



CITY OF MORRO BAY CITY COUNCIL AGENDA

The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.

Regular Meeting Tuesday, September 22, 2020 – 5:30 P.M. Held Via Teleconference

ESTABLISH QUORUM AND CALL TO ORDER
MOMENT OF SILENCE
PLEDGE OF ALLEGIANCE
RECOGNITION
CLOSED SESSION REPORT
MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS
CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS
PRESENTATIONS - None

PUBLIC COMMENT

Pursuant to Section 3 of Executive Order N-29-20, issued by Governor Newsom on March 17, 2020, this Meeting will be conducted telephonically through Zoom and broadcast live on Cable Channel 20 and streamed on the City website (click [here](#) to view). Please be advised that pursuant to the Executive Order, and to ensure the health and safety of the public by limiting human contact that could spread the COVID-19 virus, the Veterans' Hall will not be open for the meeting.

Public Participation:

In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the City Council at council@morrobayca.gov prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

Please click the link below to join the webinar:

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>
Password: 135692
- Or Telephone Attendee: 1 (408) 638-0968 or 1 (669) 900 6833 or 1 (346) 248 7799;
Webinar ID: 827 2274 7698; Password: 135692; Press *9 to "Raise Hand" for
Public Comment

A. CONSENT AGENDA

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

- A-1 APPROVAL OF MINUTES FOR THE AUGUST 25, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

- A-2 PROCLAMATION RECOGNIZING PEOPLES' SELF-HELP HOUSING'S 50TH
ANNIVERSARY; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

- A-3 ADOPTION OF RESOLUTION NO. 80-20 APPROVING AN INTERIM MASTER LEASE
AGREEMENT BETWEEN THE CITY OF MORRO BAY AND LIBERTINE BREWING
COMPANY FOR LEASE SITE 86/86W, LOCATED AT 801 EMBARCADERO, AND
COMMONLY KNOWN AS "THE LIBERTINE PUB"; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommend the City Council adopt Resolution No. 80-20, approving an Interim Master Lease Agreement for Lease Site 86/86W, as proposed.

- A-4 ADOPTION OF RESOLUTION NO. 81-20 APPROVING AMENDMENT #2 TO THE
COMMERCIAL BUILDING LEASE AGREEMENT WITH THREE STACKS AND A ROCK
BREWING COMPANY AT LEASE SITE 69-70/69W-70W, LOCATED AT 595
EMBARCADERO ROAD; (HARBOR DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 81-20 approving Amendment #2 to the Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W, to extend the tenant's building remodel construction deadline.

- A-5 REVIEW AND RECEIVE WATER RECLAMATION FACILITY (WRF) CAPITAL PROJECT
MONTHLY UPDATE REPORT FOR JULY 2020 AND PROVIDE DIRECTION, IF ANY,
DEEMED APPROPRIATE; (PUBLIC WORKS DEPARTMENT)

RECOMMENDATION: Staff recommends the City Council receive WRF Capital Project Monthly Update Report and provide direction, if any, deemed appropriate.

- A-6 ISSUANCE OF REPORT ON THE MEASURES TAKEN TO ALLEVIATE CONDITIONS
PREVIOUSLY IDENTIFIED AND LEADING TO THE ADOPTION OF URGENCY
ORDINANCE NO. 637 APPROVING A 45-DAY MORATORIUM ON THE ISSUANCE OF
SHORT-TERM VACATION RENTAL PERMITS; (COMMUNITY DEVELOPMENT
DEPARTMENT/CITY ATTORNEY)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 82-20 issuing a Report of the City Council of the City of Morro Bay on measures taken to alleviate the conditions previously identified and leading to the adoption of a moratorium on the issuance of any new permit, license, approval, or entitlement for new short-term vacation rental (STR) operation within the City.

A-7 PROCLAMATION DECLARING "SEPTEMBER 20-26, 2020 AS THE 18TH ANNUAL SEA OTTER AWARENESS WEEK"; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

A-8 PROCLAMATION DECLARING "OCTOBER 4-10, 2020 AS NATIONAL FIRE PREVENTION WEEK"; (ADMINISTRATION)

RECOMMENDATION: Approved as submitted

B. PUBLIC HEARINGS

B-1 ADOPTION OF INTERIM URGENCY ORDINANCE NO. 639 EXTENDING A MORATORIUM ON THE ISSUANCE OF SHORT-TERM VACATION RENTAL PERMITS WITHIN THE CITY OF MORRO BAY FOR TEN MONTHS AND FIFTEEN DAYS; (COMMUNITY DEVELOPMENT/CITY ATTORNEY)

RECOMMENDATION: Staff recommends the Council conduct the public hearing and then adopt Interim Urgency Ordinance No. 639, by number and title with further reading waived, entitled "An Interim Urgency Ordinance of the City Council of the City of Morro Bay, California, approving extension of a Citywide Moratorium on the Issuance of Any New Permit, License, Approval, or Entitlement Pertaining to a Short-Term Vacation Rental for an Additional Ten Months and Fifteen Days within the City of Morro Bay and Declaring the Urgency thereof and Establishing the Effective Date as October 8, 2020."

B-2 INTRODUCTION AND FIRST READING OF ORDINANCE 640; AMENDMENTS TO MORRO BAY MUNICIPAL CODE, REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) SO AS TO PROVIDE REGULATIONS TO PROTECT THE QUALITY AND CHARACTER OF OUR RESIDENTIAL NEIGHBORHOODS THROUGH APPLICATION OF DENSITY LIMITATIONS, EXPANDED PERMIT REQUIREMENTS AND OPERATIONAL REQUIREMENTS; (COMMUNITY DEVELOPMENT / CITY ATTORNEY)

RECOMMENDATION: Staff recommends the Council introduce for first reading by number and title only, with further reading waived, Ordinance No. 640, Repealing Chapter 5.47 (Short-Term Vacation Rental Permit) of Title 5 (Business Tax Certificates and Regulations) and adding Chapter 17.41 (Short-Term Vacation Rentals) of Title 17 (Zoning) of the Morro Bay Municipal Code relating to the permitting and operation of short-term vacation rentals.

C. BUSINESS ITEMS - None

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS

E. ADJOURNMENT

The next Regular Meeting will be held on **Tuesday, October 13, 2020 at 5:30 p.m.** via teleconference.

THIS AGENDA IS SUBJECT TO AMENDMENT UP TO 72 HOURS PRIOR TO THE DATE AND TIME SET FOR THE MEETING. PLEASE REFER TO THE AGENDA POSTED AT CITY HALL FOR ANY REVISIONS OR CALL THE CLERK'S OFFICE AT 805-772-6205 FOR FURTHER INFORMATION.

MATERIALS RELATED TO AN ITEM ON THIS AGENDA SUBMITTED TO THE CITY COUNCIL AFTER DISTRIBUTION OF THE AGENDA PACKET ARE AVAILABLE FOR PUBLIC INSPECTION UPON REQUEST BY CALLING THE CITY CLERK'S OFFICE AT 805-772-6205.

IN COMPLIANCE WITH THE AMERICANS WITH DISABILITIES ACT, IF YOU NEED SPECIAL ASSISTANCE TO PARTICIPATE IN A CITY MEETING, PLEASE CONTACT THE CITY CLERK'S OFFICE AT LEAST 24 HOURS PRIOR TO THE MEETING TO INSURE REASONABLE ARRANGEMENTS CAN BE MADE TO PROVIDE ACCESSIBILITY TO THE MEETING.

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City Council conducted this meeting in accordance with Section 3 of California Governor Newsom's Executive Order N-29-20 issued on March 17, 2020 in response to the present State of Emergency in existence due to the threat of COVID-19. This meeting was held via teleconference for all participants.

PRESENT:	John Headding	Mayor
	Dawn Addis	Council Member
	Robert Davis	Council Member
	Jeff Heller	Council Member
	Marlys McPherson	Council Member
ABSENT:	None	
STAFF:	Scott Collins	City Manager
	Chris Neumeyer	City Attorney
	Dana Swanson	City Clerk
	Jennifer Callaway	Finance Director
	Scot Graham	Community Development Director
	Matt Vierra	Fire Marshal
	Amy Watkins	Police Commander
	Eric Endersby	Harbor Director
	Rob Livick	City Engineer
	Nancy Hubbard	Contract Planner

ESTABLISH QUORUM AND CALL TO ORDER

Mayor Headding called the meeting to order at 5:30 p.m., with all members present.

MOMENT OF SILENCE

PLEDGE OF ALLEGIANCE

RECOGNITION – None

CLOSED SESSION REPORT – City Attorney Neumeyer stated no reportable action was taken by the City Council in accordance with the Brown Act.

MAYOR & COUNCILMEMBERS' REPORTS, ANNOUNCEMENTS & PRESENTATIONS

<https://youtu.be/2woKCX9SoB0?t=130>

CITY MANAGER REPORTS, ANNOUNCEMENTS AND PRESENTATIONS

<https://youtu.be/2woKCX9SoB0?t=454>

PRESENTATIONS

- Monterey Bay Community Power Annual Presentation by J.R. Killigrew
<https://youtu.be/2woKCX9SoB0?t=624>

PUBLIC COMMENT

<https://youtu.be/2woKCX9SoB0?t=1670>

Richard Sadowski, Morro Bay, shared concerns about restroom cleanliness and excessive trash, particularly on the Embarcadero, and suggested the City take enforcement action with regard to littering.

Kris Roudebush, We are the Care Initiative, provided an update on recent efforts to address access to qualify care for children and families in San Luis Obispo County. For more information, visit www.first5slo.org.

Carol Truesdale, Morro Bay, concurred with Mr. Sadowski's trash concerns and commented on Item B-1, approval of the Housing Element, asking how vacant land is designated as high or low income.

Marcel echoed concerns by previous speakers regarding restroom conditions and increased trash and requested the Council agendaize this topic for discussion.

Mayor Headding closed public comment.

The Council and staff responded to issues raised during public comment.

A. CONSENT AGENDA
<https://youtu.be/2woKCX9SoB0?t=2311>

Unless an item is pulled for separate action by the City Council, the following actions are approved without discussion. The public will also be provided an opportunity to comment on consent agenda items.

A-1 APPROVAL OF MINUTES FOR THE JUNE 23, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-2 APPROVAL OF MINUTES FOR THE JULY 14, 2020, CITY COUNCIL MEETING;
(ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-3 APPROVAL OF MINUTES FOR THE AUGUST 11, 2020, CITY COUNCIL SPECIAL
CLOSED SESSION MEETING; (ADMINISTRATION)

RECOMMENDATION: Approve as submitted.

A-4 APPROVE RESOLUTION NO. 78-20 AUTHORIZING SUBMISSION OF ACTIVE
TRANSPORTATION PROGRAM CYCLE 5 APPLICATION AND EXECUTION OF
RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)

RECOMMENDATION: Staff recommends the City Council adopt Resolution No. 78-20 authorizing submission of an Active Transportation Program (ATP) Cycle 5 application and execution of related documents upon award.

Mayor Headding opened public comment for the Consent Agenda.

Betty Winholtz, Morro Bay, spoke regarding Item A-4, noting the agenda title did not explain grant funds, if received, would be directed toward the SR1/SR41/Main Street interchange project. She requested more transparency and raised various concerns about the project.

The public comment period was closed.

Mayor Headding pulled Item A-4.

MOTION: Council Member McPherson moved approval of Items A-1, A-2 and A-3. The motion was seconded by Council Member Addis and carried 5-0 by roll call vote.

A-4 APPROVE RESOLUTION NO. 78-20 AUTHORIZING SUBMISSION OF ACTIVE TRANSPORTATION PROGRAM CYCLE 5 APPLICATION AND EXECUTION OF RELATED DOCUMENTS UPON AWARD; (PUBLIC WORKS)
<https://youtu.be/2woKCX9SoB0?t=2526>

City Engineer Livick responded to questions raised during public comment.

Council Member Heller opposed a roundabout without signals at this intersection based on pedestrian safety concerns.

MOTION: Mayor Headding moved approval of Item A-4. The motion was seconded by Council Member Davis and carried 4-1 by roll call vote with Council Member Heller opposed.

B. PUBLIC HEARINGS

B-1 ADOPTION OF RESOLUTION NO. 79-20 ADOPTING THE HOUSING ELEMENT UPDATE FOR 2020-2028 AND ADOPTING THE NEGATIVE DECLARATION; (COMMUNITY DEVELOPMENT)
<https://youtu.be/2woKCX9SoB0?t=2997>

Amy Sinsheimer of Placeworks Inc. provided the report and, along with Community Development Director Graham and Contract Planner Hubbard, responded to Council inquires.

Mayor Headding opened the Public Hearing.

Mayor Headding opened Public Comment.

Kristen Headland, Morro Bay, expressed concern regarding traffic impacts that would result from build out in north Morro Bay and asked if a traffic study would be required for those projects.

Betty Winholtz, Morro Bay, requested clarification on Policy H-1.3; opposed adjusting height limits as suggested in Implementation Action H-1.1.3; acknowledged R-3 and R-4 zoning districts must make that density; requested when the term “affordable” is used, it be defined as very low, extremely low or moderate; noted the percentages in Table H-12 do not add up to 100% and should be corrected; suggested all mobile home park units used by people to live in full time be considered residents; and disagreed with the “by right” item.

John Weiss, Morro Bay, supported moving forward with adoption but urged the Council to address and take action to make affordable housing available, particularly tiny homes listed in Policy H-1.6 which provide an opportunity for workforce housing. He expressed concern about the permitting process and hoped it could be streamlined.

The public comment period for the Public Hearing was closed.

Council Member McPherson noted there were errors in Table H-12 and other inconsistencies in data interpretation and suggested an explanation be provided if different sources were used. With regard to homeless issues, she suggested adding comments

regarding current activities including Community Resource Connections, Monday night dinners, safe parking program and ongoing efforts to get a homeless shelter in Morro Bay.

MOTION: Mayor Headding moved to adopt Resolution No. 79-20 accepting the Planning Commission recommendation to adopt the Negative Declaration and adopt the 2020-2028 Housing Element Update; and move the Council authorize and direct the City Manager to convene a community stakeholder group led by the Community Development Director and members chosen by the City Manager and Community Development Director for the purpose of articulating and developing a written plan with specific details and timelines for City use concerning the implementation actions of the 2020-2028 Housing Element; and include recommendation that we incorporate changes as articulated by Council Member McPherson that are non-substantive to be submitted to staff. The motion was seconded by Council Member Davis for discussion.

Council Member Heller requested the timeline for Implementation Actions H-1.1.4 and H-1.1.9 be revised and completed in 2021, rather than 2022/2023. Staff responded noting the General Plan and Zoning Ordinance will be adopted in the first quarter of 2021 and, due to staffing constraints, staff was unable to work on these items concurrently.

Following discussion, a majority of the Council agreed it was appropriate to receive input from the community stakeholder group and use the goal setting process in early 2021 to establish priorities and action items necessary to accomplish those goals.

AMENDED MOTION: Mayor Headding moved adoption of Resolution No. 79-20, as stated in the original motion, that there's support to authorize and direct the City Manager to convene a community stakeholder group led by the Community Development Director, and members chosen by the City Manager and Community Development, for the purpose of articulating and developing a written plan with specific details and timelines for City use concerning the implementation actions of the 2020-2028 Housing Element, and that the City Manager consider reaching out to REACH for representation; and support for the incorporation of the language as articulated by Council Member McPherson, which staff caught, and was non-substantive as to changing the document. The amended motion was seconded by Council Member Davis and carried 5-0 by roll call vote.

C. BUSINESS ITEMS

- C-1 ADOPTION OF URGENCY ORDINANCE NO. 636, AND INTRODUCTION OF REGULAR ORDINANCE NO. 638, TO AMEND SECTION 8.20.030 OF THE MORRO BAY MUNICIPAL CODE TO INCREASE PENALTIES FOR UNAUTHORIZED RV AND VEHICLE CAMPING; INTRODUCTION OF SAME ORDINANCE; (CITY ATTORNEY) <https://youtu.be/2woKCX9SoB0?t=10693>

City Attorney Neumeyer and Police Commander Watkins provided the report and responded to Council inquires.

The public comment period for Item C-1 was opened; seeing none, the public comment period was closed.

MOTION: Council Member McPherson moved to adopt, by title only and with further reading waived, Urgency Ordinance No. 636, entitled "An Urgency Ordinance of the City Council of the City of Morro bay, California,

Amending Section 8.20.030 of the Morro Bay Municipal Code to Increase the Penalties for Unauthorized RV and Vehicle Camping Within the City of Morro Bay”; and introduce, by title only and with further reading waived, regular Ordinance No. 638, entitled “An Ordinance of the City Council of the City of Morro Bay, California, Amending Section 8.20.030 of the Morro Bay Municipal Code to Increase the Penalties for Unauthorized RV and Vehicle Camping.” The motion was seconded by Council Member Davis.

Following discussion, the motion carried 5-0 by roll call vote.

