



@better_LA
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December 14, 2022

VIA EMAIL

California Coastal Commission
45 Fremont Street #2000
San Francisco, CA 94105
SouthCoast@coastal.ca.gov

Re: Public Comment on December 2022 Agenda Item Friday F11a - City of Trinidad LCP Amendment No. LCP-1-TRN-22-0034-1 (Update to Short Term Rental Regulations)

Dear Honorable Chair Brownsey and Commissioners,

Better Neighbors LA writes to express its concern that the Staff Report supports a metric for setting a short-term rental (“STR”) cap at 15% of total housing stock. We acknowledge that the Commission’s recommendation to lower a cap on STRs is in line with our previous requests; however, the percentage of housing converted to short-term rentals (“STRs”) according to the Staff Report, 14.3% of available housing stock in the City of Trinidad, violates Section 30604 (g) of the Public Resource Code.¹

We have consistently presented the case to the Commission as to why unhosted STRs should be disallowed in the Coastal Zone. They do not create coastal access, they crowd out the very limited supply of housing stock in the Coastal Zone, and they cannibalize existing, legitimate affordable overnight accommodation like motels and bed and breakfast hotels. We maintain this position here, especially given the bounty of overnight accommodations in the City of Trinidad.

We write to request that the Commissioners (1) take decisive action to counter the dangerous standard proposed in the Staff Report; and (2) request Staff to provide a consistent analysis of any STR policy’s impact on access and housing in the Coastal Zone.

¹ If not for the December 21, 2022 deadline, we would again request that this matter, and all STR-related matters, be delayed until the Commission has a fully fleshed out analysis concerning short term rental affordability, their impact on housing affordability and availability, and their impact on existing low-cost visitor serving overnight accommodations. The Commissioners requested such data at its September meeting concerning the Half Moon Bay Ordinance. This matter, and all STR-related decision-making should be put on hold until such a complete analysis is provided.

(1) The Commission must disavow the “15% of all housing stock” metric for setting STR caps.

Throughout the Staff Report’s Consistency Analysis, the Commission indicates that the “desired threshold” is “15% of total housing stock.” On page 9 of the Staff Report, the metric is quoted without attribution to a source. (“Around 15% of the housing stock is a common metric that is used for capping STRS, and it was used as a guideline in the development of the caps in the existing ordinance...”)

Considering the current housing crisis in the State of California, 15% is far too high a metric to set for any city, and the Commission should not be on the record supporting such a high percentage. Indeed, to do so without any supporting sources or analysis violates the Commission’s obligations under the Act. For comparison, in the City of Los Angeles only .2% of the housing stock is dedicated to short-term rental use. Even at this level, short-term rentals have had an outsized impact on housing availability and affordability resulting in city-wide rent inflation of \$810 annually per unit.²

(2) The Commission must direct Staff to provide consistent and thoughtful analyses regarding the impact of STR policies on housing in the Coastal Zone and the affordability of STRs.

The Staff Report does not analyze the affordability of STRs offered in the City of Trinidad as compared to existing low-cost visitor serving accommodations. The failure to include such an analysis violates Section 30213 of the Act and does not empower the Commissioners to make informed choices concerning STR policies.

Moreover, the Staff Report does not analyze the impact of the STR ordinance on the limited housing stock in the City of Trinidad. For example, the Staff Report does not assess the impact on rents, or whether the City will lose existing housing opportunities for persons of low to moderate incomes with these amendments. It does not even indicate how many of the available units in Trinidad are accessible to persons of low to moderate income. The failure to do so violates the Legislature’s mandate in Public Resource Code Section 30604 (g):

(g) The Legislature finds and declares that it is important for the commission to encourage the protection of existing and the provision of new affordable housing opportunities for persons of low and moderate income in the coastal zone.

