

An Initiative to Repeal and Replace the City's Existing Short Term Rental Ordinance

This Initiative proposes to repeal the City's existing Short Term Rental ("STR") Ordinance, and replace it with a new STR Ordinance located in Chapter 5.38 of the City's Municipal Code.

If approved by the voters, in order to become effective, the Initiative would also require approval of a Local Coastal Plan Amendment by the Coastal Commission. If the Coastal Commission proposes modifications to the Initiative, the voters will have to approve the Initiative again, with the proposed modifications, 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 each of the following ways:

1. It would eliminate the City's existing cap of 115 STR permits in the Coastal Zone and replace it with an STR permit cap equivalent to 1% of all dwelling units in the Coastal Zone, as adjusted every three years;
2. It would eliminate the City's existing cap of 115 STR permits outside of the Coastal Zone and replace it with a cap equivalent to 0.5% of all dwelling units outside of the Coastal Zone, as adjusted every three years;
3. It would amend the City's process to issue STR permits, which currently first prioritizes by STR type, 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 and its location, followed by a random drawing selection process if the number of STR permit applications received by the City exceeds the cap(s) imposed by the Initiative;
4. It would eliminate so-called "grandfathered" 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 permit each year pursuant to the seven tiered priority schedule and related requirements. Currently permit holders may renew their permits annually;
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, 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 require STR permit applicants to insure and indemnify the Coastal Commission, in addition to the City;
7. 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, and associated costs.