Note Ordinance Nos. 636 and 638 amend Section 8.24.030 of the Morro Bay Municipal Code rather than Section 8.20.030. Pursuant to authority provided by Government Code section 36934 the clerical error in Ordinance Nos. 636 and 638 has been corrected.

C-2 ADOPTION OF INTERIM URGENCY ORDINANCE NO. 637 APPROVING A 45-DAY MORATORIUM ON THE ISSUANCE OF NEW SHORT-TERM VACATION RENTAL PERMITS; (COMMUNITY DEVELOPMENT/CITY ATTORNEY)
<https://youtu.be/2woKCX9SoB0?t=12292>

Community Development Director Graham provided the report and, along with City Attorney Neumeyer, responded to Council inquiries.

The public comment period for Item C-2 was opened.

Dan Sedley, Morro Bay, spoke in support of the proposed ordinance.

The public comment period for Item C-2 was closed.

MOTION: Mayor Headding moved adopt Interim Urgency Ordinance No. 637, by number and title with further reading waived, entitled “An Interim Urgency Ordinance of the City Council of the City of Morro Bay, California, Approving a Citywide 45-Day Moratorium on the Issuance of Any New Permit, License, Approval, or Entitlement Pertaining to a Short-Term Vacation Rental Within the City of Morro Bay and Declaring the Urgency Thereof.” The motion was seconded by Council Member McPherson and carried 5-0 by roll call vote.

D. COUNCIL DECLARATION OF FUTURE AGENDA ITEMS
<https://youtu.be/2woKCX9SoB0?t=13233>

Council Member Davis asked that staff keep an update of Mobile Home Rent Control Ordinance on the planner for consideration during the 2021 goal setting process.

Council Member Heller suggested under the City Manager’s guidance, a citizen committee be formed to investigate feasibility of building affordable workforce housing on city-owned property. Mr. Collins informed Council staff is in the process of getting appraisals for City-owned properties identified by the Council for potential sale or lease and there will be an opportunity to discuss housing or further development at that time.

E. ADJOURNMENT

The meeting adjourned at 9:16 p.m.

Recorded by:

Dana Swanson
City Clerk

**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY
RECOGNIZING PEOPLES' SELF-HELP
HOUSING'S 50TH ANNIVERSARY**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, Peoples' Self-Help Housing (PSHH) was incorporated on August 6, 1970 and since that time has been serving working families, veterans, seniors, agricultural workers and special needs groups by providing affordable housing with site-based services that offer opportunities to change lives and strengthen communities on California's central coast; and

WHEREAS, for the past fifty years, PSHH has developed more than 1,900 affordable rental units throughout San Luis Obispo, Santa Barbara and Ventura counties and through compassionate property management of those neighborhoods brought safety, security and stability to all those who live there; and,

WHEREAS, through their self-help program, PSHH has supported nearly 1,250 owner builders across the region who have worked together and used their 'sweat equity' to build wealth for their families and achieve the American dream of home ownership; and,

WHEREAS, PSHH have additionally supported those households with financial management opportunities such as homebuyer education, down payment assistance programs and foreclosure prevention counseling; and,

WHEREAS, PSHH has through their resident services program supported thousands of individuals with empathetic case management and connection to community health services leading to independent and enriched living; and,

WHEREAS, PSHH through its education department has provided a bridge from home to school for students K-8, and has provided mentorship for those college bound and beyond; and,

WHEREAS, all of PSHH's programs and services have continuously improved the quality of life for thousands of Central Coast families and empowered them to lead rewarding and enriched lives.

NOW, THEREFORE, BE IT RESOLVED that the City Council of the City of Morro Bay does hereby congratulate Peoples' Self-Help Housing for 50 years of successfully building affordable housing and for the support of our citizens in San Luis Obispo County.

IN WITNESS WHEREOF I have hereunto set my hand and caused the seal of the City of Morro Bay to be affixed this 22nd day of September, 2020

JOHN HEADDING, MAYOR
City of Morro Bay, California

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AGENDA NO: A-3

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: September 11, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 80-20 Approving an Interim Master Lease Agreement Between the City of Morro Bay and Libertine Brewing Company for Lease Site 86/86W, Located at 801 Embarcadero, and Commonly Known as “The Libertine Pub”

RECOMMENDATION

Staff recommend the City Council adopt Resolution No. 80-20, approving an Interim Master Lease Agreement for Lease Site 86/86W, as proposed.

ALTERNATIVES

Council may elect not to approve Resolution No. 80-20 for the Interim Master Lease Agreement (IMLA) as-proposed, and direct staff accordingly.

FISCAL IMPACT

Under this proposed interim master ground lease, the Harbor Fund will receive an annual minimum rent of \$32,000, which is based on current appraised values for the property, and a \$4,000 increase from the previous lease. In addition, this lease includes standard percent rents, where the previous lease did not. Since this lease site has never had a percent-based master lease before, it is unknown what the percent rent-generating capacity may be.

BACKGROUND

Local developer Burt Caldwell (Caldwell) has been the tenant of this lease site since 2006. Caldwell has in good faith pursued several redevelopment plans for this site, the most recent of which included the site in the City’s “Market Plaza” development plan proposal process. For many reasons, however, none of Caldwell’s plans came to fruition, including Market Plaza.

The site was originally on a “Pipkin” lease that expired September 30, 2018. In September 2018, the City executed an interim two-year lease with Caldwell in order to allow him to pursue including the Libertine site with the Market Plaza project. Since the City went another direction with the Market Plaza project that did not include the proposal Caldwell was involved with, he is now at the point of letting the site revert to the City upon his lease’s expiration.

Caldwell’s current site subtenant since October 2015, the Libertine Brewing Company, and its owner Eric Newton (collectively, Newton), wish to remain, but now as a master tenant, and eventually to redevelop the site as the City desires. Newton has had a successful brew pub operation on the site for five years, in addition to his popular sister operation “The Libertine” in San Luis Obispo.

On July 14, 2020 Newton’s proposal was brought to the Council in closed session for direction,

Prepared By: <u>EE</u>	Dept Review: <u>EE</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>JWP</u>

resulting in the proposed IMLA.

DISCUSSION

The proposed new IMLA for the Libertine Pub lease site, based on the City's recently approved (with the Lease Management Policy) new standard lease template and included with this staff report as Attachment #1, contains the following significant lease section element highlights:

1. Section 1.01 Term: three-year term commencing October 1, 2020, and expiring September 30, 2023. This term will allow sufficient time for Newton to submit a redevelopment plan and the City to evaluate that plan; if the City Council decides not accept Newton's plan, then time will still be available to put the site out to receive proposals, based on a request for proposals (RFP) and for the City to pursue that RFP process, while retaining Newton as the interim tenant.
2. Section 2.01 Minimum Rent: \$32,000 per year, based on 8% of our most recent appraised property values applied to the site's square footage.

This rent will have the standard annual CPI adjustment (Section 2.02), but will not have the standard five-year reappraisal and minimum rent adjustment because it is only a three-year lease.

3. Section 2.03 Percentage Rent: standard percent rents to apply; 3% for restaurant/dining, 5% for fast food/convenience food, 10% for bar/lounge and beer and wine, 5% for retail sales, 10% for boat tie-up and 5% for all other uses.
4. Section 3.01 Permitted Uses: unchanged from the current lease agreement, and in accordance with current land use entitlements on the property; restaurant and food service, bar and retail sales and allowance for use of a dock for commercial and pleasure vessels and including passenger-for-hire vessels.
5. Section 13.01 Newton to Submit Lease Site Redevelopment Plans: no later than September 30, 2021, Newton shall submit for City's consideration a redevelopment plan for the Lease Site 86/86W (Premises), to include at a minimum the following elements:
 - Newton's long-term vision for the Premises to include proposed new building type, size, uses and operations, including sufficient plan drawings and renderings to show the basic layout and visual aspects of the plan.
 - Newton's proposed redevelopment timeline.
 - Newton's redevelopment financing resources and plan.
6. Section 13.02: (Because Newton was a subtenant of Caldwell, the IMLA requires Newton to conform with whatever COVID-19 deferred rent payback plan the City may approve in the coming months for the rents he did not pay to Caldwell as a subtenant. The new monthly rent Newton is agreeing to pay pursuant to the IMLA will not be delayed, since Libertine is still operating.

CONCLUSION

As the current lease expires, approval of this IMLA will allow for the uninterrupted tenancy of the Libertine Pub at this lease site for three years while the Libertine tenant develops and submits a redevelopment plan for the City's future consideration. As such, staff recommend the City Council

approve Resolution No. 80-20, included with this staff report as Attachment #2, approving a new ILMA for the Libertine Pub lease site with the Libertine Brewing Company, as-proposed.

ATTACHMENTS

1. New Interim Master Lease Agreement for Lease Site 86/86W.
2. Resolution No. 80-20.

L E A S E

by and between

the CITY OF MORRO BAY

("CITY")

and

LIBERTINE BREWING COMPANY

("TENANT")

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LEASE

by and between

the CITY OF MORRO BAY

("CITY")

and

LIBERTINE BREWING COMPANY

("TENANT")

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L E A S E

This LEASE is made and entered into by and between the CITY OF MORRO BAY, a municipal corporation of the State of California herein called CITY, and Libertine Brewing Company, a California corporation, herein called TENANT. (CITY and TENANT, at times, are referred to herein individually as Party and collectively as Parties)

WITNESSETH

WHEREAS, the State of California granted certain tide and submerged lands located within the CITY limits of CITY to the County of San Luis Obispo and to its successors, being Chapter 1076, Statutes of 1947, as amended by Chapter 413, Statutes of 1955, Chapter 1874, Statutes of 1957, and Chapter 70, Statutes of 1960, first extraordinary session; which Statutes may be amended from time to time by the Legislature of the State of California; all of which Statutes are expressly recognized and agreed to be in full force and effect by the Parties; and

WHEREAS, the Parties hereto recognize and agree, on July 17, 1964, CITY succeeded to all of the right, title and interest of the County of San Luis Obispo in and to all of the tide and submerged lands conveyed to said County by the State of California pursuant to the above mentioned acts; and

WHEREAS, judgment has been entered on October 14, 1968, in the case of City of Morro Bay, Plaintiff, versus County of San Luis Obispo, and State of California, Defendants, by the Superior Court of the State of California in and for the County of San Luis Obispo, #30417, adjudging and decreeing, among other things, the title to said tide and submerged lands so conveyed by the State of California to the County of San Luis Obispo in trust, as set forth above, passed automatically to CITY upon the date of its incorporation as a city on the 17th day of July, 1964; and

WHEREAS, TENANT accepts the within Lease with full knowledge there is no warranty of title in and to the within described premises by CITY to TENANT; and

WHEREAS, in order to develop and improve Morro Bay Harbor and to assist in carrying out the provisions of the tideland grant as aforesaid, and in order to provide facilities for the accommodation of those using Morro Bay Harbor, CITY desires to lease to TENANT the within described property upon the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the covenants to be performed and the rental to be paid by TENANT to CITY, CITY leases to TENANT, and TENANT leases from CITY, all of the following premises (herein collectively referred to as the "Premises") in the CITY of Morro Bay, County of San Luis Obispo, State of California, described as follows:

Lease Site 86/86W

This Premises is delineated on Parcel Map of the CITY of Morro Bay No. 68-30, which map was recorded on October 10, 1968, in Book 3, Page 10 of Parcel Maps in the Office of the County Recorder, San Luis Obispo County, California. A copy of said Map is attached hereto as Exhibit A and made a part hereof by reference.

Article 1 FIXED TERM

Section 1.01 Term.

The term of this Lease is a period of three years, commencing October 1, 2020 (the "Commencement Date"). The term of this Lease will terminate without notice on September 30, 2023, unless sooner terminated as herein provided.

Section 1.02 No Extensions.

The term of this Lease will not be extended nor will this Lease be renewed. Requests for continued use of the Premises will be treated as an application for a new lease and will require appropriate application to the CITY with all required supporting information and documents, CITY Council approval and the execution of a new CITY lease, containing the then most current terms, covenants, conditions and rent schedules.

Section 1.03 Hold Over.

If TENANT holds the Premises after the expiration of the term of this Lease with the consent of the CITY, express or implied, then such holding over (in the absence of a written agreement between CITY and TENANT with respect thereto) will be deemed to create a tenancy from month-to-month, terminable on 30-days' written notice from either Party to the other, at a monthly rental equal to two hundred percent (200%) of the average total Rent per month for the twelve (12) months immediately preceding the expiration of this Lease, and otherwise subject to each and every term, covenant and condition of this Lease.

Section 1.04 Replacement.

Subject to the next paragraph, as of the Commencement Date, this Lease will extinguish and replace every prior lease between CITY and TENANT respecting the Premises, if any. Any right or interest held by the TENANT pursuant to any existing lease with respect to the Premises, which is not granted pursuant to this Lease, will be extinguished as of the Commencement Date of this Lease.

Article 2 RENT

Section 2.01 Annual Minimum Rent.

TENANT agrees to pay to CITY a minimum guaranteed annual rental for the use and occupancy of the Premises, in an initial amount of \$32,000 per calendar year (the "Minimum Rent"), payable in advance and at the option of TENANT either in equal semiannual installments or equal monthly installments. If paid in equal semiannual installments, then such installments must be on January 1 and July 1 each year during the term of the Lease. If the Commencement Date is other than January 1 or July 1, then TENANT must pay, on the Commencement Date, the proportionate amount of the Minimum Rent payable for the period from the Commencement Date until the next payment date of January 1 or July 1, as the case may be. If the term of the Lease expires on a date other than December 31 or June 30, then TENANT'S final installment of Minimum Rent must be proportionate to the time remaining in the term. If paid in equal monthly installments, then each monthly installment must be paid no later than the tenth day of each applicable month. All Rent, including the Minimum Rent and the Percentage Rent, must be paid in lawful money of the United States of America, without offset or deduction and must be paid to CITY at City Hall located at 595 Harbor Street, Morro Bay, California, or at such other place or places CITY may from time to time designate by written notice delivered to TENANT.

Section 2.02 CPI Adjustment to Annual Minimum Rent.

A. The Parties agree, as of every July 1 following the Commencement Date (each, a "CPI Adjustment Date"), the annual Minimum Rent will be adjusted in direct proportion to any upward or downward movement in the Consumer Price Index for January 1, 2020, which is hereby agreed to be 277.755 (Base Index). The percentage adjustment for any given year will be based on the monthly average Index for the calendar year immediately preceding the CPI Adjustment Date as compared with the Base Index. The Consumer Price Index referred to herein is the Consumer Price Index (all items indexes, all urban consumers) for Los Angeles – Long Beach – Anaheim,

California, compiled and published by the United States Department of Labor, Bureau of Labor Statistics, 1982-84 Base Year = 100 (the "Index")

B. The Annual Minimum Rent will be adjusted as of each CPI Adjustment Date, and will remain in effect as adjusted until the next CPI Adjustment Date. As an illustration only, if the Base Index (Jan. 1, 1999 CPI) is 166.1 and the monthly average CPI for 2000 is 171.6, then the percentage increase is equal to 3.31%. Therefore, the Minimum Rent would be increased by 3.31% as of July 1, 2001, and would continue at that rate through June 30, 2002.

C. If the United States Department of Labor, Bureau of Labor Statistics, ceases to compile and make public the Index as now constituted and issued, but substitutes another index in its place, then said substituted index must be used for the purpose of adjusting the Minimum Rent for the Premises. If the Index is changed so the base year differs from that in effect on the Commencement Date, then the Index must be converted in accordance with the conversion factor published by the United States Department of Labor, Bureau of Labor Statistics.

Section 2.03 Reserved.

Section 2.04 Percentage Rent.

A. In addition to the Minimum Rent, TENANT agrees to pay to CITY, at the time and in the manner hereinafter specified, as additional Rent for the use and occupancy of the Premises, a sum equal to the following for all TENANT'S Gross Sales as hereinafter defined:

- (1) 3% for restaurant/dining,
- (2) 5% for fast food/convenience food,
- (3) 10% for bar/lounge and beer and wine,
- (4) 5% for retail sales,
- (5) 10% for boat tie-up and
- (6) 5% for all other uses,

less the amount of the Minimum Rent paid pursuant to this Lease (the "Percentage Rent").

B. The term "Gross Sales," as used herein, means (subject to the exceptions and authorized deductions as hereinafter set forth), the total selling price and the total gross amount received by TENANT from all rentals, merchandise sold and services rendered in, on or from the Premises by TENANT, its sublessees, licensees, or concessionaires, both for cash and on credit including, but not limited to, rentals of dockage space, leasing and servicing operations and ticket sales, and if on credit whether or not payment be actually made therefore, all charges for services, alterations or repairs made in or upon the Premises; the gross amount received by TENANT for merchandise

sold pursuant to orders received in the Premises, though filled elsewhere; and the gross amount received by TENANT from any and all other sources of income derived from the business conducted upon the Premises.

