

# Attachment E

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**CALIFORNIA COASTAL COMMISSION**

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June 23, 2016

Carl Holm, Director  
Monterey County Resource Management Agency  
168 West Alisal Street, 2nd Floor  
Salinas, CA 93901

**Subject: Vacation Rentals**

Dear Mr. Holm:

We understand that the County is grappling with the use of private residences serving at times as visitor-serving overnight accommodations. This practice, commonly referred to as vacation rentals (or short-term rentals) has recently elicited controversy, not just in Monterey County but state and nationwide, over the proper use of private residences within residential areas. Some argue that private residences should remain solely for the exclusive use of those who reside there because this helps to foster neighborhood stability and residential community character. Others argue the opposite approach, in that vacation rentals should be encouraged because using residential properties for visitor accommodations is an efficient use of land and allows the property owner an avenue to use his or her residence as a source of supplemental income. These are not easy debates, and different areas and different contexts will lead to different conclusions in this respect.

We offer the following observations on the vacation rental issue. The Coastal Act describes a hierarchy of encouraged land uses, with agriculture and coastal-dependent industry the highest priority uses to be accommodated within the state's coastal zone, followed by "private lands suitable for visitor-serving commercial recreational facilities designed to enhance public opportunities for coastal recreation."<sup>1</sup> The lowest priority uses are private residential, general industrial, and general commercial. Thus, the Coastal Act places a higher priority on the provision of visitor-serving uses, particularly overnight accommodations, over private residential uses because such visitor-serving uses offer a vehicle for the general public to access and recreate within the state's coastal zone. At the same time, however, the Coastal Act also places a high priority on the protection of sensitive coastal resources, including public views, agricultural lands, environmentally sensitive habitat areas, and wetlands and streams. The Act also protects certain special communities that are popular visitor destination points for recreational uses, including certain coastal residential communities near popular shoreline recreational areas and beaches. Thus, the allowance for visitor overnight accommodations must be balanced with the Act's other requirements, thereby requiring a nuanced approach to their regulation.

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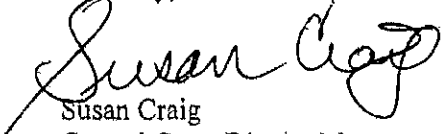
<sup>1</sup> Coastal Act Section 30222.

Thus, from our perspective, we continue to support allowing short-term vacation rentals within private residences as an important source of visitor accommodations in the coastal zone. These rentals can also offer lower-cost overnight opportunities, especially for larger families and groups. However, we also recognize and understand community concerns associated with the potential impacts of such vacation rentals, including with respect to community character and noise and traffic impacts. We also recognize concerns regarding vacation rentals within certain sensitive coastal resource areas, such as rural agricultural lands, which could result in uses incompatible with their location and surroundings.

At this juncture it is our opinion that vacation rentals are allowable in Monterey County's coastal zone under the LCP, and we highly recommend that instead of attempting to suggest they are prohibited or pursuing such prohibitions, that Monterey County instead work with us to develop regulations that serve to ensure Coastal Act-required protections are in place to address any potential concerns. I note that efforts along these lines were undertaken by the County back in 1997, but those efforts were apparently discontinued. We would suggest that now is an appropriate juncture to restart that effort. Commission staff has experience in working with local governments to draft and implement such regulations, including recent LCP requirements associated with vacation rentals for both Santa Cruz and San Luis Obispo Counties.<sup>2</sup> In place of prohibitions, which the Commission has historically not supported,<sup>3</sup> these coastal communities instead were able to find a balanced middle ground that helps to ensure that vacation rentals are regulated, including for transient occupancy tax and rules and regulations purposes, and limited as necessary to avoid oversaturation of such rentals in any one neighborhood or locale. These programs have proven successful in Santa Cruz and San Luis Obispo Counties, and we would suggest that their approach can serve as a model for Monterey County moving forward. We look forward to working with you on potential LCP language that meets Monterey County's specific needs and coastal contexts consistent with the Coastal Act.

Thank you for the opportunity to comment on this important issue. Please feel free to contact me with any questions or concerns.

Sincerely,

  
Susan Craig  
Central Coast District Manager  
California Coastal Commission

<sup>2</sup> See, for example, Santa Cruz County LCP amendments SCO-1-11 Part 3 (approved by the Commission on July 13, 2011) and LCP-3-SCO-15-0008-1 Part A (approved by the Commission on May 14, 2015), and San Luis Obispo County LCP amendment SLO-1-12 (approved by the Commission on November 13, 2013).

<sup>3</sup> See, for example, City of Pismo Beach LCP amendment PSB-1-10 Part 2 (denied by the Commission on December 8, 2011).

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**ATTACHMENT C**

(Sent Individually via US Mail)

December 6, 2016

TO: Coastal Planning/Community Development Directors

SUBJECT: Short-Term/Vacation Rentals in the California Coastal Zone

Dear Planning/Community Development Director:

Your community and others state and nationwide are grappling with the use of private residential areas for short-term overnight accommodations. This practice, commonly referred to as vacation rentals (or short-term rentals), has recently elicited significant controversy over the proper use of private residential stock within residential areas. Although vacation rentals have historically been part of our beach communities for many decades, the more recent introduction of online booking sites has resulted in a surge of vacation rental activity, and has led to an increased focus on how best to regulate these rentals.

