provisions that capped whole home (unhosted) rentals at various levels for varying neighborhoods and created a “lottery” for issuing STR permits (LCP-6-SAN-21-0046-2); the 2022 approval of a City of Trinidad ordinance that capped unhosted (called “full time”) STRs citywide at around 15 percent of the city’s housing stock in order to protect housing (LCP-1-TRN-22- 0034-1); the 2022 rejection of the City of Malibu’s STR provisions because the proposed ban on non-hosted STRs would have eliminated lower-cost overnight accommodations in the City when alternative approaches existed that could both protect such visitor-serving opportunities and affordable housing stock (LCP-4-MAL-20-0083-2); the 2023 approval of the City of Half Moon Bay’s proposal that included significant restrictions on the types of allowable STRs and the number of nights allowed for hosted versus unhosted STR usage (LCP-2-HMB-21-0078-2); the 2024 approval of the Marin County proposal that capped the number of STRs specific to each individual township at varying percentages of single-family housing stock (LCP-3-MAR-24-0002-1); the 2025 approval of the Monterey County proposal that also capped STRs by area and types (LCP-3-MCO-24-0039-1); the 2026 proposal that allowed unhosted STRs for up to 4 percent of housing stock west of Highway 5 (and up to 2.5 percent overall citywide), and unlimited hosted rentals, in Encinitas (LCP-6-ENC-23-0041-1); a 150 STR cap (equal to 5 percent of housing stock overall in the City of Del Mar in 2026 (LCP-6-DMR-0048-2); a 355 unit unhosted STR cap (with unlimited hosted STRs) for the City of Ventura in 2026 (LCP-4-SBV-25-0043-1).

review. In this case, the County exempted the proposed amendment from environmental review (citing CEQA Guidelines Section 15061(b)(3)), concluding that the proposed action falls under the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment, because the amendment constitutes a relatively minor adjustment of existing regulations and implement additional limitations and enforcement provisions related to short-term rentals, an already permitted use in the LCP.

The Coastal Commission is not exempt from satisfying CEQA requirements with respect to LCPs and LCP amendments, but the Commission's LCP/LCP amendment review, approval, and certification process has been certified by the Secretary of the Natural Resources Agency as being the functional equivalent of the environmental review required by CEQA (CCR Section 15251(f)). Accordingly, in fulfilling that review, this report has discussed the relevant coastal resource issues with the proposal, has addressed all comments received, and has concluded that approval of the proposed LCP amendment is not expected to result in any significant environmental effects, including as those terms are understood in CEQA.

Accordingly, it is unnecessary for the Commission to suggest modifications (including through alternatives and/or mitigation measures) as there are no significant adverse environmental effects that approval of the proposed amendment would necessitate. Thus, the proposed amendment will not result in any significant adverse environmental effects for which feasible mitigation measures have not been employed, consistent with CEQA Section 21080.5(d)(2)(A).

### 3. APPENDICES

#### **A. Substantive File Documents**

- LCP Amendment File for LCP-3-SCO-25-0049-2-Part B

#### **B. Staff Contacts with Agencies and Groups**

- Santa Cruz County Community Development and Infrastructure Department
- California Department of Housing and Community Development