C. Notwithstanding the other provisions of Section 2.04, the term "Gross Sales" does not include the following items, and such items may be deducted from Gross Sales to the extent they have been included therein or have been included in a prior computation of Gross Sales or for which a Percentage Rent has been paid under this Lease to CITY:

(1) Credits and refunds made to customers for merchandise returned or exchanged;

(2) Any sales or excise taxes otherwise includable in Gross Sales as defined in this Section because such taxes are part of the total selling price of merchandise or services rendered in, from, or on the Premises, where TENANT must account for and remit the taxes to the government entity or entities by which they are imposed; and

(3) With respect to credit card sales, fees retained or withheld by the issuer and/or merchant bank pursuant to TENANT'S credit card acceptance agreement, and

(4) Rental payments to TENANT from sublessees whose total gross sales are included in gross sales computations.

D. TENANT ,must keep or cause to be kept full, complete, and accurate records, and books of account in accordance with accepted accounting practices showing the total amount of Gross Sales, as defined herein, made each calendar month in, on or from the Premises. TENANT must keep said records and books of account within San Luis Obispo County and will notify CITY in advance of their location at all times. Furthermore, TENANT must, at the time of sale and in the presence of the customer, cause the full selling price of each piece of merchandise, each rental received and each service rendered in, on or from the Premises to be recorded in a cash register or cash registers that have cumulative totals and are sealed in accordance with standard commercial practices. Said records, books of account and cash register tapes, including any sales tax reports or income tax returns TENANT may be required to furnish any government or governmental agency, and income and bank statements must, at all reasonable times, be open to the inspection of CITY, CITY'S auditor, or other authorized representative or agent of CITY, if necessary. TENANT consents to the release of sales tax information to CITY and on demand will furnish to CITY a copy of the sales tax reports, quarterly reports and any audit reports of sales for confidential internal use of the CITY in determining Gross Sales for TENANT. TENANT consents and authorizes CITY to request such information directly from the State Board of Equalization or other state agency with which sales tax information is filed.

E. By July 31 of each year, TENANT must furnish CITY with a statement, to be certified by TENANT as current, true and accurate, which must set forth the Gross Sales of each department, sublessee, licensee and concession operating in, on or from the Premises for the

previous 12 calendar months, ending June 30, just concluded, and the authorized deductions, if any, therefrom; and with it TENANT must pay to CITY the amount of the Percentage Rent, which is due to CITY as shown thereby. If TENANT, at any time, causes an audit of sales of TENANT'S business to be made by a public accountant, then TENANT must furnish CITY with a copy of said audit without cost or expense to CITY. CITY may, once in any twelve-month period, cause an audit of the business of TENANT to be made by a certified public accountant or CITY personnel of CITY'S own selection. TENANT must, upon receiving written notice of CITY'S desire for such an audit, deliver and make available all such books, records and cash register tapes to the certified public accountant or CITY personnel selected by CITY. Furthermore, TENANT must promptly, on demand, reimburse CITY for the full cost and expense of said audit, if the audit discloses the questioned statement or statements understated Gross Sales by 5 percent or more but less than ten percent. In the event an audit performed at CITY'S request discloses TENANT understated Gross Sales by less than 5 percent, the cost of such audit will be paid by CITY. In the event any audit or other review of records discloses the amounts reported as Gross Sales were understated by TENANT by 10 percent or more, CITY will not only be entitled to recover from TENANT all costs of audit and review, but will also be entitled to recover from TENANT a penalty equal to two times the Percentage Rent due pursuant to this Lease on such unreported amounts. Whenever any audit discloses that Gross Sales were understated by any amount, TENANT must immediately pay the additional Percentage Rent therein shown to be payable by TENANT to CITY, together with interest at the Default Rate thereon, from the date the Percentage Rent was payable until the date paid.

F. CITY will be entitled at any time within five years after the receipt of any such Percentage Rent payment, to question the sufficiency of the amount thereof or the accuracy of the statement or statements furnished by TENANT to justify the same. For the purpose of enabling CITY to check the accuracy of any such statement or statements, TENANT must, for said period of five years after submission to CITY of any such statement, keep all of TENANT'S records, including sales tax returns, all cash register tapes, income tax returns and income and bank statements and other data which in any way bear upon or are required to establish in detail TENANT'S Gross Sales and any authorized deductions therefrom as shown by any such statements and must, upon request, make the same available to CITY for examination.

Section 2.05 Reimbursements.

If TENANT fails to perform any term or covenant of this Lease, then CITY may, but is not obligated to, perform such term or covenant, and TENANT must reimburse CITY therefore as additional Rent hereunder. As an illustration and not as a limitation, if TENANT fails to procure

the insurance required by this Lease, then CITY may, but is not obligated to, obtain such insurance, with the cost of the premiums being due to CITY upon demand as additional Rent.

Section 2.06 Penalty and Interest.

A. If any Rent is not received within ten days following the date on which the Rent first became due, then TENANT must pay a late penalty of ten percent of the amount of the Rent in addition to the Rent.

B. In addition to the penalty, TENANT must pay interest at the rate of one percent per month or fraction thereof or the maximum amount permitted by law as of the date this Lease is signed, whichever is greater (the "Default Rate"), on the amount of the Rent, exclusive of the penalty, from the date on which Rent first became delinquent until paid. The term "Rent" includes any sums advanced by the CITY and any unpaid amounts due from TENANT to the CITY.

Section 2.07 Past Due Rent Resulting from COVID-19 Pandemic.

TENANT was a subtenant of the Premises, pursuant to those certain expired lease and sublease. Due to the COVID 19 pandemic (Pandemic), CITY granted a temporary delay in payment of Rents due to CITY from its tenants of Tideland Trust property, including TENANT'S previous sublessor; and, therefore, TENANT'S payment of rent to its sublessor was also temporarily delayed. The Pandemic is continuing after the Commencement Date. CITY, in its sole discretion, shall make a final decision regarding when and if the temporarily delayed Rents shall be paid to CITY by its tenants (Final Delayed Rent Decision). Within 30 days after TENANT is advised, in writing, of the Final Delayed Rent Decision, TENANT agrees to make payment, in full, to its sublessor of past due sub-rents in the same way that sublessor may be required to make payments to CITY of the temporarily delayed Rents. Notwithstanding the foregoing provisions of this section, TENANT shall not delay in paying CITY any of the Rent due pursuant to this Lease.

Article 3 USE OF PREMISES

Section 3.01 Permitted Uses.

The Premises must, during the term of this Lease, be used for the purpose of operating and conducting thereon and therein the uses permitted by, and in compliance with, Conditional Use Permit No. _____, or any other use permits approved by CITY in its governmental capacity, as they may be amended from time to time, and for no other purpose. At the Commencement Date, such uses include restaurant and food service, bar and retail sales and a dock for commercial and pleasure vessels and including passenger-for-hire vessels.

Section 3.02 Unauthorized Use.

TENANT agrees to allow only those uses authorized in Section 3.01, hereinabove and any unauthorized use thereof constitutes a breach of this Lease and may, at the option of CITY, terminate this Lease.

Section 3.03 Operation of Business - Hours of Operation.

Failure to actively and diligently conduct the business authorized herein constitutes a breach of this Lease and may, at the option of CITY, terminate this Lease.

A. TENANT must, during the term of this Lease, conduct business of the nature specified in Section 3.01 of this Lease on the Premises in an efficient and diligent manner and keep the Premises open for the conduct of business continuously and without interruption for at least six hours each day of the year, except one day each week and legal holidays. This provision does not apply if the Premises is closed and the business of TENANT is temporarily shut down for a period not to exceed 14 calendar days in any calendar year to make necessary repairs, maintenance or other construction deemed necessary by TENANT. This provision does not apply if the Premises is closed and the business of TENANT is temporarily shut down as authorized or required by the City Manager or on account of strikes, walkouts, or causes beyond the control of TENANT or for not more than three days out of respect to the memory of an officer, employee, or close relative of any officer or employee of TENANT.

B. TENANT must operate TENANT'S business on the Premises with due diligence and efficiency and in like manner as comparable businesses operated in CITY or the coastal area of San Luis Obispo County, so as to produce the maximum amount of Gross Sales and gross receipts from services, which may be produced from TENANT'S business; and TENANT at all times must carry on Premises, a stock or merchandise of such size, character, and quality as is reasonable, designed to produce the maximum return to TENANT, when the sale of merchandise is a permitted use under this Lease.

Section 3.04 Competition.

During the term of this Lease, TENANT must not directly nor indirectly acquire or establish any similar or competing business within a radius of five miles from the location of the Premises; provided, however, that TENANT may, with prior written approval from CITY, own or operate more than one business, whether or not competing and similar, along the Embarcadero upon one or more CITY lease sites. The purpose of this section is to prevent and prohibit TENANT from reducing revenue to CITY by diverting business from the operation at the Premises to another

similar business owned by TENANT within the CITY, but not upon a CITY lease site from which CITY is paid rent based on Gross Sales.

Section 3.05 Environmental Considerations and Hazardous Materials.

A. TENANT must, at all times, comply with applicable environmental regulations, including, where applicable and practical, government- and industry-adopted environmental best management practices and programs.

B. TENANT must not transport, use, store, maintain, generate, dispose, release, treat or discharge any "Hazardous Material" (as defined below) upon or about the Premises (such activities being hereafter referred to as "Hazardous Materials Activities"), nor permit TENANT'S employees, agents, or contractors to engage in Hazardous Materials Activities upon or about the Premises, except as allowed by applicable law. The term "Hazardous Material" for purposes hereof means any chemical, substance, material or waste or component thereof which is now or hereafter listed, defined or regulated as a hazardous or toxic chemical, substance, material or waste or component thereof by any federal, state or local governing or regulatory body having jurisdiction, or which would trigger any employee or community "right-to-know" requirements adopted by any such body. All Hazardous Materials Activities at the Premises must be conducted strictly in accordance with all applicable laws and regulations. If TENANT transports, or has transported, any hazardous waste from the Premises, then such transportation must be done only by a contractor duly licensed to haul hazardous waste and only a duly licensed site approved by TENANT'S liability insurer must be used for disposal of that hazardous waste.

C. TENANT must promptly notify CITY of: (i) any enforcement, cleanup or other regulatory action taken or threatened by any governmental or regulatory authority with respect to the presence of any Hazardous Material on the Premises or the migration thereof from or to other property, (ii) any demands or claims made or threatened by any party against TENANT or the Premises relating to any loss or injury resulting from any Hazardous Material on or from the Premises, and (iii) any matters where TENANT is required by applicable law to give a notice to any governmental or regulatory authority respecting any Hazardous Material on the Premises. CITY has the right (but not the obligation) to inspect the Premises, to take such remedial action on the Premises, as CITY may deem appropriate, and to join and participate, as a party, in any legal proceedings or actions affecting the Premises initiated in connection with any environmental, health or safety law.

D. If any Hazardous Material is released, discharged or disposed of by TENANT or its employees, agents or contractors, on or about the Premises in violation of the foregoing

provisions, TENANT must immediately notify CITY. CITY may elect either to take such remedial action as CITY deems appropriate, in which event TENANT must reimburse CITY for all costs thereof within ten days after demand, or direct TENANT to perform such remediation. If CITY directs TENANT to perform the remediation, then TENANT must immediately take such remedial action, as CITY directs. TENANT must, properly and in compliance with applicable laws, clean up and remove the Hazardous Material from the Premises and any other affected property at TENANT'S expense. If CITY directs TENANT to perform remediation hereunder and if TENANT fails to comply with the provisions of this Section within five days after written notice by CITY, or such shorter time as may be required by applicable law or in order to minimize any hazard to persons or property, then CITY may (but is not be obligated to) arrange for such compliance directly or as TENANT'S agent through contractors or other parties selected by CITY at TENANT'S expense (without limiting CITY'S other remedies under this Lease or applicable law).

Section 3.06 Tidelands Trust.

In addition to the obligations set forth in this Article, TENANT must use and occupy the Premises in strict compliance with the Tidelands Trust purposes, as established by law or interpretation of the California State Lands Commission.

Section 3.07 Compliance with Law.

TENANT must, at no cost to CITY, comply with all of the requirements of all local, municipal, county, state and federal authorities now in force, or which may hereafter be in force, pertaining to the Premises, and faithfully observe in the use of the Premises all local, municipal and county rules, regulations and ordinances and state and federal statutes, rules, regulations and orders now in force or which may hereafter be in force (collectively, "Legal Requirements"); provided, that TENANT will not be required to comply with any Legal Requirement imposed by CITY that would substantially deprive TENANT of a material benefit under this Lease, unless such Legal Requirement has been imposed or required (i) by a county, state or federal authority or (ii) to preserve public health and safety and applied to similar businesses within CITY'S jurisdiction.. The judgment of any court of competent jurisdiction, or the admission of TENANT in any action or proceeding against TENANT, whether CITY be a party thereto or not, that TENANT has violated any such Legal Requirement in the use of the Premises will be conclusive of that fact as between CITY and TENANT.

Section 3.08 Waste or Nuisance.

TENANT must not commit or permit the commission by others of any waste on the Premises; TENANT must not maintain, commit, or permit the maintenance or commission of any nuisance as defined by law on the Premises; and TENANT must not use or permit the use of the Premises for any unlawful purpose.

Section 3.09 Use by CITY.

A. Subject to TENANT's rights hereunder to possession of the Premises, CITY may grant licenses to, or otherwise authorize, other persons and entities permitting uses of the Morro Bay Harbor.

B. CITY also retains and reserves for itself, its successors and assigns, all oil, gas, petroleum and other mineral or hydrocarbon substances in and under the lands leased hereby together with right to prospect and extract all such substances.

Article 4 CONSTRUCTION, ALTERATION AND REPAIRS

Section 4.01 Construction Approval.

A, TENANT must not make or permit any other person to make any alterations or structural additions or structural modifications to the Premises or to any structure thereon or facility appurtenant thereto if the cost thereof exceeds Ten Thousand Dollars (\$10,000), without the prior written consent of CITY. The consent to be obtained pursuant to this Section 4.01(1) must be requested from the Harbor Director, or the City's designee, for CITY. If the Harbor Director or any future successor to the duties of the City's Harbor Director, or the City's designee, gives such consent to proceed, then it is understood such consent is given by CITY only in its capacity as the landlord under this Lease and not as the permit-issuing authority. TENANT remains obligated to obtain any needed building permits and comply with all applicable land use entitlement processes.

B. Where required by the Morro Bay Municipal Code, California Coastal Act, Corps of Engineers or any other state or federal agency having authority over the proposed project, then all Conditional Use Permits, Concept Plans, Precise Plans, Coastal Development Plans, and any other required plans or permits must be applied for and approved prior to any construction, alteration or repairs.

Section 4.02 Construction Bond.

A. Prior to the commencement of any construction the cost of which is greater than the amount of One Hundred Thousand Dollars (\$100,000), TENANT must file, with CITY'S City Clerk, a final detailed Civil Engineer's, Registered Architect's or Licensed and Bonded General Contractor's estimate of the cost of construction and installation of improvements on the Premises. Said estimate must be submitted to CITY'S City Engineer for approval. TENANT must file with the City Clerk a faithful performance bond, in a form and issued by a corporate surety company satisfactory to CITY, in an amount satisfactory to CITY, but not in excess of 100% of the final detailed cost estimate, securing the faithful performance of TENANT or its contractor in the completion of said construction.

B. TENANT must also file with the City Clerk a labor and materials bond, in a form and issued by a corporate surety company satisfactory to CITY, in an amount satisfactory to CITY, but not in excess of 100% of the final detailed cost estimate, securing the payment of all claims for the performance of labor or services on, or the furnishing of materials for, the performance of said construction.

C. In lieu of the above referenced bonds, TENANT may post cash deposits or may make other mutually satisfactory arrangements to guarantee the completion of construction projects. In the event the contractor bonds the project, CITY may be named as additional indemnitee to comply with these requirements.

Section 4.03 Mechanics' Liens.

At all times during the term of this Lease, TENANT must keep the Premises and all buildings, installations and other improvements now or hereafter located on the Premises free and clear of all liens and claims of liens for labor, services, materials, supplies, or equipment performed on or furnished to the Premises. TENANT further agrees to, at all times, save CITY free and harmless and indemnify and defend CITY against all claims for labor or materials in connection with any improvement, repairs, or alterations on the Premises, and the cost of defending against such claims, including reasonable attorneys' fees. If TENANT fails to pay and discharge or cause the Premises to be released from such liens or claim of liens within 10 days after the filing of such lien or levy, then TENANT must, upon written notification, immediately deposit with CITY a bond conditioned for payment in full of all claims on which said lien or levy has been filed. Such bond must be acknowledged by TENANT as principal and by a company or corporation, licensed by the Insurance Commissioner of the State of California to transact the business of a fidelity and surety insurance company as surety. The beneficiary of any security instrument, which instrument is on record with CITY, must have the right to file a claim for payment from such a bond on behalf

of TENANT. CITY has the right to post and keep posted on the Premises notices of non-responsibility and any other notices that may be provided by law or which CITY may deem proper for the protection of CITY and Premises from such liens. TENANT must give CITY notice at least 20 days prior to commencement of any work on the Premises to afford CITY the opportunity to post such notices.

