



BOARD OF SUPERVISORS
AGENDA LETTER

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: Planning & Development
Department No.: 053
For Agenda Of: August 28, 2018
Placement: Departmental
Estimated Time: 1 hour
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Dianne M. Black, Director, Planning and Development
Director(s) (805) 568-2086
Contact Info: Daniel T. Klemann, Deputy Director, Long Range Planning
(805) 568-2072
SUBJECT: Short-Term Rentals and Homestays Local Coastal Program Amendment Briefing and Request for Further Direction

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: N/A

Other Concurrence:

As to form: N/A

Recommended Actions:

That the Board of Supervisors:

- a) Receive a report on the California Coastal Commission's May 10, 2018 decision not to certify the Short-Term Rentals and Homestays Local Coastal Program Amendment (Coastal Commission Case No. LCP-4-STB-17-0086-3);
- b) Provide direction to staff to:
 - i. Prepare a new Local Coastal Program Amendment that would expand the Short-Term Rentals Coastal Historic Overlay District to include additional areas that allow Short-Term Rentals;
 - ii. Prepare a new Local Coastal Program Amendment that would allow Short-Term Rentals throughout the entire Coastal Zone, subject to the same development standards which were included in the Short-Term Rentals and Homestays Local Coastal Program Amendment; or
 - iii. Pursue a different approach to Short-Term Rentals in the Coastal Zone.

- c) Determine that the Board briefing is not a project subject to the California Environmental Quality Act pursuant to Section 15378 of the State Guidelines for Implementation of the California Environmental Quality Act (Attachment 1).

Summary Text:

On May 10, 2018, the California Coastal Commission (CCC) considered the Local Coastal Program (LCP) Amendment for Short-Term Rentals (STRs) and Homestays in Santa Barbara County pursuant to the procedural requirements set forth in the Coastal Commission administrative regulations [Division 5.5 of Title 14, California Code of Regulations, Section 13551(b)(2)]. After considering the LCP Amendment, the CCC denied certification of the LCP Amendment by a seven to three vote.

On June 11, 2018, at the 2018-2019 Fiscal Year budget hearing, the Board of Supervisors (Board) added the review of STRs in the Coastal Zone to the Long Range Planning Division Work Program. The purpose of this Board letter and the corresponding hearing is to receive further guidance from the Board on how to proceed regarding the regulation of STRs in the Coastal Zone, given the CCC's decision to deny certification of the LCP Amendment.

Discussion:

LCP Amendment

The County's proposed LCP Amendment that the Board approved on October 3, 2017, would have allowed STRs in legal dwellings within: (1) the Limited Commercial, Retail Commercial, Resort/Visitor Serving Commercial, and Highway Commercial zones; and (2) a proposed, new STRs Coastal Historic Overlay District (Historic Overlay) that generally would have encompassed the residentially-zoned neighborhood of Miramar Beach (Attachment 2).

Staff developed the STRs Historic Overlay based on the review of existing and past Transient Occupancy Tax (TOT) data, knowledge of homes at Miramar beach being used as vacation rentals for several decades, and information received during the processing of the LCP Amendment. The development of the Historic Overlay is discussed in more detail on page 5 of Attachment 3.

The LCP Amendment also would have allowed for Homestays (a subset of STRs whereby the owner is present on the property at the same time the transient occupant resides on the property) within legal dwellings in residential zones, including the Rural Residential, Single-Family Residential, Two Family Residential, One-Family Exclusive Residential, Design Residential, and Planned Residential Development zones, as well as the Agriculture I zone.

The proposed LCP Amendment also included the following development standards for Homestays and STRs (including STRs in the Historic Overlay) to address safety and compatibility issues:

- Compliance with certain fire, building, and health codes;
- Prohibition on the use of non-habitable dwellings as STRs or Homestays;
- Limitations on the number of transient occupants;
- Restrictions on parking;
- Limitation on the number of visitors;
- Limitations on noise generation;
- Requirements for internet listings with hosting platforms;
- Requirement for annual renewal of permit; and
- Compliance with permit revocation standards.

The CCC staff worked with County staff on developing modifications to the LCP submittal which included also allowing Homestays in guest houses. CCC staff included this modification in their recommendation to CCC.

CCC Decision

On May 10, 2018, the CCC considered the proposed LCP Amendment along with the CCC staff-suggested modification to allow homestays in guest houses. After receiving the staff report and considering public testimony, by a vote of 7-3, the CCC denied certification of the LCP Amendment, despite inclusion of CCC staff's suggested modification. In the discussion on the LCP Amendment, Commission members spoke to the need for affordable visitor accommodation for coastal visitors and stated that STRs provided this service. However, the CCC did not give any further direction on what they might certify in the future for the County's LCP, if the Board decides to process a new LCP Amendment to allow STRs and Homestays.

