

This Initiative proposes to repeal the City's existing Short Term Rental ("STR") Ordinance, and replace it with a new STR Ordinance.

If approved by the voters, the Initiative would also require approval by the California Coastal Commission. If the Coastal Commission proposes modifications, the voters would have to approve the modified language for it to become effective. In the event the Initiative is approved by the Coastal Commission (and modifications, if any, are approved by the voters), any future changes to the City's STR Ordinance would require both voter approval and approval by the Coastal Commission before becoming effective.

The Initiative would alter the City's existing process for evaluating and issuing STR permits in the following ways:

1. It would eliminate the City's existing cap of 115 permits in the Coastal Zone and replace it with a cap equivalent to 1% of all dwelling units in the Coastal Zone (currently approximately 53 permits), as adjusted every three years;
2. It would eliminate the City's existing cap of 115 permits outside of the Coastal Zone and replace it with a cap equivalent to 0.5% of all dwelling units outside the Coastal Zone (currently approximately 57 permits), as adjusted every three years;
3. It would amend the City's process to issue STR permits, which currently prioritizes by STR types that were perceived by the City Council to have the least potential for negative impacts on residential neighborhoods and housing stock, and then on a "first-come, first-served basis." Instead, it requires STR permits to be evaluated according to a seven-tier priority schedule based on the type of STR, followed by a random drawing selection process if the number of STR permit applications exceeds the cap(s) imposed by the Initiative;
4. It would eliminate long-held STR permits, and establish that STR permits would only be valid for one year. It requires that STR permit holders re-apply each year for a new STR permit; and be subject to competing for a new permit each year pursuant to the seven-tiered priority schedule and related requirements. Currently permit holders may renew their permits annually and the City maintains a waiting list;
5. It will prevent STR permit holders from advertising a STR as available for rent before March 15, and possibly until as late as May 1 of any given year, because new permits (and associated permit numbers) will be issued each year during that period and advertising of an STR cannot occur under the Initiative without including an STR permit number.
6. It would make multiple other changes to the City's existing STR regulations including but not limited to: imposing regulations on hosting platforms, eliminating the City's STR permit waitlist, and increasing the investigation, reporting, and noticing responsibilities of the Community Development Director.

The decrease in STR permits will result in a decrease in associated tax revenue. The increased responsibilities on City Staff will result in increased City costs.