Section 4.04 Ownership of Improvements.

The Parties agree CITY has the option and right to require TENANT to remove all buildings, structures, installations, improvements of any kind or other property belonging to or placed upon the Premises by TENANT at the termination of this Lease, however occurring, providing CITY gives notice, in writing, no later than thirty days prior to the termination of this Lease, of its decision to require such improvements be removed. The Parties agree, if CITY exercises its option, then at the termination of this Lease, however occurring, TENANT will have sixty days thereafter to remove all buildings, structures, facilities, installations, improvements and other property belonging to TENANT from the Premises. If CITY exercises such option and TENANT fails to remove all such improvements and other property within sixty days after the termination of this Lease, then CITY has the right to have any or all such improvements and other property removed at the expense of TENANT. If CITY does not exercise its option to remove (or require the removal of) the improvements and other property, then title to such improvements and other property vests in CITY and TENANT must not remove same.

Article 5 LEASEHOLD MORTGAGES

Tenant must not mortgage, securitize or hypothecate the leasehold interest created by this Lease, in whole or any part, without the prior written approval of CITY, as evidenced by a resolution of the City Council of CITY.

CITY will not approve financing related to or using that leasehold interest created by this Lease as collateral, unless such financing is (i) to install or construct capital improvements on the Premises, (ii) to install or construct CITY-requested public improvements or provide other benefits in the Tidelands Trust area, the latter as approved by the Harbor Director or (iii) to reduce the interest rate of existing, approved debt secured by leasehold interest created by this Lease without redeeming any equity in the leasehold interest.

Article 6 REPAIRS, MAINTENANCE AND RESTORATION

Section 6.01 Maintenance by TENANT.

At all times during the term of this Lease, TENANT must, at TENANT'S own cost and expense, keep and maintain, in good order and repair and in a safe and "broom clean" condition, all improvements now or hereafter on the Premises, including any public spaces, common areas, rights-of-way, sidewalks and other areas or spaces, even if not on the Premises but utilized as part of TENANT'S business operations. Furthermore, TENANT must, at TENANT'S own cost and expense, maintain at all times during the term of this Lease the whole of the Premises and other areas utilized for TENANT'S business operations as described above in a clean, sanitary, neat and orderly "broom clean" condition. CITY may, at the sole option of CITY, but not obligation,, clean, clear, maintain or repair the Premises, any improvements thereon or areas used by TENANT, as described above, at TENANT'S cost and expense, in the event TENANT fails to clean, clear maintain or make repairs, in accordance with this Section to the satisfaction of CITY, after 15-days' written notice to TENANT from CITY of CITY'S intent to exercise this option.

Section 6.02 Seawalls and Revetment.

At all times during the term of this Lease, TENANT must, at TENANT'S own cost and expense, repair, maintain, replace and rebuild, as necessary, the improvements, pilings, bulkheads, seawalls, revetment, piers, posts and any structures or other improvements located in the water portion of the Premises. Further, TENANT must, at TENANT'S own cost and expense, conduct maintenance and structural inspections, evaluations or surveys, by a qualified individual or firm, at reasonable intervals not to exceed ten years, to locate and determine needed maintenance, repairs or replacements of these improvements.

Section 6.03 Legal Requirements.

At all times during the term of this Lease, TENANT, at no cost to CITY, must:

- (1) Make all alterations, additions, or repairs to the Premises or the improvements or facilities on the Premises required by any Legal Requirements (as defined in Section 3.07, above);
- (2) Observe and comply with all Legal Requirements respecting the Premises or the improvements or facilities located thereon;
- (3) Obtain all required permits pursuant to the Morro Bay Municipal Code or State law prior to the initiation of any repair or maintenance activity; and
- (4) Indemnify, defend and hold harmless CITY and the property of CITY, including the Premises, from any and all liability, loss, damages, fines, penalties, claims and

actions resulting from TENANT'S failure to comply with and perform the requirements of this section.

Section 6.04 Failure to Repair.

In the event failure to repair results in a hazardous or unsafe condition, CITY has the right and option, but not the obligation, to close and prohibit access to the unsafe portion of the Premises until such repairs are completed and accomplished and the Premises rendered safe for public use. In addition, if TENANT fails to repair any hazardous or unsafe condition within ten days after written notice thereof from CITY, then CITY has the right, but not the obligation, to perform such repair at TENANT'S expense. TENANT must reimburse CITY for any such repair undertaken by CITY, promptly upon CITY'S demand, as additional Rent. Failure by CITY to enforce any of the provisions of this Article does not constitute a waiver of these provisions and CITY may, at any time, enforce all of the provisions of this Article, requiring all necessary repairs, rebuilding or replacement.

Section 6.05 Inspection by CITY.

CITY or CITY'S agents, representatives, or employees may enter the Premises at all reasonable times for the purpose of inspecting the Premises to determine whether TENANT is complying with the terms of this Lease and for the purpose of doing other lawful acts that may be necessary to protect CITY'S interest in the Premises under this Lease or to perform CITY'S duties under this Lease or in its governmental capacity.

Section 6.06 TENANT'S Duty to Restore Premises.

A. Except as provided in Section 6.07 below, if at any time during this Lease, any improvements now or hereafter on the Premises are destroyed in whole or in part by the elements, or any other cause not the fault of TENANT or CITY, then this Lease will continue in full force and effect and TENANT, at TENANT'S own cost and expense, must repair and restore the damaged or destroyed improvement(s) according to the original plan thereof or according to such modified plans therefor as are approved in writing by CITY. The work of permitting, repair and restoration must be (i) commenced by TENANT within 180 days after the damage or destruction occurs, (ii) pursued with due diligence, and (iii) completed not later than 12 full calendar months after the work is commenced, unless the Parties mutually agree, in writing, to an extension. In all other respects, the work of repair and restoration must be done in accordance with the requirements for construction work on the Premises set forth in Article 4 of this Lease. Any failure by TENANT either to commence or to complete repair and restoration as required by this Section 6.06 constitutes a material default under this Lease.

B. Any and all insurance proceeds that become payable at any time during the term of this Lease because of damage to or destruction of any improvements on the Premises will be paid to TENANT and applied by TENANT toward the cost of repairing and restoring the damaged or destroyed improvements in the manner required by this Section 6.06, or, if this Lease is terminated, then applied as provided in Section 6.07. Except as set forth in Section 6.08 below, TENANT'S obligation to restore pursuant to this Section exist whether or not funds are available from insurance proceeds.

Section 6.07 Termination of Lease for Destruction.

A. Notwithstanding the provisions of Section 6.06 of this Lease, TENANT has the option of terminating this Lease as provided in this Section 6.07 if any improvement now or hereafter on the Premises are so damaged or destroyed by the elements or any cause, not the fault of TENANT or CITY, the improvement cannot be repaired and restored as required by Section 6.06 of this Lease at a cost not exceeding 35 percent of the cost of replacing all improvements if they had been totally destroyed at the time of such damage.

B. TENANT may exercise its right to terminate pursuant to this Section 6.07 by providing written notice to CITY within 180 days following damage or destruction as described herein. Such termination is effective on the last day of the calendar month following the month in which TENANT provides its notice.

C. If TENANT fails to commence or complete repair and restoration as required by Section 6.06, then CITY has all rights and remedies with respect to TENANT'S default, including, but not limited to, termination of this Lease pursuant to Article 11.

D. If this Lease is terminated as a result of damage or destruction, then any insurance proceeds received with respect to the improvements will be applied or distributed in the following order:

(1) first, to the demolition of the improvements and removal of all demolition debris; then

(2) to any accrued and unpaid Rent as of the effective date of the termination; then

(3) to each Lender under a Leasehold Encumbrance, in order of lien priority, an amount not to exceed the amount due under such Leasehold Encumbrance; then

(4) to CITY, an amount equal to the present value, as of the date of termination, of the total Minimum Rent for the remainder of the Term; then

(5) the remaining proceeds, if any, to TENANT.

Section 6.08 Destruction Due to Risk Not Covered by Insurance.

Notwithstanding anything to the contrary in Section 6.06 of this Lease, TENANT has the right to terminate this Lease, at any time, if the improvements on the Premises are damaged or destroyed by a casualty for which TENANT is not required under this Lease to carry insurance and the cost to repair or restore such improvements exceeds 50 percent of the fair market value of all the improvements on the Premises immediately prior to the damage or destruction.

Article 7 INDEMNITY AND INSURANCE

Section 7.01 Indemnity Agreement.

A. TENANT hereby agrees to indemnify, defend and hold harmless CITY, and the property of CITY (including the Premises and any improvements now or hereafter on the Premises), and CITY'S officers, officials, employees and volunteers from any and all liability, claims, loss, damages, and expenses, including reasonable attorney's fees and litigation expenses, resulting from TENANT'S occupation and use of the Premises or any negligent act or omission of the TENANT or any of its officers, subtenants, employees, contractors, invitees or anyone for whom TENANT may be liable, specifically including, without limitation, any liability, claim, loss, damage, or expense arising by reason of:

(1) The death or injury of any person, including TENANT or any person who is an officer, employee, contractor, subtenant, invitee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or by any person who is an employee or agent of TENANT, from any cause whatever while such person or property is in or on the Premises or in any way connected with the Premises or with any of the improvements or personal property on the Premises;

(2) The death or injury of any person, including TENANT or any person who is an officer, employee, contractor, subtenant, invitee or agent of TENANT, or by reason of the damage to or destruction of any property, including property owned by TENANT or any person who is an officer, employee, contractor, subtenant, invitee or agent of TENANT, caused or allegedly caused by either (i) the condition of the Premises or any improvement placed on the Premises by TENANT, or (ii) any act or omission on the Premises by TENANT or any person in, on, or about the Premises with or without the permission and consent of TENANT;

(3) Any work performed on the Premises or materials furnished to the Premises at the insistence or request of TENANT or any person or entity acting for or on behalf of TENANT;

(4) TENANT'S failure to perform any provision of this Lease or to comply with any Legal Requirement imposed on TENANT or the Premises.

B. TENANT'S obligations pursuant to this Section to indemnify and hold harmless do not extend to any liability, claim, loss, damage or expense arising from CITY'S active negligence or willful misconduct.

Section 7.02 Liability Insurance.

During the term of this Lease, TENANT must maintain at its cost Commercial General Liability insurance with coverages as described in CITY'S HARBOR DEPARTMENT LEASE MANAGEMENT POLICY, as may be updated or changed from time to time at the sole discretion of the CITY. Such coverages must insure against claims for bodily injury (including death), property damage, contractual liability, personal injury and advertising injury occurring on the Premises or from operations located in any part of the Premises. Such insurance must afford protection in amounts no less than One Million Dollars (\$1,000,000) per occurrence for bodily injury, personal injury and property damage; provided, that if insurance with a general aggregate limit is used, then either the general aggregate limit will apply separately to the Premises or the general aggregate limit will be twice the occurrence limit stated in this Section. All liability insurance carried by TENANT hereunder will name CITY, its officers, officials, employees and volunteers as additional insureds, and be primary insurance with respect to such additional insureds. TENANT must include all its subtenants as insureds under TENANT's liability policies or furnish separate certificates and endorsements for each subtenant. All coverages for subtenants must comply with all requirements of this Article Seven.

Section 7.03 Worker's Compensation.

TENANT must maintain at TENANT'S own expense and keep in full force and effect during the term of this Lease, Worker's Compensation Insurance as provided by law. Said insurance must contain a waiver of subrogation rights against CITY. TENANT must also maintain employer's liability insurance with minimum coverage of \$1,000,000 per accident for bodily injury or disease.

Section 7.04 Property Insurance.

TENANT must, at its cost, at all times during the term of this Lease keep all improvements and other structures on the Premises, as well as any and all additions, improvements and

betterments thereto, insured for 100 percent) of their full replacement cost with no co-insurance provision against loss or destruction by the perils covered by "all risk" (excluding earthquake) property damage insurance policies. Any loss coverage under such insurance must be payable to TENANT, CITY, and any Lender under a Leasehold Encumbrance approved pursuant to Article 5 of this Lease, as their interests may appear, and such proceeds must be used and applied in the manner required by Article 6 of this Lease.

Section 7.05 Additional Coverage.

TENANT must also maintain, at its sole expense, the insurance described in this Section 7.05.

A. If TENANT has (or is required by any Legal Requirement to have) a liquor license and is selling or distributing alcoholic beverages on the Premises, then TENANT must maintain liquor liability coverage in appropriate amounts. TENANT must require any subtenant who has (or is required by any Legal Requirement to have) a liquor license and who is selling or distributing alcoholic beverages on the Premises, to maintain such coverage.

B. TENANT must maintain "all risk" (excluding earthquake) property damage insurance covering TENANT's personal property located at the Premises, in amounts not less than the full replacement value of such personal property. CITY has no interest in the proceeds of such insurance.

C. TENANT must obtain and maintain any additional insurance coverages CITY may reasonably require. As illustration only and not as a limitation, in appropriate circumstances such additional insurance may include increased general liability limits, business interruption coverage, business automobile liability, boiler and machinery insurance or builder's risk insurance. TENANT, however, is not required to maintain additional coverages that are in excess of those typically maintained by similarly situated tenants in the Morro Bay area.

Section 7.06 General Requirements.

Except as specifically provided to the contrary, all the insurance required pursuant to this Article Seven is subject to the requirements of this Section 7.06.

A. Maintenance of proper insurance coverage is a material element of this Lease and failure to maintain or renew coverage or to provide evidence of coverage and/or renewal may be treated by the CITY as a material breach of contract. TENANT must forward CITY'S specifications and forms to TENANT'S insurance agent for compliance.

B. CITY may, at any time, require TENANT to increase the minimum coverage limits for insurance required by this Lease, but every such increase must be reasonable under the circumstances.

C. All policies must be issued by insurance companies authorized to issue such insurance in California, with an A.M. Best's rating of no less than A:VII.

D. Any deductibles or self-insured retentions must be declared to and approved by CITY. At the option of CITY, either: (i) the insurer must reduce or eliminate such deductibles or self-insured retentions as respects CITY, its officers, officials, employees and volunteers or (ii) TENANT must provide a financial guarantee satisfactory to CITY guaranteeing payment of losses and related investigations, claim administration and defense expenses.

E. Each insurance policy required by this Lease must be endorsed to state coverage will not be cancelled or reduced, except after 30-days' prior written notice by certified mail, return receipt requested, has been given to CITY.

F. TENANT must furnish CITY with certificates and amendatory endorsements effecting the coverage required by this Lease. The endorsements must be on forms provided by CITY or on other than CITY's forms; provided, that those endorsements or policies conform to the requirements. All certificates and endorsements are to be received and approved by CITY before use of the Premises, and promptly following any renewal or replacement. CITY reserves the right, at any time, to require complete, certified copies of all required insurance policies, including endorsements effecting the coverage required by these specifications.

G. TENANT'S insurance coverage must be primary insurance as respects CITY, its officers, officials, employees, and volunteers. Any insurance or self-insurance maintained by CITY, its officers, officials, employees, or volunteers will be excess of TENANT'S insurance and will not contribute with it.

Section 7.07 No Subrogation.

TENANT agrees, in the event of loss due to any of the perils for which it has agreed to provide insurance, TENANT will look solely to its insurance for recovery. TENANT hereby grants to the CITY, on behalf of any insurer providing insurance to either TENANT or CITY with respect to TENANT'S occupancy of the Premises, a waiver of any rights to subrogation, which any such insurer of TENANT may acquire against CITY by virtue of the payment of any loss under such insurance. Each insurance policy required under this Lease, including those insuring TENANT against claims, expense, or liability for injury to persons or property, must provide the insurer will not acquire by subrogation any right to recovery.

Section 7.08 TENANT'S Waiver.

TENANT hereby waives any right of recovery against CITY for each claim, expense, liability, or business interruption, or other loss, except where caused by CITY'S active negligence or willful misconduct. TENANT agrees, to the extent TENANT fails to acquire insurance, TENANT will not have any claim against CITY for any loss that results from a risk or peril that would have been included in such insurance.

Section 7.09 Insurance Not a Limit.

The insurance requirements of this Article 7 are independent of, and do not limit or modify, TENANT'S indemnification, defense, hold harmless and other obligations pursuant to this Lease.

Article 8 TAXES AND FEES

Section 8.01 TENANT to Pay Taxes.

TENANT must pay, before delinquency, all taxes and assessments levied upon or assessed to TENANT on the Premises by reason of this Lease or of any equipment, appliances, improvement, or other development of any nature whatsoever, erected, installed, or maintained by TENANT or by reason of the business or other activity of TENANT upon or in connection with the Premises. TENANT must pay all possessory interest taxes applicable to the Premises.

