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November 11, 2022

VIA E-MAIL

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

Re: Public Comment on November 2022 Agenda Item
Wednesday 13b - Application No. A-5-DPT-22-0038
(City of Dana Point, Dana Point)

Dear Honorable Chair Brownsey and Commissioners,

Better Neighbors LA is heartened that the Commission continues to interrogate the impact of short-term rentals (“STR”) on the coastal housing crisis. That said, we write to urge the Commission to modify the proposed coastal development permit (“CDP”) so that the final ordinance mandates truly low-cost visitor serving accommodations, like home shares, while protecting lower cost multi-family housing.

Before we discuss the modifications, we would like to urge the Commission to continue the hearing until the Commission has a fully fleshed out analysis concerning short term rental (“STR”) 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. Dana Point does not currently have a ban on the books, and a delay of a few months will not materially impact coastal access in the locality with such an abundant stock of overnight accommodations.

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 Dana Point.

1. The Commission should guarantee low-cost accommodations by requiring home sharing and lowering the cap for Non-Primary STRs.

There is no quantitative evidence that unhosted STRs are more affordable. We encourage the Commission to change its approach by analyzing the quantitative evidence that demonstrates a lack of affordability among unhosted STRs, the comparative costs between unhosted STRs and hosted, and the overall impacts of STRs on affordability in the Coastal Zone. Creating a market for Hosted STRs is a clear opportunity for the Coastal Commission to ensure that only low-cost overnight units are created in the Coastal Zone.

The Staff Report demonstrates that there is ample coastal access in the City of Dana Point. The Commission should lower the cap for Non-Primary STRs to reflect the actual need for accommodations in the Coastal Zone. There are currently 61 grandfathered Non-Primary STRs, and that is sufficient. A metric of no more than 1% of housing units in the Coastal Zone is an objective standard that could also be implemented should the housing stock in the Coastal Zone continue to grow. Otherwise, the Coastal Commission does not need to create a market for more housing units to be converted into hotels. The Commission should instead supplement the ample existing overnight accommodations by creating a market for units offering traditional home-shares.

Ideally, the Coastal Commission would strike all language allowing the issuance of Non-Primary STRs, Mixed-Use STRs, and Multi-Family “Homestays” and authorize only Primary Residence STRs and traditional Home Stays.

Alternatively, the Coastal Commission should direct staff to strike out Section 3, “STR Permit Limitations” subsection (a), and replace it with the following:

(a) Coastal Zone Permit Caps. As of the effective date of this program, the cap for Non-Primary Residence STRs shall be the number of existing grandfathered units until such time as 1% of the housing units in the Coastal Zone exceeds the number of grandfathered units. After such time, the cap for Non-Primary Residence STRs shall never exceed 1% of the housing units in the Coastal Zone.

2. The Commission should not create a market for converting lower cost multi-family opportunities into hotels in the Coastal Zone.

The Commission should eliminate STR permit categories that convert multi-family parcels into hotels instead of housing. The City of Dana Point’s Housing Element, the Local Coastal Program and the Section 30604(g) of the Coastal Act require the Commission to protect lower cost multi-family housing. As drafted, the CDP currently allows Multi-Family STRs and Mixed-Use Parcel STRs. The Coastal Commission should direct staff to strike out all portions of Exhibit 3, Coastal Development Permit Short-Term Rental Program, that reference “Multi-Family Home Stay” and “Mixed-Use Parcel Non-Primary STRs.”

First, these permit categories “Multi-Family Home Stay” and “Mixed Use Parcel” are misnomers. Multi-Family Home Stay does not refer to a “home stay or home share.” This

designation allows only apartment building owners to rent whole units adjacent to their own if the apartment building owner lives on-site in a separate unit. Since the property owner is not living in the unit being rented, this arrangement is the same as a non-primary short-term rental and does not need a separate name. “Mixed Use Parcel Non-Primary STR” is also just another name for a non-primary STR. There is no reason for this category to exist since the Commission Staff sensibly removed most of the City’s preferable treatment for this designation.

Second, and more importantly, these categories of permits create a market for the conversion of multi-family housing in Dana Point’s coastal zone. In addition to striking out the permit categories, the Commission should eliminate language in Subsection (c) of Section 3, “STR Permit Limitations,” which communicates a policy preference for STRs to be in mixed-use districts. As we pointed out above, this really translates to encouraging STRs in multi-family housing. Please strike the following language:

~~Two goals of this STR Program are (1) to encourage Home Stay, Multi Family Home Stay and Primary STRs because there is less potential for nuisance issues California Coastal Commission A-5-DPT-22 in situations where the STR Permit is issued for a parcel which is the Property Owner's Primary Residence and (2) to encourage STRs on Mixed-Use Parcels, rather than parcels zoned for single family Dwellings so as to avoid impacts on surrounding residents at such parcels. Towards this end, the following provisions shall apply...~~

Section 3, “STR Permit Limitations” Subsection (c)(ii), “Encouragement of New Mixed Use Parcel Permits” should also be eliminated. This provision creates an incentive for the conversion of multi-family housing into de facto by reducing the permit fees for those applicants. Finally, the Commission should amend Special Condition 3 to approve the development “on a temporary basis only for a period of two (2) years” and should change Paragraphs A through C accordingly.

Sincerely,

/s/ Randy Renick

Randy Renick