Instead, the Commission Staff Report favors short-term rentals over housing even in a jurisdiction that it concedes has “no shortage of visitor-serving lodging facilities.” (Staff Report at p.10) The Commission’s failure to examine the impact on housing especially when there is no lack of overnight accommodations is a violation of the Coastal Act. (Section 30604 (g))

When approving STR policies, the Staff Report should contain information that allows the Commission to comply with Section 30604(g), e.g., an accounting of housing stock in a City,

² Wachsmuth, D. (2022). The Economic Impacts of Short-Term Rentals in Los Angeles. Report commissioned by Better Neighbors Los Angeles.

an approximation of the number of residential units accessible to persons of low to moderate income, where those residential units are likely located, and how the removal of STR units from the long-term rental market will impact housing costs.

(3) Recommendations

In light of the above, we request that the Commissioners make clear on the record that capping STRs at 15% of total housing stock is unacceptable and should not be considered precedent in any capacity.

Moving forward, we also request that the Commissioners direct staff to include data that (i) analyzes the cost of STRs as compared to existing low cost overnight accommodation, and (ii) approximates the impact of a STR policy on housing costs and availability for persons with low to moderate income.

Our organization can provide the Commission with research and resources in developing its metrics as they pertain to STRs and housing. We have included a brief analysis of the housing data as it pertains to the City of Trinidad in Attachment A. Please reach out to Randy Renick at rrr@betterneighborsla.com to arrange a meeting with our research analysts.

Best regards,

/s/ Randy Renick

ENCLOSURES

ATTACHMENT A

From: Tori Funk, Research Analyst, Better Neighbors LA

Re: An analysis of the affordability of STRs and their impact on housing stock and costs in the City of Trinidad

Cost of STRs in the City of Trinidad

- Average price per night without fees: \$ 376.62
- Average price per night with fees: \$510.02
 - All listings are whole home listings
 - Average monthly occupancy: 12 nights
 - Average monthly revenue with fees: \$5,127 (compared to the average rent \$1,555)³

Impact of STRs on Housing Stock and Costs

- A manual scraping on Airbnb suggests there are 24 short-term rental listings on Airbnb (no duplicates included), accounting for 11% of the City's housing stock
 - The CCC staff report stated there were 32 STRs (15% of the housing stock)
 - The Census reported that 72% of the housing units in Trinidad are owner occupied, which means, there around 63 units in the town available to rent- which suggests the number of short-term rentals is equivalent to about half of the City's housing stock.
- The rental housing vacancy rate in the city is 0%.⁴
- Since the City has a zero-vacancy rate, a reduction in supply will increase rents, because neither the private nor public sector can quickly replace the housing lost to STR conversion.
- Thus, a sudden removal of 11% of Trinidad's housing stock when the vacancy rate is a 0% constitutes a supply shock. The price effect of a supply shock could also be compounded by annual increases in residential demand.⁵
- Under a simple economic model holding the demand for rental housing constant against a relatively flat supply curve that has a price-elasticity coefficient of 0.3600, each 1% decrease in supply would lead to a 0.36% rent increase.⁶
- Accordingly, the median monthly rent in Trinidad, \$1,550, could increase by an additional \$61 a month due to the reduction in STR supply alone.⁷

³ According to a manual scraping and in-house analysis of the data available on Airbnb.com.

⁴ <https://www.rate.com/research/trinidad-ca>

⁵ Lee, D. (2016). How Airbnb short-term rentals exacerbate Los Angeles's affordable housing crisis: Analysis and policy recommendations. *Harv. L. & Pol'y Rev.*, 10, 229.

⁶ John M. Quigley & Steven Raphael, Regulation and the High Cost of Housing in California 26 (Berkeley Program on Housing & Urban Policy, Working Paper No. W04008, 2004) (finding that the price elasticity coefficient to supply is .360 for non-rent controlled rental markets in California). A regression analysis would be needed to specifically determine the Trinidad's housing market's price elasticity.

⁷ <https://www.rate.com/research/trinidad-ca>