Section 8.02 TENANT to Pay License and Permit Fees.

TENANT must pay any fees imposed by Legal Requirements for licenses or permits for any business or activities including construction by TENANT upon the Premises.

Section 8.03 Utilities.

TENANT must (i) pay, or cause to be paid and (ii) hold harmless CITY and the property of CITY, including the Premises, from all charges for the furnishing of gas, water, electricity, telecommunication service, and for other public utilities to the Premises during the term of this Lease and for the removal of garbage and rubbish from the Premises during the term of this Lease.

Article 9 CONDEMNATION

Section 9.01 Total Condemnation.

If title and possession to all of the Premises is permanently taken for any public or quasi-public use under any statute, or by the right of eminent domain, then this Lease will be considered

terminated on the date that possession of the Premises is taken; and both CITY and TENANT will thereafter be released from all obligations, including Rent, all of which will be prorated to the date of termination, except those specified in Section 9.02 of this Lease.

Section 9.02 Condemnation Award.

Any compensation or damages awarded or payable because of the permanent taking of all or any portion of the Premises by eminent domain will be allocated between CITY and TENANT as follows:

A. All compensation or damages awarded or payable for the taking by eminent domain of any land that is part of the Premises will be paid to and be the sole property of CITY free and clear of any claim of TENANT or any person claiming rights to the Premises through or under TENANT.

B. All compensation or damages awarded or payable which is specifically attributed by the taking party to the "good will" of TENANT'S business will be paid to and be the sole property of TENANT.

C. All compensation or damages awarded or payable because of any improvements constructed or located on the portion of the Premises taken by eminent domain where only a portion of the Premises is taken by eminent domain, and TENANT is not entitled to or does not terminate this Lease, will be applied in the manner specified in Section 9.04 toward the replacement of such improvements with equivalent new improvements on the remaining portions of the Premises.

D. All compensation or damages awarded or payable because of any improvements constructed or located on the portion of the Premises taken by eminent domain where this Lease is terminated because of the taking by eminent domain, whether all or only a portion of the Premises is taken by eminent domain, will be allocated between CITY and TENANT as follows:

(1) That percentage of the compensation or damages awarded or payable because of the improvements that equals the percentage of the full term of this Lease that has, at the time of the taking, not expired will belong to and be the sole property of TENANT.

(2) That percentage of the compensation or damages awarded or payable because of the improvements that equals the percentage of the full term of this Lease that has, at the time of the taking, expired will belong to and be the sole property of CITY.

(3) The term "time of taking," as used in this Section, means 12:01 a.m. of the date the agency or entity exercising the eminent domain power, takes title to or the date it takes physical possession of the portion of the Premises, whichever first occurs.

E. Any severance damages awarded or payable because only a portion of the Premises is taken by eminent domain will be the sole and separate property of CITY.

Section 9.03 Termination for Partial Taking.

If, during the term of this Lease, title and possession of only a portion of the Premises is taken for any public or quasi-public use under any statute, or by right of eminent domain, then TENANT may, at TENANT'S option, terminate this Lease by serving written notice of termination on CITY within 90 days after TENANT has been deprived of actual physical possession of the portion of the Premises taken for such public use. This Lease will terminate on the first day of the calendar month following the calendar month in which the notice of termination described in this section is served on CITY. On termination of this Lease, pursuant to this Article, all subleases and subtenancies in or on the Premises or any portion of the Premises created by TENANT under this Lease will also terminate and the Premises must be delivered to CITY free and clear of all such subleases and subtenancies; provided, however, that CITY may, at CITY'S option, by mailing written notice to a subtenant allow any subtenant to attorn to CITY and continue such subtenant's occupancy on the Premises as a TENANT of CITY. On termination of this Lease pursuant to this section, however, both CITY and TENANT will be released from all obligations under this Lease, except those specified in Section 9.02 of this Lease.

Section 9.04 Rent Abatement for Partial Taking.

If, during the term of this Lease, title and possession of only a portion of the Premises is taken under the power of eminent domain by any public or quasi-public agency or entity and TENANT does not terminate this Lease, then this Lease will terminate as to the portion of the Premises taken under eminent domain on the date actual physical possession of the portion taken by eminent domain is taken by the agency or entity exercising the eminent domain power. Furthermore, the Rent payable under this Lease will, as of that time be reduced in the same proportion of the Premises taken by eminent domain bears to the full value of the Premises at that time; provided however, that TENANT will make a good faith effort to replace any improvements or facilities with equivalent new facilities on the remaining portion of the Premises and do all other acts at TENANT'S own cost and expense required by the eminent domain taking to make the remaining portion of the Premises fit for the use specified in this Lease.

Section 9.05 Conveyance in Lieu of Eminent Domain.

A voluntary conveyance by CITY, with the consent of TENANT, of title to all or a portion of the Premises to a public or quasi-public agency or entity in lieu of and under threat by such agency or entity to take the same by eminent domain proceedings will be considered a taking of title to all or such portion of the Premises under the power of eminent domain subject to the provisions of this Article.

Section 9.06 Temporary Taking.

If the possession of the Premises or any portion thereof are taken under the power of eminent domain by any public or quasi-public agency or entity for a limited period not extending beyond the term of this Lease, then this Lease will not terminate (except as provided in this Section 9.06) and TENANT must continue to perform all its obligations hereunder, except only to the extent TENANT is prevented from performing such obligations by reason of such taking. TENANT will be entitled to receive the entire amount of compensation or damages awarded because of such temporary taking. If a temporary taking extends for more than 36 months, then TENANT will have the right to terminate this Lease, and TENANT will be entitled to receive, out of the compensation or damages awarded because of such temporary taking, the amount that is attributable to the period of time up until the effective date of TENANT'S termination of this Lease.

Article 10 ASSIGNMENT AND SUBLEASING

Section 10.01 No Assignment Without CITY'S Consent.

Except as provided in this Article 10, TENANT must not assign or otherwise transfer this Lease, any right or interest in this Lease, or any right or interest in the Premises or any of the improvements that may now or hereafter be constructed or installed on the Premises without the express written consent of CITY first had and obtained. Any assignment or transfer by TENANT without the prior written consent of CITY, as evidenced by a resolution of the City Council, whether it be voluntary or involuntary, by operation of law or otherwise, is void and may, at the option of CITY, terminate this Lease. A consent by CITY to one assignment will not be deemed to be a consent to any subsequent assignment of this Lease by TENANT. CITY will not unreasonably nor arbitrarily withhold its approval to the assignment or transfer of this Lease to an assignee who is financially reliable and qualified to conduct the business for which this Lease was granted. It is mutually agreed TENANT'S qualifications are a part of the consideration for granting of this Lease and said party does hereby agree to maintain active control and supervision of the operation conducted on the Premises.

Section 10.02 Change of Ownership as Assignment.

For purposes of this Article 10, the following transactions will be deemed to be assignments or transfers:

A. If TENANT is a partnership or limited liability company:

(1) A change in ownership effected voluntarily, involuntarily, or by operation of law, within a 12-month period, of 25 percent or more of the partners or members or 25 percent or more of the partnership or membership interests; or

(2) The dissolution of the partnership or limited liability company without its immediate reconstitution.

B. If TENANT is a closely held corporation (i.e., one whose stock is not publicly held and not traded through an exchange or over the counter):

(1) The sale or other transfer, within a 12-month period, of more than an aggregate of 25 percent of the voting shares of TENANT (other than to immediate family members by reason of gift or death); or

(2) The dissolution, merger, consolidation, or other reorganization of TENANT.

Section 10.03 Application for Assignment.

A condition of an assignment is TENANT must file with CITY an application to assign its leasehold interest prepared by the prospective assignee. Concurrently with filing the application, TENANT must pay a reasonable fee associated with the cost of processing said application, in cash or certified or cashier's check to enable CITY adequately to investigate the proposed assignee's qualifications, financial reliability and suitability as a permitted assignee. CITY is not be required to account for the use of the sum paid. If the proposed assignee's net worth, financial reliability and qualifications on the date of assignment are not sufficient to reasonably guarantee successful operation of the Premises in compliance with all applicable CITY, County, State and federal requirements, then CITY may withhold approval of the assignment or condition it upon TENANT'S guarantee of such assignee's obligations hereunder for such period as CITY deems advisable. Net worth means the amount by which the total of all assets exceed the total of all liabilities as determined in accordance with general accepted accounting principles as approved by CITY'S auditor, or other authorized representative or agent.

Section 10.04 Probate Transfer of Assignment.

If TENANT is an individual, nothing herein contained will prevent the transfer of this Lease by trust, will, or by operation of law under the intestacy provisions of the California Probate Code as it may be amended from time to time. Probate sale of the leasehold interest will not be permitted without the consent of the CITY, evidenced by a City Council resolution, first had and obtained.

Section 10.05 No Sublease Without CITY'S Consent.

TENANT must not sublease the whole nor any part of the Premises, or license, permit, or otherwise allow any other person (the employees of TENANT excepted) to occupy or use the Premises, or any portion thereof, without the prior written consent of CITY's Harbor Director, or any future successor to the duties of the City's Harbor Director. The process for obtaining that consent will not begin until TENANT has filed an application to sublease and paid a reasonable fee, as determined by CITY, associated with the cost of processing the application. A consent to one subletting, occupation, licensing or use will not be deemed to be a consent to any subsequent subletting, occupation, licensing or use by another person. Any sublease or license without CITY'S written consent is void, and may, at CITY'S option, terminate this Lease. CITY will not unreasonably nor arbitrarily withhold its consent to sublet to one who is qualified and financially reliable. CITY'S consent to any occupation, use, or licensing will be in CITY'S sole and absolute discretion. Notwithstanding any provisions herein to the contrary, the terms "assignment," "subletting," "occupation," or "use," are not to be construed or interpreted to mean or include the temporary, short-term renting or leasing of boat slips, motel, hotel, or apartment accommodations, if any, on the Premises.

Section 10.06 Subtenant Subject to Lease Terms.

Any and all subleases must be expressly made subject to all the terms, covenants, and conditions of this Lease. In no event will the term of any sublease extend beyond the term of this Lease. Subject to Section 10.09, termination of this Lease prior to the expiration of this Lease term also terminates any and all subleases. A breach of the terms of this Lease by a subtenant constitutes a breach on the part of TENANT and subjects both the subtenant and TENANT to all the remedies provided to CITY herein and by law. Failure by any subtenant to report Gross Sales or to pay Percentage Rent due from subtenant constitutes a breach of this Lease. TENANT hereby agrees to and does guarantee payment of such Percentage Rent due by a subtenant under the terms of this lease.

Section 10.07 Consent to Sublease Agreement.

Prior to any consent by CITY to any sublease hereof, TENANT, CITY and any subtenant must have executed the CITY'S Consent to Sublease Agreement making CITY a third party beneficiary, whereby the subtenant agrees to be bound by all of the terms, covenants and conditions of this Lease. Further, it is agreed by TENANT any default by the subtenant of any of the terms, covenants and conditions of this Lease will be a violations by TENANT of this Lease and all remedies of CITY for such violation, including termination of this Lease, may immediately be enforceable by CITY against TENANT. TENANT must apply any and all monies received from any subtenant first to the payment of obligations of the subtenant to CITY.

Section 10.08 TENANT and Guarantor Remain Liable.

Prior to approval by CITY to any sublease hereof, TENANT must agree to be primarily and jointly and severally liable to CITY for all obligations due CITY by any subtenant, including the payment of rents; and TENANT must agree CITY may proceed directly against TENANT for any obligation owed to CITY by the subtenant. If this Lease is guaranteed, then neither the sublease nor CITY'S approval thereof will release the guarantor from its obligations pursuant to the guaranty.

Section 10.09 Nondisturbance.

On the terms set forth below, CITY may enter into agreements with subtenants establishing, in the event of any termination of this Lease prior to the expiration date, CITY will not terminate or otherwise disturb the rights of the subtenant under such sublease, but will instead honor such sublease as if that sublease had been entered into directly between CITY and such subtenant, conditioned upon such subtenant's agreement to attorn to CITY and full performance of all obligations under the sublease in question ("Non-Disturbance Agreement"). CITY agrees to execute a Non-Disturbance Agreement in connection with a particular sublease; provided, that Tenant provides CITY with a copy of the sublease, and the Non-Disturbance Agreement is customary in form and substance and otherwise reasonably acceptable to CITY.

Article 11 DEFAULT AND TERMINATION

Section 11.01 Abandonment by TENANT.

If TENANT breaches this Lease and abandon all or any part of the Premises prior to the scheduled expiration of the term of this Lease, then CITY may continue this Lease in effect by not terminating TENANT'S right to possession of the Premises, in which event CITY may, at its

option, enforce all CITY'S rights and remedies under this Lease including the right to recover the Rent specified in this Lease as it becomes due under this Lease.

Section 11.02 Termination for Breach by TENANT.

All covenants and agreements contained in this Lease are declared to be conditions to this Lease and to the term hereby demised to TENANT. If TENANT fails to perform any covenant, condition, or agreement contained in this Lease, except for payment of any Rent or other monetary amount due, and such failure is not cured within 30 days after written notice thereof is served on TENANT, then CITY may terminate this Lease immediately, and in the event of such termination, TENANT will have no further rights hereunder and TENANT must thereupon forthwith remove from the Premises and will have no further right or claim thereto and CITY will immediately thereupon have the right to re-enter and take possession of the Premises, subject only to appropriate legal process.

Section 11.03 Termination for Failure to Pay Rent.

If any payment of Rent is not made as herein provided and such failure to pay is not cured within three days after written notice thereof is served on the TENANT, then CITY will have the option to immediately terminate this Lease; and in the event of such termination, TENANT will have no further right or claim thereto and CITY will immediately thereupon have the right to re-enter and take possession of the Premises, subject only to appropriate legal process.

Section 11.04 Lender May Cure Default.

CITY hereby affords the lender under any Leasehold Encumbrance of record with CITY the right to cure any default by TENANT of the covenants, conditions, or agreements hereof, as provided in Article 5 of this Lease.

Section 11.05 Damages for Breach.

If TENANT defaults in the performance of any covenant, condition or agreement contained in this Lease and the default be incurable or not be cured within the time period set forth hereinabove, then CITY may terminate this Lease and:

A. Bring an action to recover from TENANT:

(1) The worth at the time of award of the unpaid Rent which had been earned at the time of termination of the Lease;

(2) The worth at the time of award of the amount by which the unpaid Rent, which would have been earned after termination of the Lease until the time of award exceeds the amount of rental loss that TENANT proves could have been reasonably avoided;

(3) The worth at the time of award of the amount by which the unpaid rent for the balance of the term after the time of award exceeds the amount of rental loss that TENANT proves could be reasonably avoided; and

(4) Any other amount necessary to compensate CITY for all detriment proximately caused by TENANT'S failure to perform its obligations under this Lease; and

B. Bring an action, in addition to or in lieu of the action described in subparagraph (1) of this Section, to re-enter and regain possession of the Premises in the manner provided by the laws of unlawful detainer of the State of California then in effect.

Section 11.06 Cumulative Remedies.

The remedies available to CITY in this Article are not exclusive, but are cumulative with and in addition to all remedies now or hereafter allowed by law or elsewhere provided in this Lease.

Section 11.07 Waiver of Breach.

The waiver by CITY of any breach by TENANT of any of the provisions of this Lease does not constitute a continuing waiver or a waiver of any subsequent breach by TENANT either of the same or a different provision of this Lease.

Section 11.08 Surrender of Premises.

On expiration or sooner termination of this Lease, TENANT must surrender the Premises, and, subject to Section 4.04, all improvements in or on the Premises, and all facilities in any way appertaining to the Premises, to CITY in good, safe, and clean condition, reasonable wear and tear excepted.

Article 12 MISCELLANEOUS

Section 12.01 Notices.

Any and all notice or demands by or from CITY to TENANT, or TENANT to CITY, must be in writing. They must be served either personally, or by registered or certified mail. Any notice or demand to CITY must be given to:

Harbor Director
1275 Embarcadero
Morro Bay, CA 93442

with a copy to:

City Manager of the City of Morro Bay
City Hall
595 Harbor Street
Morro Bay, CA 93442

Any notice or demand to TENANT must be given at:

Libertine Brewing Company
Attn: Eric Newton
2436 Broad Street
San Luis Obispo, CA 93401

Such addresses may be changed by written notice by either Party to the other Party.

Section 12.02 Governing Law and Jurisdiction.

This Lease, and all matters relating to this Lease, are governed by the laws of the State of California in force at the time any need for interpretation of this Lease or any decision concerning this Lease arises. CITY and TENANT consent to exclusive personal and subject matter jurisdiction in the Superior Court of the State of California in and for the county where the Premises are located, and each Party waives any claim such court is not a convenient forum. Each Party hereby specifically waives the provisions of California Code of Civil Procedure Section 394, and any successor statute thereto.

Section 12.03 Binding on Successors.