The Commission has heard a variety of viewpoints on this topic. Some argue that private residences should remain solely for the exclusive use of those who reside there in order to foster neighborhood stability and residential character, as well as to ensure adequate housing stock in the community. Others argue that vacation rentals should be encouraged because they often provide more affordable options for families and other coastal visitors of a wide range of economic backgrounds to enjoy the California coastline. In addition, vacation rentals allow property owners an avenue to use their residence as a source of supplemental income. There are no easy answers to the vexing issues and questions of how best to regulate short-term/vacation rentals. The purpose of this letter is to provide guidance and direction on the appropriate regulatory approach to vacation rentals in your coastal zone areas moving forward.

First, please note that vacation rental regulation in the coastal zone must occur within the context of your local coastal program (LCP) and/or be authorized pursuant to a coastal development permit (CDP). The regulation of short-term/vacation rentals represents a change in the intensity of use and of access to the shoreline, and thus constitutes development to which the Coastal Act and LCPs must apply. We do not believe that regulation outside of that LCP/CDP context (e.g., outright vacation rental bans through other local processes) is legally enforceable in the coastal zone, and we strongly encourage your community to pursue vacation rental regulation through your LCP.

The Commission has experience in this arena, and has helped several communities develop successful LCP vacation rental rules and programs (e.g., certified programs in San Luis Obispo and

Santa Cruz Counties going back over a decade: see a summary of such LCP ordinances on our website at:

[https://documents.coastal.ca.gov/assets/la/Sample\\_of\\_Commission\\_Actions\\_on\\_Short\\_Term\\_Rentals.pdf](https://documents.coastal.ca.gov/assets/la/Sample_of_Commission_Actions_on_Short_Term_Rentals.pdf). We suggest that you pay particular attention to the extent to which any such regulations are susceptible to monitoring and enforcement since these programs present some challenges in those regards. I encourage you to contact your local district Coastal Commission office for help in such efforts.

Second, the Commission has not historically supported blanket vacation rental bans under the Coastal Act, and has found such programs in the past not to be consistent with the Coastal Act. In such cases the Commission has found that vacation rental prohibitions unduly limit public recreational access opportunities inconsistent with the Coastal Act. However, in situations where a community already provides an ample supply of vacation rentals and where further proliferation of vacation rentals would impair community character or other coastal resources, restrictions may be appropriate. In any case, we strongly support developing reasonable and balanced regulations that can be tailored to address the specific issues within your community to allow for vacation rentals, while providing appropriate regulation to ensure consistency with applicable laws. We believe that appropriate rules and regulations can address issues and avoid potential problems, and that the end result can be an appropriate balancing of various viewpoints and interests. For example, the Commission has historically supported vacation rental regulations that provide for all of the following:

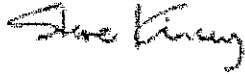
- Limits on the total number of vacation rentals allowed within certain areas (e.g., by neighborhood, by communitywide ratio, etc.).
- Limits on the types of housing that can be used as a vacation rental (e.g., disallowing vacation rentals in affordable housing contexts, etc.).
- Limits on maximum vacation rental occupancies.
- Limits on the amount of time a residential unit can be used as a vacation rental during a given time period.
- Requirements for 24-hour management and/or response, whether onsite or within a certain distance of the vacation rental.
- Requirements regarding onsite parking, garbage, and noise.
- Signage requirements, including posting 24-hour contact information, posting requirements and restrictions within units, and incorporating operational requirements and violation consequences (e.g., forfeit of deposits, etc.) in rental agreements.
- Payment of transient occupancy tax (TOT).
- Enforcement protocols, including requirements for responding to complaints and enforcing against violations of vacation rental requirements, including providing for revocation of vacation rental permits in certain circumstances.

These and/or other provisions may be applicable in your community. We believe that vacation rentals provide an important source of visitor accommodations in the coastal zone, especially for larger

families and groups and for people of a wide range of economic backgrounds. At the same time we also recognize and understand legitimate community concerns associated with the potential adverse impacts associated with vacation rentals, including with respect to community character and noise and traffic impacts. We also recognize concerns regarding the impact of vacation rentals on local housing stock and affordability. Thus, in our view it is not an 'all or none' proposition. Rather, the Commission's obligation is to work with local governments to accommodate vacation rentals in a way that respects local context. Through application of reasonable enforceable LCP regulations on such rentals, Coastal Act provisions requiring that public recreational access opportunities be maximized can be achieved while also addressing potential concerns and issues.

We look forward to working with you and your community to regulate vacation rentals through your LCP in a balanced way that allows for them in a manner that is compatible with community character, including to avoid oversaturation of vacation rentals in any one neighborhood or locale, and that provides these important overnight options for visitors to our coastal areas. These types of LCP programs have proven successful in other communities, and we would suggest that their approach can serve as a model and starting place for your community moving forward. Please contact your local district Coastal Commission office for help in such efforts.

Sincerely,



STEVE KINSEY, Chair  
California Coastal Commission

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