

Public Comment- Reason in Government non-profit

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From: Brian Goebel <brian.goebel@sentinelhdgs.com>
Sent: Monday, May 29, 2017 8:05 PM
To: sbcob
Subject: Banning Short-Term Rentals in Montecito
Attachments: CCE05292017_0001.pdf

Clerk, Board of Supervisors,

Attached please find a letter from Reason in Government, a local nonprofit, supporting a ban on short-term rentals in Montecito. We would like this letter to be part of the official record before the Supervisors.

Thank you for your attention to this matter.

Brian Goebel
Board Member
Reason in Government

Reason in Government

1187 Coast Village Road, #287
Santa Barbara, CA 93018

May 29, 2017

Board of Supervisors
Santa Barbara County
Board Hearing Room
Fourth Floor
105 East Anapamu Street
Santa Barbara, CA 93101

Re: Clarifying that Short-Term Rentals (“STRs”) are Barred in Montecito’s Residential Areas

Dear Chair Hartmann and Members of the Board of Supervisors (“BoS”),

Reason in Government (“Reason”) is a local nonprofit organization dedicated to increasing civic engagement on matters of public importance in order to improve government performance. As our name implies, we believe that government action should be guided by reason. This means that government actions must be grounded in realism: Historical precedents must be understood and applied, and forecasts and assumptions must be conservative. In addition, reason demands that decision makers develop options, analyze the costs and benefits of those options, and then make a clear assessment as to the best “*tradeoffs*” as they balance competing and legitimate interests. We believe that difficult public policy problems are rarely addressed by only one “solution” that neatly conforms to a particular political philosophy or value. Instead, there are typically ranges of solutions “within reason” – solutions that defensibly balance one value (*e.g.*, enhancing economic freedom) against another (*e.g.*, respecting and protecting the culture and character of communities as set forth in their validly adopted planning and regulatory policies).

Over the past several weeks, Reason has received numerous inquiries as to its position on whether STRs – rentals of less than 30 days – should be allowed in residentially-zoned neighborhoods. These requests were primarily from residents of Montecito, which we understand is the community with the largest number of STRs in the County of Santa Barbara.¹ For the reasons set forth below, ***it is our position that STRs should be banned in the residential areas of Montecito.*** We believe that that this conclusion is consistent with, if not compelled by, the Montecito Land Use and Development Code, as it is currently written. Even if the Code is not dispositive, prohibiting rentals of less than 30 days in Montecito’s residential areas strikes the most reasonable balance between the economic

¹ Our research suggests that there may be as many as 300-700 STRs in Montecito.

interests of property owners interested in renting their properties, on the one hand, and the expectations and interests of their neighbors, on the other hand.

Under the Montecito Land Use and Development Code, the ordinances do not permit commercial lodging in residentially zoned neighborhoods. The Code defines a dwelling as a unit "intended for occupancy by one family on a non-transient basis". Thirty-days is the universally adopted minimum time-frame to establish non-transient occupancy. The Community Plan's implementing ordinances further make clear that commercial activities such as hotels, motels, hostels, bed and breakfasts are illegal commercial uses in residential areas. Based on these ordinances, we believe that the BoS need not go further in its rulemaking other than clarifying that STRs are illegal in Montecito residential areas under existing law.

Even if the BoS believes the Code is ambiguous, it should nevertheless proscribe STRs in residential areas of Montecito as a matter of policy. Allowing longer-term rentals while proscribing STRs strikes the best balance of competing interests in this particular community.

Reason generally supports limited government, property rights, and economic activity. We therefore carefully scrutinize government action that would hinder such activity to ensure that it is justified by important interests and limited in scope.

In the context of STRs, we recognize that individual property owners have a right to earn an economic return on their property, and that some may pursue this return by renting their property to others for various durations. We also recognize that not every STR creates the nuisances – noise, litter, traffic, and parking (to name a few) – that have thrust the issue onto the BoS agenda in Santa Barbara and have led to bans on STRs in other communities, such as Manhattan Beach, Hermosa Beach, and Laguna Beach.