Subject to the provisions herein relating to assignment and subletting, each and all of the terms, conditions, and agreements herein contained will be binding upon and inure to the benefit of the successors and assigns of any and all of the Parties; and all of the Parties hereto are jointly and severally liable hereunder.

Section 12.04 Partial Invalidity.

If any provision of this Lease is held by a court of competent jurisdiction to be either invalid, void, or unenforceable, then the remaining provisions of this Lease will remain in full force and effect unimpaired by the holding.

Section 12.05 Sole and Only Agreement.

This Lease, including all exhibits incorporated by reference, constitutes the sole and only agreement between CITY and TENANT respecting the Premises and the leasing of the Premises to TENANT; and any other agreements or representations respecting the Premises and their leasing to TENANT by CITY, which are not expressly set forth in this Lease, are null and void. The lease terms herein specified correctly set forth the obligations of CITY and TENANT as of the Commencement Date.

Section 12.06 Modification.

This Lease can only be modified, amended or altered pursuant to a written amendment executed by the Mayor and attested to by City Clerk, pursuant to prior City Council approval. Notwithstanding City Council approval, no amendment will become effective until it is in fact executed by the Mayor and attested to by City Clerk and approved as to form by the City Attorney (or designee). TENANT understands this Lease cannot be modified, amended or altered by oral statements by any person representing CITY, including the Mayor and City Clerk. TENANT specifically agrees not to rely on oral statements, purported oral waivers, or purported oral modifications and agrees not to rely upon purported written modifications unless they meet the requirements of this Section. If the title of any person authorized to act for CITY under this Lease is changed during the term of this Lease, then the person who succeeds to substantially the same responsibilities with respect to CITY will have the authority to act for CITY under this Lease.

Section 12.07 Time of Essence.

Time is expressly declared to be the essence of this Lease.

Section 12.08 Reserved.

Section 12.09 Force Majeure.

If either Party hereto is delayed or hindered in or prevented from the performance of any act required hereunder by reason of a strike, lock-out, labor trouble, inability to procure materials, failure of power, governmental moratorium, riot, insurrection, war, pandemic or other reason of a like nature not the fault of the Party delaying in performing work or doing any act required under the terms of this Lease, then performance and doing of such act will be excused for the period of such delay. The Parties understand and agree, the foregoing will not extend any period of time for the payment of Rent or other sums payable by either Party or any period of time for the written exercise of an option or right by either Party.

Article 13 SPECIAL PROVISIONS PECULIAR TO THIS LEASE SITE

The following provisions apply to this Lease site only:

Section 13.01 TENANT to Submit Lease Site Redevelopment Plans

No later than September 30, 2021, TENANT shall submit for CITY'S consideration a complete application for redevelopment of the Premises, to include at a minimum the following elements:

- A. TENANT'S long-term vision for the Premises with a new building type and size and all uses and operations. The application must include sufficient plan drawings and renderings to show the basic layout and visual aspects of the plan,
- B. TENANT'S proposed redevelopment timeline, and
- C. TENANT'S redevelopment financing resources and plan.

EXECUTED on _____, 20____, at _____ County, California.

CITY OF MORRO BAY

TENANT

John Headding, MAYOR

By: _____
Eric Newton, Chief Executive Officer

ATTEST:

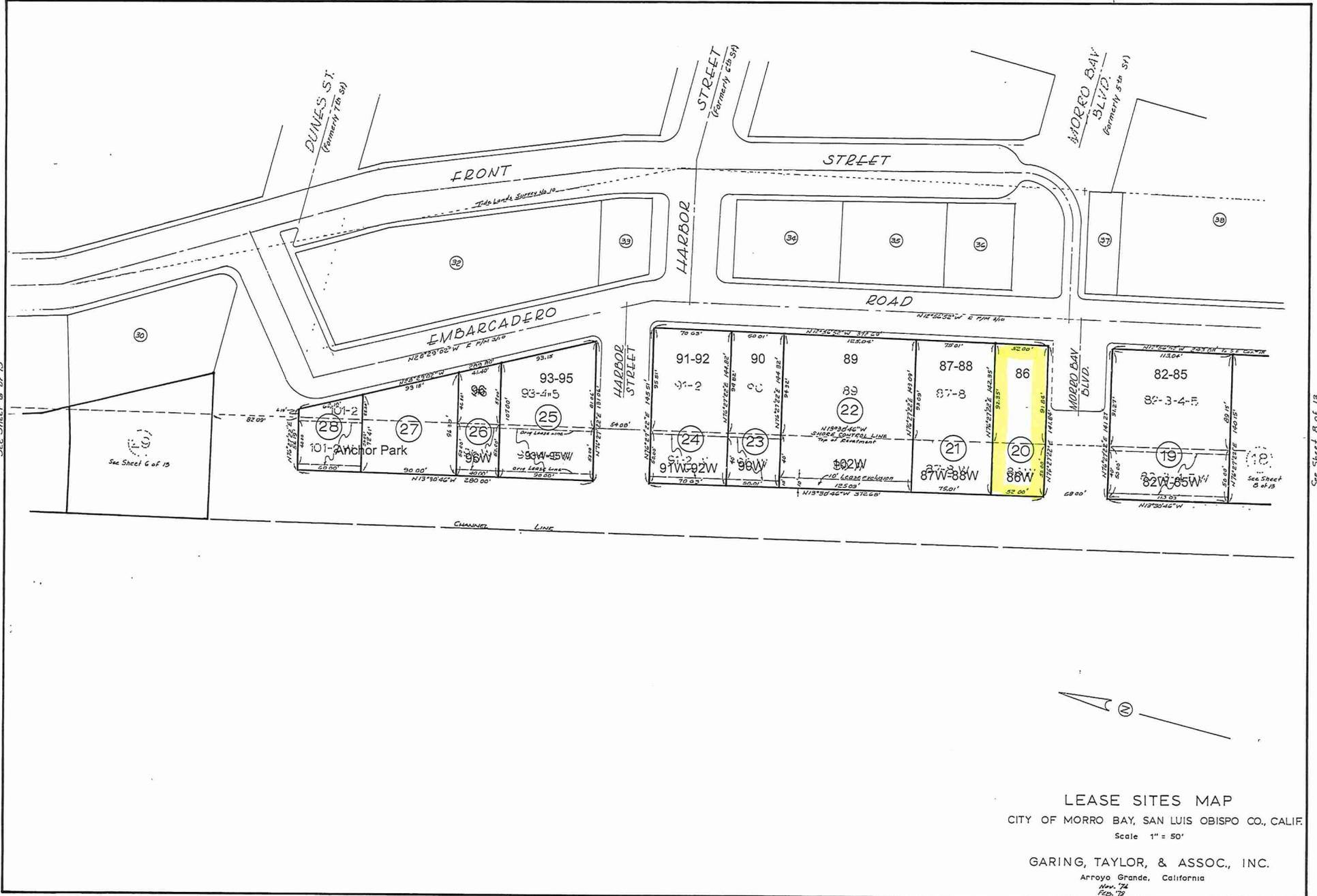
Dana Swanson, CITY CLERK

APPROVED AS TO FORM:

Chris F. Neumeyer, CITY ATTORNEY

EXHIBIT A
COPY OF PARCEL MAP

(immediately following this page)



See Sheet 6 of 13

See Sheet 8 of 13



LEASE SITES MAP
 CITY OF MORRO BAY, SAN LUIS OBISPO CO., CALIF.
 Scale 1" = 50'

GARING, TAYLOR, & ASSOC., INC.
 Arroyo Grande, California
 Nov. 74
 Feb. 75

RESOLUTION NO. 80-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING A THREE-YEAR INTERIM MASTER LEASE AGREEMENT
FOR LEASE SITE 86/86W BETWEEN THE CITY OF MORRO BAY
AND LIBERTINE BREWING COMPANY, LOCATED AT 801 EMBARCADERO**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay is the lessor of certain properties on the Morro Bay Waterfront described as City Tidelands leases and properties; and

WHEREAS, the Libertine Brewing Company (owner Eric Newton) has been the major subtenant at Lease Site 86/86W since October 2015 under the current master tenant 801 Embarcadero LLC (Burt Caldwell), doing business as the Libertine Pub; and

WHEREAS, as the current interim master lease agreement with 801 Embarcadero LLC expires on September 30, 2020 and 801 Embarcadero LLC is letting the lease site revert to the City; and

WHEREAS, the City desires an uninterrupted tenancy of the Libertine Pub and to enter into a new three-year interim master lease agreement with the Libertine Brewing Company while the Libertine Brewing Company develops a long-term redevelopment plan for the lease site for the City's future consideration; and

WHEREAS, in accordance with the City's new Master Lease Policy, the City and Libertine Brewing Company have agreed to a new three-year interim master lease agreement for Lease Site 86/86W located at 801 Embarcadero.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

1. The attached new Interim Master Lease Agreement for Lease Site 86/86W is hereby approved.
2. The Mayor is hereby authorized to execute said Interim Master Lease Agreement.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of September, 2020 on the following vote:

AYES:
NOES:
ABSENT:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk



AGENDA NO: A-4

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: September 10, 2020

FROM: Eric Endersby, Harbor Director

SUBJECT: Adoption of Resolution No. 81-20 Approving Amendment #2 to the Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company at Lease Site 69-70/69W-70W, Located at 595 Embarcadero Road

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 81-20 approving Amendment #2 to the Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W, to extend the tenant’s building remodel construction deadline.

ALTERNATIVES

The City Council can direct staff other than is being recommended.

FISCAL IMPACTS

Approval of this Amendment #2 will delay of the monthly revenue to the Harbor Department budget of \$1,916.67/month (\$23,000/year) until March 31, 2021 while the tenant is undergoing significant tenant improvement and building improvement construction efforts.

BACKGROUND

On August 13, 2019, the City Council approved a building lease agreement with Three Stacks and a Rock Brewing Company (“Three Stacks”) at the old Morro Bay Aquarium lease site. Three Stacks will occupy only the downstairs spaces of the former aquarium building, and make significant tenant improvements to those spaces to accommodate the owners’ vision of their operation, as well as significant and much-needed building improvements. In addition, the City committed to making several improvements to prepare the building for occupation.

The lease agreement originally stipulated the tenant’s improvements would be completed and the building occupied by December 1, 2019, which is also when payment of rent would have commenced. After the lease agreement was approved, significant unknown structural and other issues were discovered with the building, which caused several months of delays in both Three Stacks and the City commencing the agreed-upon work. Because of that, on December 10, 2019 the City Council approved Amendment #1 to the lease agreement, moving the December 1, 2019 deadline out to May 31, 2020.

Because of the myriad of economic and social impacts, delays and other issues associated with the global COVID-19 pandemic, it is again necessary to extend the construction deadline for Three Stacks.

Prepared By: EE

Dept Review: EE

City Manager Review: SC

City Attorney Review: JWP

DISCUSSION

Three Stacks remains committed to the lease, project and moving their business to the old aquarium building. They anticipate an aggressive six-month construction period once their plans are approved by the City. They are currently in final plan check.

On August 11, 2020, an extension of the lease agreement construction deadline was brought to the City Council in closed session. The tenant has agreed a new deadline of March 31, 2021, is reasonable.

CONCLUSION

Staff recommends the City Council adopt Resolution No. 81-20 approving Amendment #2 to the Commercial Building Lease Agreement with Three Stacks and a Rock Brewing Company, LLC for portions of the building at Lease Site 69-70/69W-70W, to extend the tenant's building remodel construction deadline to March 31, 2021.

ATTACHMENTS

1. Resolution No. 81-20.
2. Amendment #2 to the Building Lease Agreement with Three Stacks and a Rock Brewing Co.

RESOLUTION NO. 81-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA
APPROVING AMENDMENT #2 TO THE BUILDING LEASE AGREEMENT
FOR LEASE SITE 69-70/69W-70W BETWEEN THE CITY OF MORRO BAY
AND THREE STACKS AND A ROCK BREWING COMPANY, LLC
LOCATED AT 595 EMBARCADERO**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay is the lessor of certain properties on the Morro Bay Waterfront described as City Tidelands leases and properties; and

WHEREAS, on August 13, 2019, the City approved a new short-term Building Lease Agreement with Three Stacks and a Rock Brewing Company ("Three Stacks") for portions of the building at the Lease Site; and

WHEREAS, Three Stacks and the City are completing significant improvements to enable Three Stacks to occupy and operate from the building on Lease Site 69-70/69W-70W; and

WHEREAS, due to a myriad of impacts from the COVID-19 global pandemic, it is necessary to extend the May 31, 2020, deadline for completion of the work necessary for Three Stacks' occupancy to March 31, 2021; and

WHEREAS, the City and Three Stacks have agreed upon an extension to the lease agreement deadline to complete the necessary improvements.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Morro Bay, California, as follows:

1. The attached Amendment #2 to the Building Lease Agreement for Lease Site 69-70/69W-70W is hereby approved.
2. The Mayor is hereby authorized to execute said Amendment.

PASSED AND ADOPTED by the City Council of the City of Morro Bay at a regular meeting thereof held on the 22nd day of September, 2020 on the following vote:

AYES:
NOES:
ABSENT:

John Headding, Mayor

ATTEST:

Dana Swanson, City Clerk

**AMENDMENT #2 TO THE BUILDING LEASE AGREEMENT
FOR LEASE SITE 69-70/69W-70W,
LOCATED AT 595 EMBARCADERO**

This Amendment ("Amendment #2") is made and entered into as of this ____ day of _____, 2020, by and among the City of Morro Bay, a municipal corporation of the State of California, hereinafter called "City," and Three Stacks and a Rock Brewing Company, LLC, a California limited liability company, hereinafter called "Tenant." (Collectively, City and Tenant are sometimes referred to herein as the "Parties.")

WHEREAS, effective August 8, 2019, City and Tenant entered into that certain Building Lease (the "Lease");

WHEREAS, the parties amended the Lease, effective December 10, 2019, to extend certain deadlines set forth in the Lease (Amendment #1);

WHEREAS, the Lease and Amendment #1 are hereinafter referred to as the Amended Lease;

WHEREAS, the Parties have again agreed to amend the Amended Lease because, while Tenant and City were pursuing their respective building improvement obligations under the Amended Lease, the COVID-19 global pandemic caused significant delays and other issues, necessitating a change in the timeline in which the improvements are to be completed because more time is required to complete them.

NOW THEREFORE, Parties agree, as follows:

1. Section 2.2 of the Amended Lease is replaced in its entirety to read as follows:

2.2 Initial Term. The term of this Lease shall commence upon Tenant receiving a Certificate of Occupancy or Final Inspection, as applicable, for the improvements satisfactorily completed pursuant to Section 3.3 of this Lease, but in no case later than March 31, 2021 (the "Commencement Date"), for a fixed term of twelve full calendar months after the Commencement Date (the "Initial Term"), and terminate without notice at the end of the Initial Term, unless otherwise amended by the Parties pursuant to Sections 2.4 and 29.14.

2. The first sentences in Sections 3.3.1 and 3.4.1 of the Amended Lease are amended to read as-follows:

On or before March 31, 2021-

3. Except as expressly stated herein, all provisions of the Amended Lease shall remain in full force and effect.
4. The effective date of this Amendment #2 is the date first written above.

IN WITNESS WHEREOF, the parties hereto have executed this Amendment #2 as of the date written above.

CITY OF MORRO BAY

Three Stacks and a Rock Brewing
Brewing Company, LLC
A California limited liability company

By: _____
John Headding, Mayor

By: _____
Charles Nettnin, Managing Member

APPROVED AS TO FORM:

Chris F. Neumeyer, City Attorney

ATTEST:

Dana Swanson, City Clerk

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AGENDA NO: A-5

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor & City Council **DATE:** September 17, 2020

FROM: Rob Livick, PE/PLS –City Engineer
Eric Casares, PE – Water Reclamation Facility (WRF) Program Manager

SUBJECT: Review and Receive Water Reclamation Facility (WRF) Capital Project Monthly Update Report for July 2020 and Provide Direction, if any, Deemed Appropriate

RECOMMENDATION

Council receive WRF Capital Project Monthly Update Report and provide direction, if any, deemed appropriate.

DISCUSSION

Provided as Attachment 1 is the Monthly WRF Project Report for July 2020 for Council and public review.