On August 10, 2018, the CCC held a public hearing to adopt revised findings to reflect the CCC's action to deny the County's STRs and Homestays LCP Amendment. The Commission findings for denial (Attachment 4) include the following:

- *"...the proposed amendment to restrict areas where short-term rentals will be allowed fails to protect more than one hundred existing overnight accommodations within the Coastal Zone and therefore reduces the availability of certain existing overnight accommodations."*
- *"...the proposed amendment, if certified, would cause a significant reduction in the existing stock of visitor-serving overnight accommodations in the Coastal Zone of the County."*
- *"The Miramar area has a history of short-term rentals; however, other areas of the County's coast also have a history of short-term rentals, as evidenced by the numerous letters and oral testimony provided by members of the public who have been staying in such rentals for decades."*
- *"...homestays generally do not provide the space and privacy desired by families and larger groups traveling together that short-term rentals often provide. As such, the overall net reduction of available short-term rentals within the Coastal Zone has the potential to adversely impact the stock of visitor-serving overnight accommodations that are ideal for families and larger groups that want to travel to the coast together and stay overnight."*
- *"...the proposed amendment is inconsistent with LUP [Coastal Land Use Plan] Policy 7-1 and [Coastal Act] Section 30210's requirement of protecting and maximizing public coastal access and recreational opportunities..."*
- *"The proposed amendment prohibits and unduly restricts the rental of residences to visitors in a manner that will significantly impact the public's ability to access and recreate on the coast."*

Board Options

County staff has identified the following three options for how the Board may proceed with regard to the regulation of STRs and Homestays within the Coastal Zone:

- Option 1 - Expansion of the STRs Coastal Historic Overlay District: The Board could direct staff to prepare an LCP Amendment that expands the proposed Historic Overlay to include additional areas with demonstrated historic STR use besides the Miramar Beach neighborhood (e.g., residential areas along Padaro Lane and Summerland). This option could address certain concerns that the proposed Historic Overlay was too limiting and did not account for additional residential areas besides Miramar Beach that historically have included vacation rentals. In order to adopt/expand an overlay, the record must contain evidence of a rational basis supporting the overlay.

In developing the Historic Overlay, staff researched historical data on homes that have been used as vacation rentals on the coast at the Santa Barbara Historical Museum, Visit Santa Barbara, and on the Sanborn Fire Insurance Maps, yet was unsuccessful at locating historic data going back further than 2005 for vacation rentals. This would still remain an issue in expanding the Historic Overlay.

Another option for supporting an expansion could be the records kept by home owners who have used their houses as STRs in the past, or to use existing boundaries like Highway 101 and/or the Carpinteria City limits.

- Option 2 – Allow STRs in all residential zones: The Board could direct staff to prepare an LCP Amendment that would allow STRs in all residential zones located within the Coastal Zone—not just the Miramar Beach neighborhood. This option would allow STRs in all residential zones subject to the same development standards that were proposed for STRs in the Historic Overlay.
- Option 3 - Pursue a different approach to STRs in the Coastal Zone: The Board could direct staff to develop a different approach other than the above two options. Attachment 5 includes STR options that were previously considered but rejected.

Environmental Review

The Board's actions are not a project subject to CEQA pursuant to Section 15378 of the State CEQA Guidelines. Section 15378 states (in pertinent part) that a "project" that is subject to CEQA "...means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonable foreseeable indirect physical change in the environment..." The Board's actions to receive a staff report, receive public testimony, and, possibly, direct staff to prepare a new LCP Amendment for the Board's consideration, does not have the potential to create a significant environmental impact, or create a physical change to the environment, either directly or indirectly. See Attachment 1 (Notice of Exemption) for additional information regarding the CEQA exemption.

Fiscal Analysis

Funding for this project is budgeted in the Long Range Planning Program on page D-272 of the Fiscal Year 2018-19 budget.

Information on the Tax Collector's Application for the Transient Occupancy Tax (TOT) Certificate

Pursuant to the County Code (Chapter 32), the County of Santa Barbara Treasurer-Tax Collector's office collects TOT. Hotel operators in the unincorporated areas of the County are required to collect the TOT from transients who stay for a period of 30 consecutive days or less. Chapter 32 of the Code defines "hotel" very broadly to include STRs. The current TOT amount is 12 percent of the rent that an operator charges. The table below lists the total amount of TOT revenue that the Treasurer-Tax Collector's office collected for STRs countywide, and the total number of TOT Certificates that the County of Santa Barbara Treasurer-Tax Collector's office issued for STRs over the last three fiscal years. Information on TOT revenue collected for FY 2017-2018 is currently being compiled and staff will provide the data at the hearing on August 28, 2018. The TOT certificate is for tax collection purposes and does not constitute a land use entitlement.

Timeframe	Amount of TOT Collected	Number of TOT Certificates
Fiscal Year 2014 – 2015	\$1,416,339	492
Fiscal Year 2015 – 2016	\$1,669,810	535
Fiscal Year 2016 – 2017	\$1,880,824	539

Attachments:

1. Notice of Exemption
2. Map of the STRs Coastal Historic Overlay
3. October 3, 2017 Board Letter (without attachments)
4. Coastal Commission Revised Findings for Denial
5. Other STR Options

Authored by:

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