The interests of one property owner in a community, however, must be balanced against the interests of surrounding property owners. In Montecito, these adjacent property owners purchased their properties with an expectation that the community would, as its own Community Plan specifies – "maintain and preserve the *residential*, low intensity, semi-rural character of Montecito." Moreover, in residentially-zoned areas in Montecito, each property owner has a clear interest in ensuring that a street, neighborhood, or community will be quiet and safe, free from unnecessary traffic, and full of "residents" – people who live and work in the community and have a stake in maintaining the property and the surrounding areas. STRs in residential areas of Montecito are plainly inconsistent with these expectations and interests. Indeed, the City Councils in Manhattan Beach and Hermosa Beach banned STRs for the express purpose of protecting the expectations and interests of residential homeowners.

In addition, we would note that for many homeowners, their greatest asset is the

equity in their homes (and their potential for future appreciation). Their economic interest in preserving this asset, therefore, must be considered when assessing whether to allow actions by their neighbors that could negatively impact the value of their homes. As noted below, we believe that allowing STRs in residential areas of Montecito could depress property values. Thus, there are competing economic interests on each side of the STR issue in Montecito.

We believe the most reasonable balancing of these competing interests in Montecito favors a ban on STRs in residential areas. Under such a ban, property owners would remain free to rent their properties (and thus make an economic return) in a manner that would be consistent with the interests and expectations of their neighbors and community.

There are other compelling reasons for banning STRs in Montecito's residential areas. Like many others in the County, we are very concerned about the mid-to-long-term health of the County's public finances. Largely because of rising pension and retiree healthcare costs, the County is facing substantial budget deficits for the foreseeable future – deficits that threaten the quality of life in our community. Given that property taxes are among the largest sources of revenue for the County, and given that Montecito generates a substantial share of those taxes, the County should be very reluctant to adopt any policy that could undermine property values in Montecito.

We understand that property sellers are required to disclose the existence of STRs in their neighborhoods, thereby implying (as common sense suggests) that STRs have a negative impact on the sales prices of nearby properties. Indeed, in a community like Montecito, where property values are clearly tied to owner expectations of privacy and tranquility (see above), we believe that permitting STRs would negatively impact property values over time – a concern shared by many in the community. This would, in turn, reduce County revenues. Caution and risk-mitigation, therefore, also counsel a ban STRs in Montecito's residential areas.

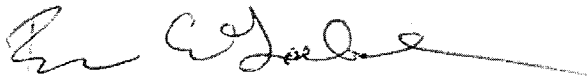
We are also unconvinced that homeowners in Montecito would have effective options for protecting the residential character of their streets and neighborhoods if STRs were permitted. We do not believe there are sufficient law enforcement personnel to respond readily and reliably to the increasing number of complaints that would arise if STRs were permitted in residential areas.² Moreover, even assuming for the sake of argument that there would be enough law enforcement personnel, and further assuming that these personnel would be willing to issue citations and take other actions to address and deter legal violations, such actions would not constitute the highest and best uses of limited law enforcement resources in Montecito (as the recent wave of commercial burglaries on Coast Village Road and in other adjacent areas remind us, sadly). Similarly, forcing property owners to sue their neighbors to preserve the character of their communities would be equally

² This is one of the principal reasons the Laguna Beach City Council banned STRs.

ineffective. The costs, delays, and headaches associated with civil litigation among neighbors, not to mention its corrosive effects on the sense of community, make it a poor substitute for a ban on STRs.³ A ban on STRs in Montecito's residential areas, therefore, would be consistent with our preference for more effective government.

For all these reasons, Reason believes that the BoS should clarify that short-term rentals are illegal in residentially zoned neighborhoods in Montecito.⁴

Thank you for your careful consideration of this letter.



Brian Goebel
Board of Directors
Reason in Government

³ The Manhattan Beach City Council reached the same conclusion.

⁴ We take no position on whether STRs should be banned in other parts of Santa Barbara County. Our position in this letter reflects not only a careful consideration of the unique characteristics of Montecito, but our preference for carefully-crafted policies at the community level. We recognize that there could be circumstances under which other closely-knit communities in our County might reasonably prefer a different STR policy than the one appropriate for Montecito.