ATTACHMENT

1. City of Morro Bay Water Reclamation Facility Project Monthly Report July 2020

Prepared By: _____ Dept Review: _____
City Manager Review: _____ City Attorney Review: JWP



City of Morro Bay
Water Reclamation Facility Project

MONTHLY REPORT JULY 2020

FINAL | September 2020





City of Morro Bay
Water Reclamation Facility Project

MONTHLY REPORT OF PROJECT STATUS AND
EXPENDITURES THROUGH JULY 2020

FINAL | September 2020

This document is released for the
purpose of information exchange review
and planning only under the authority of
Eric T. Casares
September 2020
State of California, P.E. 73351

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Abbreviations

Bartle Wells	Bartle Wells Associates
BMP	best management practices
BO	Biological Opinion
BOD	Biochemical Oxygen Demand
CDFW	California Department of Fish and Wildlife
CPUC	California Public Utilities Commission
CWSRF	Clean Water State Revolving Fund
EACs	Estimate at Completion
ESCP	Enhanced Source Control Program
GSI	Project Hydrogeologist
KPI	Key Performance Indicator
PCO	Potential Change Order
PPP	Pollution Prevention Program
PROJECT	Water Reclamation Facility Project
PWAB	Public Works Advisory Board
RO	Reverse Osmosis
RWQCB	Regional Water Quality Control Board
SAA	Stream Bed Alteration Agreement
SPI	Schedule Performance Index
TM	Technical Memorandum
TSO	Time Schedule Order
TSS	Total Suspended Solids
USFWS	United States Fish and Wildlife Service
Vistra	Vistra Energy
Yeh and Associates	Geotechnical Engineer

Section 1

PROJECT OVERVIEW

1.1 General Project Status Update

All components of the Water Reclamation Facility Project (Project) are currently in progress. The general progress update and schedule information presented in this report is current as of September 15, 2020. The financial information including the spent to date and budget are presented as of July 31, 2020.

1.1.1 Water Reclamation Facility

1.1.1.1 Construction

Construction at the WRF site began on March 20, 2020. Activities to date include establishment of best management practices (BMPs) for storm water, erection of wildlife exclusion fencing in accordance with the Final Biological Opinion (BO) for the United States Fish and Wildlife Service (USFWS), mobilization of the design-build team, earthwork, and installation of yard piping. Earthwork activities were originally constrained in April, May, June, and the early part of July as the City and Program Manager worked to obtain a Stream Bed Alteration Agreement (SAA) for an erosional feature on the site from the California Department of Fish and Wildlife (CDFW). The SAA was fully-executed by CDFW and City staff on July 14, 2020. Since that time, the design-build team has made significant progress and anticipates completion of the main earthwork activities on the WRF site by the end of September 2020.

The limited access to the erosional feature and a soil slip that occurred on the southern tip of the cut slope on May 05, 2020 represent the main financial risks for this component of the Project at this time. The City and Program Manager are currently working with the design-build team to negotiate a potential change order (PCO) to cover the additional earthwork activities and schedule delays associated with the erosional feature. The City anticipates bringing a PCO to the Public Works Advisory Board (PWAB) and City Council for review in October 2020. The design-build team recently provided their rationale for why the soil slip on the cut slope occurred. The City has engaged their geotechnical engineer (Yeh and Associates) to review this rationale in order to resolve the issue. Depending on the cause of soil slip, the City could be responsible for some or all of the costs associated with mitigating the soil slip. Due to the review by the City's geotechnical engineer and negotiations with the design-build team, this issue will not likely be resolved until late 2020 or early 2021. While responsibility for the event has not been determined, the design-build team has indicated that the cost impact of the soil slip is approximately \$250,000.

1.1.2 Conveyance Facilities

1.1.2.1 Construction

The City opened bids for the Conveyance Facilities component of the Project on August 12, 2020. The City received a total of five bids. A summary of the bids is provided in Table 1 below.

Table 1 Estimates at Completion

Bidder ⁽¹⁾	Base Bid
W.A. Rasic Construction	\$38,425,000.00
OHL USA, Inc.	\$39,671,778.00
Nicholas Construction	\$42,664,745.00
Anvil Builders, Inc.	\$31,493,675.00
John Madonna Construction Company, Inc.	\$33,083,108.75

Notes:

(1) The bids are presented in the order they were read at the bid opening held at the WRF site on August 14, 2020.

The low bid from Anvil Builders, Inc. is approximately \$7 million over the engineer’s estimate and the amount currently in the WRF budget. City staff and the Program Manager have engaged the City’s rate consultant (Bartle Wells) to assess the impacts of a \$7-million increase in the WRF budget on the current rates and have confirmed that they are adequate in light of this potential increase in Project costs. The details of this analysis will be presented to the City Council along with a recommendation for award. The bids are currently being evaluated to determine if the bidders are responsive and responsible. An assessment of the bidders will also be provided to the City Council along with a recommendation for award.

The City received a bid protest dated September 03, 2020 from W.A. Rasic claiming that Anvil Builders, Inc. and John Madonna Construction Company, Inc. are neither responsible nor responsive. An assessment of the protest by the City Attorney will also be brought to the City Council for them to consider along with a recommendation for award.

City staff intends to bring a recommendation for award to City Council once the eminent domain process is clearer. On September 14, 2020 the City received an initial favorable ruling from the San Luis Obispo County Superior Court regarding the pre-judgment possession for the Vistra Energy (Vistra) property for the hearing held on July 30, 2020. The easements are necessary to construct the Project as designed. Due to the current COVID-19 pandemic, receipt of the ruling was significantly delayed. The bid documents require the bidders to hold their bid prices until 90 days after the bid opening. The last day to award this portion of the Project is November 10, 2020.

1.1.3 Recycled Water Facilities

1.1.3.1 Design

The Project’s hydrogeologist (GSI Water Solutions [GSI]) delivered the Final Phase 2 (Characterization) Technical Memorandum (TM) in June 2020. GSI and the Program Manager presented the findings from the Characterization TM to PWAB on August 19, 2020. The City and Program Manager plan to present the findings of the Characterization TM to the City Council in the next few months along with the next budget authorization for GSI to cover Phase 3 of the hydrogeological work. This next phase includes pilot testing and development of final design criteria for the injection wells.

Table 2 summarizes some of the key accomplishments and critical challenges identified for the Project through September 15, 2020.

Table 2 Project Accomplishments and Challenges

Project Component	Key Accomplishments	Critical Challenges	Actions to Overcome Challenges	Likely Outcomes
General Project	Continued to support the review of the City's construction loan application by the Clean Water State Revolving Fund (CWSRF) staff.			
	Continued to support permitting for the Project with the Regional Water Quality Control Board (Regional Board) and Division of Drinking Water (DDW)			
Water Reclamation Facility	Continued advancing construction on the South Bay Boulevard site.			
		A soil slip on the site occurred with a volume of approximately 15,000 cubic yards that has resulted in additional work for the design-build team.	Negotiate with the design-build team to determine responsibility and minimize the financial impacts from dealing with the soil slip.	Pending the result of the negotiations with the design-build team, the soil slip could result in a future PCO.
Conveyance Facilities	Opened bids for this component of the Project on August 12, 2020.			
		Receipt of easements from Vistra Energy (Vistra) necessary to construct the pipelines in the City's existing bike path.	Make additional progress on the eminent domain process following receipt of the ruling for the City's pre-judgment possession hearing.	Additional clarity on the eminent domain process is necessary before the Conveyance Facility component of the Project can be awarded.
		The low bid received is approximately \$7 million over the engineer's estimate.	While current rates without funding from the CWSRF will support the increased Project costs, all effort needs to be made to secure CWSRF funding.	With the increased cost of the Project and without receiving CWSRF funding, it could be challenging to reduce the amount currently being collected from rate payers.
Recycled Water Facilities	Received the Final TM (Characterization) from GSI confirming selection of the West injection area.			
		Receipt of property necessary to construct the injection wells.	Work with Vistra to obtain the property for the injection wells.	Without expediting the schedule, the completion of the injection wells will be delayed (does not impact compliance with the Time Schedule Order (TSO)).

1.2 Quarterly Budget Revision

The original \$126 million baseline budget was developed in June 2018 (Q4 Fiscal Year 2017/2018). At the beginning of each fiscal year, the budget is updated and used as the measure of performance for the Project during that upcoming fiscal year. The budget is then reviewed and reconciled on a quarterly basis so it can be compared to both the current fiscal year and baseline budgets. The next budget reconciliation will occur at the end of Q1 Fiscal Year 2020/2021 (September 30, 2020). A summary of the baseline, reconciled quarterly, and fiscal year budgets are summarized in Table 3. Subsequent budget reconciliations (quarterly) and fiscal year budgets (annual) will also be presented in this table for reference.

Table 3 Budget Revision Summary

Project Component	Baseline (Q4 FY 17/18)	Quarterly Reconciliation (Q3 FY 18/19)	Past Fiscal Year (Q4 FY 18/19)	Quarterly Reconciliation (Q1 FY 19/20)	Quarterly Reconciliation (Q2 FY 19/20)	Quarterly Reconciliation (Q3 FY 19/20)	Current Fiscal Year (Q4 FY 19/20)
Water Reclamation Facility ⁽¹⁾	\$62,414,000	\$74,059,000	\$72,891,000	\$72,598,000	\$72,231,000	\$71,856,000	\$77,828,000
Conveyance Facilities	\$21,087,000	\$27,108,000	\$28,864,000	\$28,524,000	\$29,224,000	\$29,989,000	\$29,840,000
Recycled Water Facilities	\$8,593,000	\$5,366,000	\$5,250,000	\$5,212,000	\$5,353,000	\$5,526,000	\$5,526,000
General Program	\$24,403,000	\$11,614,000	\$11,801,000	\$11,625,000	\$11,701,000	\$12,964,000	\$13,260,000
Construction Contingency ⁽²⁾	\$9,444,000	\$6,450,000	\$7,132,000	\$7,131,000	\$7,364,000	\$10,264,000	\$4,207,000
Total	\$125,941,000	124,597,000	\$125,938,000	\$125,090,000	\$125,873,000	\$130,599,000	\$130,661,000

Notes:

(1) Costs include the design-build agreement with Filanc/Black & Veatch, Carollo, and other consultants.

(2) Breakdown of the current contingency (\$4,207,000) is as follows: WRF = \$1,449,000; Conveyance Facilities = \$2,458,000; and Recycled Water Facilities = \$300,000

Table 4 summarizes the positions and estimates at completion (EACs) for the major elements of the Project through the end of Q4 FY 19/20 when the last budget reconciliation was completed.

Table 4 Estimates at Completion

Project Component	Original Estimates	Initial Contract Value	Current Contract Value	Expenditures to Date ⁽¹⁾	Estimate at Completion ⁽²⁾
City and Program Management	\$24,403,000			\$5,039,017	\$13,855,000
City Costs ⁽³⁾				\$1,957,580	\$3,845,000
Program Management ⁽⁴⁾ (Carollo Engineers)		\$293,000	\$6,360,378	\$3,081,437	\$10,010,000
Design/Build WRF	\$62,414,000			\$12,187,432	\$74,927,000
Design/Build (Filanc/Black & Veatch)		\$67,234,512	\$74,926,725	\$12,187,432	\$74,927,000
Conveyance Facilities	\$21,087,000			\$1,807,054	\$26,386,000
Design (Water Works Engineers)		\$1,360,565	\$2,052,387	\$1,807,054	\$2,152,000
Construction				-	\$24,234,000
Recycled Water Facilities	\$8,593,000			-	\$3,575,000
Design				-	\$450,000
Construction				-	\$3,125,000
Contingency	\$9,444,000				\$4,207,000
Water Reclamation Facility					\$1,449,000
Conveyance Facilities					\$2,458,000
Recycled Water Facilities					\$300,000
Other Contracts⁽⁵⁾				\$5,858,453	\$7,711,000
Total	\$125,941,000			\$24,891,957	\$130,661,000

Notes:

- (1) Total expenditures are through July 31, 2020.
- (2) EAC is based on the budget reconciliation completed for Q4 FY 19/20.
- (3) City costs include staff salaries and benefits, legal services, land acquisition, supplies and equipment, etc.
- (4) Includes total program management costs including public outreach and construction oversight/management.
- (5) Other Contracts includes previous consultants including MKN and Black & Veatch and current consultants including Far Western, ESA, Kestrel, GSI, Bartle Wells Associates, etc.

Section 2

KEY PERFORMANCE MEASURES

2.1 Performance Measures

A set of five (5) Key Performance Indicators (KPIs) were established to readily measure the progress of the Project. These KPIs represent various success factors associated with the WRF project management and delivery that were established by the Program Manager and City staff and are summarized as Table 4. The Project's performance is also illustrated graphically in Figures 1 and Figure 2.

Table 5 WRF Project Performance Measures

Performance Measure	Data	Baseline (Q4FY 18/19)	Current (Q3 FY 19/20)	Delta	Status	Ⓞ	Ⓢ	Ⓡ
1: Total Project Costs	Total Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$130.7 M	\$130.7 M	0.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.1: WRF Costs	On Site WRF Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$79.3 M	\$79.3 M	0.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.2: Conveyance Facilities Costs	Conveyance Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$32.3 M	\$32.3 M	0.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.3: Recycled Water Facilities Costs	Off Site Injection Facilities Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$5.8 M	\$5.8 M	0.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
1.4: General Project Costs	General Project Projected Cost at Completion versus the Baseline Budget (budget as of 06/30/20)	\$13.3 M	\$13.3 M	0.0%	Ⓞ	Estimated cost within 5% of target budget	Estimated cost > 5% above target budget	Estimated cost > 10% above target budget
2: Program Manager Earned Value	Ratio of Program Manager Earned Value to Actual Invoiced Cost-to-Date (as of 09/15/20)	1.00	0.95	-0.05	Ⓢ	>= 1.00	0.99 to 0.90	< 0.90
3: Schedule Performance Index ⁽¹⁾	Ratio of Planned Percent Complete to Actual Percent Complete (as of 09/15/20)	1.00	1.10	0.10	Ⓞ	>=1.00	0.99 to 0.80	<0.80
4: Conveyance Pipeline Installed	Feet of conveyance pipeline installed (thru 09/15/20)	18,500 LF	0.0 LF	0.0%	Ⓞ	<= 5%	> 5% and <=7.5%	> 7.5%
5: Compliance Date Countdown	Days Remaining to Compliance Date (as of 09/15/20)	891 days	730 days	161 days	Ⓡ	<= 365 days	364 days and 180 days	> 179 days

Section 3

PROJECT COSTS

3.1 Project Budget

The overall budget status for the Project is summarized in Table 6. The top half of the table provides a summary of total estimated Project costs, including original and current estimated costs for the entire Project. The bottom half of Table 5 shows the total amount of work currently under contract and provides a summary of total charges.

Table 6 WRF Project Overall Budget Status (thru July 2020)

Summary of Total WRF Project Cost	
Original Baseline WRF Project Budget ⁽¹⁾	\$125,941,000
Current Fiscal Year WRF Project Budget (as of 6/30/20) ⁽²⁾	\$130,661,000
Current WRF Project Budget (as of 06/30/20) ⁽³⁾	\$130,661,000
Budget Percent Change (Current versus Fiscal Year)	0.0%
Total Expenditures for July 2020	\$1,177,000
Total Expenditures to Date (thru 07/31/20 invoices)	\$24,892,000
Percent of Current WRF Project Budget Expended	19.1%
Summary of Contracted Work	
Total Contracted Amount	\$88,448,000
Percent of Current WRF Project Budget Contracted	67.7%
Total Contracted Amount Expended	\$21,815,000
Percent of Contracted Amount Expended	24.7%
Remaining WRF Project Contracted Amount	\$66,634,000

Notes:

- (1) Developed in June 2018.
- (2) The budget for the Project is reviewed on an annual basis at the end of each fiscal year (June 30th) and is used as the basis of performance for the Project for the upcoming fiscal year.
- (3) The Project budget is reconciled on a quarterly basis and compared to the current fiscal year budget (i.e., September 30th, December 31st, and March 31st)

3.2 Project Cash Flow

Figure 1 presents the projected and actual expenditures for the Project through June 2020 compared to the Fiscal Year 2020/2021 budget developed at the end of Q4 Fiscal Year 2019/2020. The line graph shows the cumulative values for the Project and the bars show the discrete monthly values. Actual and budgeted expenditures from 2013 to the end of Fiscal Year 2018/2019 have been combined to improve readability. Milestones have been added to the cumulative fiscal year budget and cumulative forecasted expenditures to show changes in the Project schedule that have occurred between development of the fiscal year budget from June 2019 and the current, reconciled budget developed at the end of June 2020. The milestone corresponds to the substantial completion of the WRF, which coincides with the City being in

compliance with the TSO issued by the Regional Water Quality Control Board (RWQCB) in June 2018. While the compliance with the TSO has been delayed several months due to consultation with the USFWS, completion of construction of the injection wells has been impacted more significantly due to property acquisition.

