

CALIFORNIA COASTAL COMMISSION

SAN DIEGO AREA
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July 13, 2018

City of San Diego
City Council
202 C Street
San Diego, CA 92101

Re: City Council Docket for July 16, 2018: Short Term Vacation Rentals and Home Sharing

Dear Councilmembers:

Over the last several years, and as the City of San Diego has already experienced, the growth and impacts of the vacation rental market has become an issue in many coastal communities. In general, under the Coastal Act, they represent a high priority visitor-serving use that should be promoted as a means to provide overnight accommodations and support increased coastal access opportunities. In addition, our staff believes that they also serve as a more affordable option of overnight accommodations than traditional hotels, motels or timeshare units, especially for families.

In the last year, the Coastal Commission has considered and acted on a number of proposed ordinances from jurisdictions up and down the state. The Commission's actions have supported some requests, reflecting different iterations or geographic applications, but it has generally not supported outright bans of short-term vacation rentals. In addition, while promoting affordable overnight accommodation options, the Commission has expressed concerns about the loss of community character and potential impacts to affordable housing as a result of the proliferation of short term vacation rentals.

For context, the relevant Coastal Act mandates are the following sections:

Section 30213

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

Section 30222

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

As this office has stated before, this agency has generally interpreted local zoning ordinances in a broad fashion and found that short term rentals or vacation rentals are a form of residential use, permitted by right, in any residentially zoned area unless such uses are specifically prohibited or otherwise restricted. Nonetheless, as noted above, this agency also understands and appreciates that these uses may raise a number of neighborhood character and operational issues, such as site management, number of occupants, special events,

July 13, 2018

Page 2

parking, litter and noise limits. Therefore, the Coastal Commission has endorsed certain regulations to require on-site management, enforcement protocols, occupancy limits, required parking and other use provisions.

Based on a review of the updated draft ordinance language and related City report and materials, it is this office's understanding that the City is considering the adoption of ordinance amendments that would create a new separately regulated use called "short term residential occupancy" (STRO), require annual licenses for "whole home" STROs (but not "home share" STROs unless the structure has 5 or more bedrooms), establish limits on the number of operating licenses a natural person may be issued (though no license limit is proposed in Mission Beach), require a Neighborhood Use Permit for any STRO with five or more bedrooms, and create a registration process in order to manage all aspects of STRO licensing and enforcement. In the case of STROs within the coastal zone and the Downtown Community Planning area, the proposed ordinance amendment would further require a minimum stay of no fewer than three (3) nights for whole home STROs. Alternatively, for a home share STRO where the owner occupant would remain in residence, no minimum night stay is proposed. In addition, the City's ordinance would not allow use of accessory dwelling units or junior accessory dwelling units as short term rentals. The proposed licensing and registration will incorporate the "good neighbor" provisions, the payment of an affordable housing impact fee, and stronger enforcement measures. Commission staff believes the affordable housing impact fee and accessory dwelling unit provisions are important elements to help address concerns about potential housing issues.

The standard of review for any proposed ordinance amendment is the City's certified land use plans; the City's analysis should review any proposed changes for conformity with those certified community plans. Based on the Coastal Act mandates, the certified land use plans, and an evaluation of the proposed regulatory revisions, Commission staff views the City's proposed amendment as a supportable effort to preserve a means of affordable overnight accommodation while balancing it with the recognized need to respect the character of coastal communities. Given that many coastal visitors may be looking to get away for only a week or an extended weekend, the establishment of a three-night minimum would not unduly impede this type of travel and will still permit the substantial majority of visitor opportunities. In addition, the attractiveness of vacation rentals for many families is the kitchen facilities and expanded living space facilitating an extended stay; and again, a three-night minimum stay would be not be unduly limiting the availability of those rentals. The decision to not place limits on the number of STROs in the Mission Beach community contributes to staff's general support for this plan given its character as the most densely developed community in San Diego and the decades-long popularity – recognized in the certified Mission Beach Precise Plan – of STROs in the peninsular community given its location between the ocean and Mission Bay Park.

In summary, the Commission staff acknowledges the need to provide for some regulatory controls and management provisions for short term rentals, and the City's draft ordinance appears to be a prudent middle ground in providing a popular overnight accommodation alternative while protecting the neighborhood character of San Diego's coastal area. On a technical note, the regulations under consideration are being proposed in Chapter 5 of the City's Municipal Code which is not presently part of the City's certified Local Coastal Program. Thus, the City's action and resolution must make it clear that the relevant chapter

July 13, 2018

Page 3

and article is being submitted for Coastal Commission review and adoption. Relatedly, in terms of any future submittal, Commission staff would continue to strongly recommend that the amendment request include an updated inventory and mapping of existing visitor-serving accommodations by type, capacity, ownership, and price range in order to gain an accurate assessment of what is or is not available for tourists. Utilization studies would also be helpful to gauge how various forms of vacation rentals operate and demand projections for overnight visitor accommodations are also needed to evaluate whether the current supply is adequate to meet future needs. We appreciate the opportunity to provide comment and look forward to working with the City to develop a vacation rental ordinance that promotes and expands affordable coastal visitor opportunities while also addressing neighborhood concerns. These comments are being provided by staff and are not binding on the Commission itself. If you have any questions, please don't hesitate to contact Alexander Llerandi, Coastal Program Analyst, or me at the above office.

Sincerely,

A handwritten signature in cursive script that reads "Deborah N. Lee".

Deborah N. Lee
District Manager
San Diego Coast District