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To: California Coastal Commissioners and Staff
From: Becca Ayala, Policy Analyst and Advocate, Better Neighbors Los Angeles
Date: December 8, 2023
Re: Guiding Principles for Short-Term Rental Local Coastal Program Amendments (LCPAs)

Background

Better Neighbors Los Angeles is a coalition of hosts, tenants, housing activists, hotel workers, and community members. We conduct analysis and research on the short-term rental industry in the Coastal Zone, including recent California Coastal Commission (“Commission”) decisions on LCPAs regulating short-term rentals (“STRs”).

Better Neighbors strongly urges the Commission to take a proactive approach to changing its current posture, which prevents jurisdictions struggling with housing from implementing restrictions or bans on unhosted short-term rentals. Local jurisdictions are best suited to address their housing shortages with the means at their disposal—one of which should be to allow only hosted short-term rentals. Policies limited to hosted short-term rentals safeguard existing housing stock while also increasing coastal access. By contrast, policies allowing for unhosted rentals necessarily sanction a loss of housing. Since the Commission currently will not allow jurisdictions to ban or significantly limit unhosted STRs to preserve housing, we have developed a set of four guiding principles that will aid in analyzing STR LCPAs in a manner that is protective of housing and coastal access in the interim.

Overnight Accommodations Needs Assessment Principle

Housing should not be converted to hotel rooms when there is a lack of housing and adequate overnight accommodations. To accomplish this, staff reports should include a comprehensive inventory and analysis of current overnight accommodations within the jurisdiction. This inventory analysis should include all “hotels, motels, cabins, camping, RVs and hostels,” as referenced in the *Explore the Coast Overnight: An Assessment of Lower-Cost Coastal Accommodations* report issued by the Coastal Conservancy in 2019.¹ The analysis should also include the number of guests each form of accommodation is able to accommodate. If needed, staff should work with local jurisdiction staff to conduct the inventory.

In addition, staff should include a breakdown of the number of existing overnight accommodations considered lower-cost coastal accommodations as consistently defined by the Commission.² If there exists an adequate supply of overnight accommodations and limited

¹ https://scc.ca.gov/webmaster/ftp/pdf/scbb/2019/1903/20190314Board04E_ETCO-Report.pdf

² According to the staff report for Application No. 6-22-0127 (LHO Mission Bay Hotel, LP, San Diego), this is defined as “75% less than the statewide average daily room rate.”
<https://documents.coastal.ca.gov/reports/2023/3/Th15a/Th15a-3-2023-report.pdf>

housing stock as determined by the Housing Data and Impacts Principle outlined below, then the Commission should not permit unhosted short-term rentals to meet the visitor serving accommodation mandate of the Coastal Act. According to our analysis of the 6th Cycle Regional Housing Needs Assessments for jurisdictions within the Coastal Zone, there are approximately 1,662,039 housing units needed. The Commission should look towards preserving current housing stock for both long term renters and potential homeowners to alleviate pressure on localities as they attempt to meet their RHNA allocations.

Overnight Accommodations Affordability Principle

Short-term rentals must be affordable to increase access to the coast for persons of low to moderate income. Pub. Res. Code §30213. Staff should analyze the impact short-term rental regulations will have on coastal access for low to moderate income visitors by comparing the average nightly cost of short-term rentals to the average nightly cost of existing lower-cost coastal accommodations. The Commission has taken a similar approach in their interpretation of California Public Resource Code § 30213 when evaluating hotel developments.³ The short-term rental industry, as a part of the overnight accommodation industry, must be treated no different. The Commission has notably used luxury hotel development to win in lieu fees and other infrastructure and public access improvements. No such tangible community benefit comes with the approval of STR LCPAs and the Commission should take pause before ushering in highly priced STRs at the expense of a jurisdiction's housing supply. The Commission has often bemoaned its inability to set room rates to preserve coastal access, and even so, has refused to let local jurisdictions require on-site hosts, which has effectively kept prices down in cities like Santa Monica.

Housing Data and Impacts Principle

The Commissioners must consider the housing data and impacts of each STR LCPA in order to “encourage the protection of existing...affordable housing opportunities for persons of law and moderate income in the coastal zone.” Pub. Res. Code §30604. Short-term rentals displace residents, increase rent prices, and can lead to more people experiencing homelessness.⁴ Staff should conduct a survey of the local housing stock, including vacancy rates, current and projected demand for existing housing units, and availability and location of housing units for low to moderate income residents within the jurisdiction. In addition, staff should determine the impact the LCPA may have on future housing costs for low to moderate income residents. According to the National Low Income Housing Coalition, 43% of households within counties in the California Coastal Zone are renters.⁵ Staff should consider the impact LCPAs that permit unhosted short-term rentals, especially those in multi-family units, may have on long term tenants and rent prices. Reports should also analyze the percent of housing stock unhosted short-term rentals comprise within a local jurisdiction, the growth in the number of short-term rentals

³ See page 36 of the staff report for Application No. 6-22-0127 (LHO Mission Bay Hotel, LP, San Diego).

<https://documents.coastal.ca.gov/reports/2023/3/Th15a/Th15a-3-2023-report.pdf>

⁴ http://upgo.lab.mcgill.ca/publication/strs-in-los-angeles-2022/Wachsmuth_LA_2022.pdf

⁵ <https://nlihc.org/oor/state/ca>

over a period of time, and any disproportionate impact of STRs in geographical zones. Staff should not rely on AirDNA solely for this information as many short-term rentals can be found on other booking platforms not listed on AirDNA.

Quantitative Evidence Principle

STR LCPA recommendations should not be based on anecdotal evidence, individual experiences, or limited observations. Each jurisdiction has a unique short-term rental market that must be individually assessed. Many staff reports have cited to purported benefits of STRs without reference to supporting data. For example, oft-cited is the misconception that STRs have more rooms and so can accommodate large groups at lower cost. However, these conclusory assertions are provided without an analysis that supports the claim.⁶ If the Commission is to make a decision based on such statements, then it must have access to the average number of rooms for rent in each jurisdiction and the number of guests served by each rental. Without this information, the Commission is making decisions based on assumptions. Staff reports should include a quantitative analysis of the total number of existing hosted and unhosted short-term rentals, number of rooms available per short-term rental, and number of guests each short-term rental is able to accommodate.

Conclusion

Jurisdictions should be able to ban or significantly limit unhosted short term rentals to preserve their housing stock. That said, we also request that staff incorporate these guiding principles into future staff reports on short-term rental regulations and proposed staff recommendations. Better Neighbors believes this additional information will provide Commissioners with a broader understanding of the local context needed to make balanced decisions on LCPAs regulating short-term rentals. Should you have any questions or would like to receive any data or other research, please contact rebecca@betterneighborsla.org.

Sincerely,

/s/

Randy Renick

⁶ See e.g., Staff Recommendation W14b, March 8, 2023 at page 21. BNLA found that approximately 50% of all rentals in Half Moon Bay were only 1 or 2 bedrooms.
(<https://documents.coastal.ca.gov/reports/2023/3/W14b/W14b-3-2023-report.pdf>).