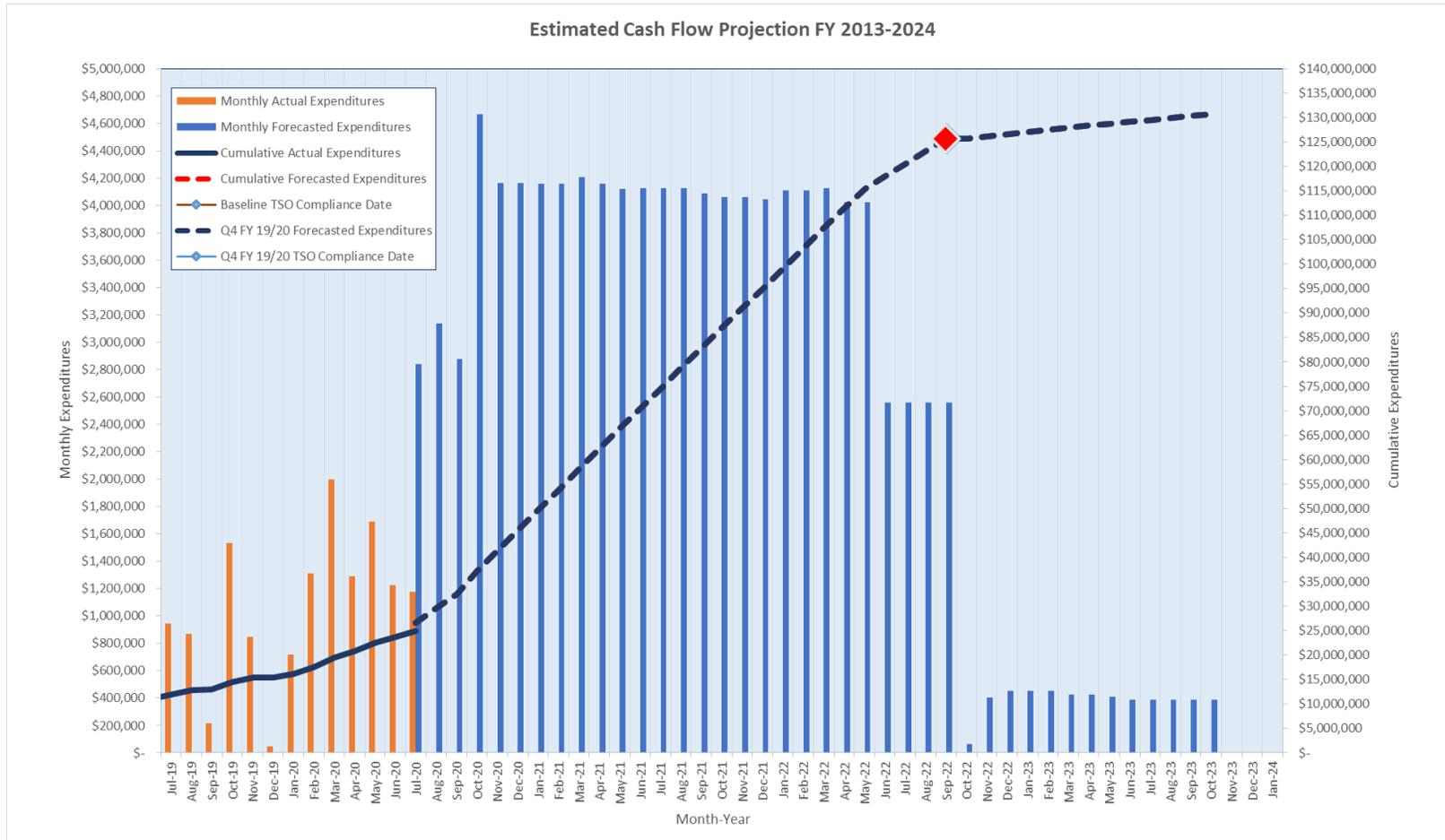


Figure 1 Project Cash Flow Projections and Actual Expenditures

Section 4

PROJECT SCHEDULE

A summary of the Project schedule is presented in Figure 2. The light blue bars for each major task represent the planned progress based on the baseline schedule. The dark blue bars represent the current actual progress through June 2020. For each major line item, the schedule performance index (SPI) has been provided as well as an overall SPI for the entire Project. The SPI is a ratio of the planned percent complete versus the current actual percent complete. A SPI of greater than 1.00 indicates that the Project is on or ahead of schedule and a SPI of less than 1.00 indicates the Project is running behind the planned schedule.

4.1 Project Milestones

In June 2018, the City received a TSO from the RWQCB. The TSO requires the City to comply with a time schedule that will, within five years of adoption, allow the City to achieve full compliance with biochemical oxygen demand (BOD) and total suspended solids (TSS) final effluent limitations established in Order No. R3-2017-0050. In addition to the final compliance date, a number of intermediate milestones are provided in Table 3 (Compliance Schedule) of the TSO. Presented in Table 7 are the milestones in the TSO.

Table 7 Project Construction Milestones

Required Actions	Compliance Due Date	Planned Compliance Date	Actual Compliance Date
Release of Public Draft EIR	March 30, 2018	-	March 30, 2018
Release of Updated Rate Study	June 30, 2018	-	July 05, 2018
Proposition 218 Hearing	August 30, 2018	-	September 11, 2018
Certification of Final EIR	June 30, 2018	-	August 14, 2018
Award of Contract for WRF	September 30, 2018	-	October 23, 2018
Develop, Implement, and Submit Pollution Prevention Plan (PPP) for BOD and TSS	December 01, 2018	TBD ⁽¹⁾	-
Award of Contract for Construction of Conveyance Facilities	November 30, 2019	September 22, 2020	-
Completion of WRF Improvements with Completion Report	December 30, 2022	September 15, 2022	-
Full compliance with final effluent limitations	February 29, 2023	September 15, 2022	-

Notes:

- (1) The City and Program Manager have noted this requirement in the previous quarterly progress reports sent to the RWQCB (as required by the TSO). The City has requested that the Enhanced Source Control Program (ESCP) required as part of the Title 22 Engineer's Report be considered acceptable for this requirement in lieu of the PPP identified in the TSO.

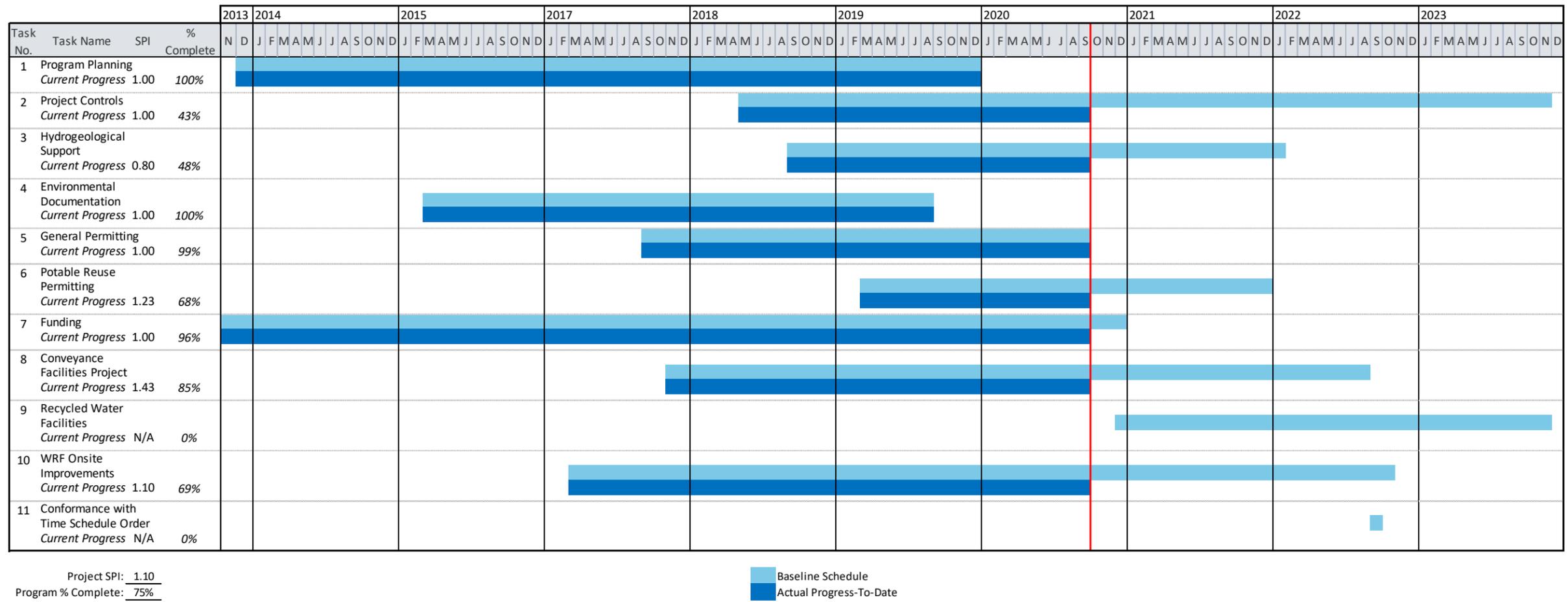


Figure 2 Project Milestone Summary

An expanded milestone schedule has also been developed for outstanding Project activities.

Table 8 Expanded Milestone Schedule

Milestone	Baseline Schedule Due Date	Planned/Actual Completion Date
<u>General Project</u>		
Compliance with the TSO ⁽¹⁾	November 11, 2021	September 15, 2022
<u>Water Reclamation Facility</u>		
Begin Construction	August 08, 2019	March 20, 2020 (Actual)
Deliver 90 Percent Design	October 24, 2019	March 31, 2020 (Actual)
Substantial Completion	November 11, 2021	September 15, 2022
Final Completion	June 09, 2022	November 10, 2022
<u>Conveyance Facilities</u>		
Deliver 90 Percent Design	October 15, 2019	February 10, 2020 (Actual)
Deliver 100 Percent Design	December 17, 2019	June 15, 2020 (Actual)
Bid Advertisement	February 21, 2020	June 16, 2020 (Actual)
Award Construction Contract	May 08, 2020	September 22, 2020
Substantial Completion	September 17, 2021	March 30, 2022
Final Completion	November 19, 2021	June 01, 2022
<u>Recycled Water Facilities</u>		
Select Preferred Injection Area	May 28, 2019	June 17, 2020 (Actual)
Deliver 30 Percent Design	August 04, 2020	January 06, 2022
Deliver 60 Percent Design	November 10, 2020	April 14, 2022
Deliver 90 Percent Design	February 16, 2021	July 21, 2022
Deliver 100 Percent Design	April 27, 2021	September 29, 2022
Award Construction Contract	July 21, 2021	December 23, 2022
Substantial Completion	April 21, 2022	October 26, 2023
Final Completion	June 21, 2022	December 21, 2023
Notes:		
(1) The TSO requires compliance with full secondary treatment by February 28, 2023		



AGENDA NO: A-6

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** September 14, 2020

FROM: Scot Graham, Community Development Director
Chris F. Neumeyer, City Attorney

SUBJECT: Issuance of Report on the Measures Taken to Alleviate Conditions Previously Identified and Leading to the Adoption of Urgency Ordinance No. 637 Approving a 45-day Moratorium on the Issuance of Short-Term Vacation Rental Permits

RECOMMENDATION

Staff recommends the City Council adopt Resolution No. 82-20 thereby issuing a Report of the City Council of the City of Morro Bay on measures taken to alleviate the conditions previously identified and leading to the adoption of a moratorium on the issuance of any new permit, license, approval, or entitlement for new short-term vacation rental (STR) operation within the City.

ALTERNATIVES

1. Do not pass Resolution No. 82-20 and thereby reject issuance of the 45-day moratorium report
2. Revise, add to, or otherwise alter the Report language

FISCAL IMPACT

The fiscal impact related to this item is limited to the cost of staff time spent preparing and publishing the report.

BACKGROUND/DISCUSSION

The City Council, on August 25, 2020, adopted Urgency Ordinance No. 637 implementing a 45-day moratorium on the issuance of any new permit, license, approval, or entitlements pertaining to a short-term vacation rental within the City of Morro Bay. The reasons provided for the desired Urgency Ordinance related both to the deficiencies found in the current STR ordinance with regard to public health, welfare and safety as it relates to the operation of STR's, as well as to reduce future complications in implementing the new draft ordinance (intended to address these issues) by preventing the introduction of any more potentially nonconforming uses that could defeat the purpose of the new draft ordinance.

Pursuant to Government Code Section 65858(d), no less than ten days prior to expiration of the initial 45 day moratorium, the Council shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of the urgency ordinance.

The Council directed staff to continue processing and developing the draft short-term vacation rental ordinance. City staff and community members have studied, and continue to study, appropriate modifications to the City's short-term vacation rentals regulations to reduce and mitigate negative secondary effects created by the number, location, and other impacts vacation rentals can cause. The

Prepared By: <u>SG</u>	Dept Review: <u>SG</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>CFN</u>

draft STR ordinance includes limitations on STR density, separation requirements and a limit on the total number of permits in residential zones.

The Office of City Manager, the City Attorney's Office and the Community Development Department of the City of Morro Bay, in conjunction with input, feedback and direction from a community committee of Morro Bay residents and business owners, have developed a draft short-term vacation rental ordinance which addresses concerns raised in the findings made by the City Council on August 25, 2020 that led to the adoption of Interim Urgency Ordinance No. 637.

The City's Planning Commission and Tourism Business Improvement District Advisory Board have both reviewed the draft ordinance and have provided suggested modifications to the ordinance to better protect public health, welfare and safety of all persons as it relates to the operation of short-term vacation rentals. The draft STR ordinance will come before the City Council for review on September 22, 2020 as a Public Hearing item.

Moratorium Process

The City Council on August 25, 2020 by a four-fifths vote adopted Urgency Ordinance No. 637 implementing a 45-day moratorium on the issuance of any new short-term vacation rental permits, licenses, approvals, or entitlements

In order to extend the 45-day moratorium the City Council must hold a noticed public hearing, and again by a four-fifths vote, the Council may then extend the moratorium for a period 10-months and 15-days. That Item is on this same agenda (September 22, 2020) as a Public Hearing item.

CONCLUSION/RECOMMENDATION

At least ten days before the expiration of the 45 day moratorium adopted by Council on August 25, 2020, the Council shall adopt a written report detailing the measures taken by the City to alleviate the conditions previously identified and leading to the adoption of the initial 45-day moratorium. Staff recommends approval of Resolution 82-20 approving and issuing the Report provided in Attachment A.

ATTACHMENT

1. Resolution No. 82-20, Council Report on Measures Taken to Alleviate Conditions Leading to the Moratorium

RESOLUTION NO. 82-20

**RESOLUTION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
ADOPTING A REPORT IDENTIFYING MEASURES TAKEN
TO ALLEVIATE THE CONDITIONS PREVIOUSLY IDENTIFIED
AND LEADING TO THE ADOPTION OF A MORATORIUM
ON THE ISSUANCE OF ANY NEW PERMIT, LICENSE,
APPROVAL, OR ENTITLEMENT PERTAINING TO
SHORT-TERM VACATION RENTALS WITHIN THE
CITY (ORDINANCE NO. 637), PURSUANT TO
GOVERNMENT CODE SECTION 65858**

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, On August 25, 2020, pursuant to Government Code § 65858, the City Council adopted Urgency Ordinance No. 637 implementing a 45-day moratorium on the issuance of any new short-term vacation rental permits, licenses, approvals, or entitlements; and

WHEREAS, Government Code § 65858(d) provides “Ten days prior to the expiration of that interim ordinance or any extension, the legislative body shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of the ordinance.”; and

NOW, THEREFORE, BE IT RESOLVED, by the City Council of the City of Morro Bay as follows:

SECTION 1. In adopting Ordinance No. 637, the City Council made certain findings concerning the necessity of the moratorium in order to protect the public health, safety and welfare, including as follows:

- A. The City of Morro Bay has adopted a General Plan, including strategies to invigorate the City’s prosperous community as well as its well-planned and designed community.
- B. Protection of public health, safety and welfare is fully articulated in the General Plan.
- C. State law requires the City’s zoning laws, found in Title 17 of the Morro Bay Municipal Code (“MBMC”), conform with the General Plan’s goals and policies.
- D. The City currently has a process for permitting vacation rentals in Chapter 5.74 of the MBMC.
- E. In December of 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19) was first identified in Wuhan City, Hubei Province, China.
- F. Since then, COVID-19 has and continues to spread globally. On March 3, 2020, Governor Newsom declared the existence of a state of emergency for the State of California; and on March 11, 2020, the Director-General for the World Health Organization declared that COVID-19 can be characterized as a “pandemic.” On March 13, 2020, the President of the

United States declared that the outbreak of COVID-19 in the United States constitutes a national emergency.

G. On March 14, 2020, the City's Director of Emergency Services declared a local emergency pursuant to Chapter 8.08 of the Morro Bay Municipal Code, finding that COVID-19 puts the safety of persons and property in Morro Bay in extreme peril. On March 19, 2020, the City Council adopted Resolution No. 23-20, ratifying the Director of Emergency Services' declaration of local emergency.

H. Since the City's declaration of emergency, California experienced an initial period of flattening of the curve, but subsequently infections have risen dramatically. As of the middle of August 2020, the United States has over 5 million confirmed cases with approximately 50,000 to 60,000 new cases daily, and over 170,000 people have died.

I. California has passed the 600,000 cases mark, with over 11,000 deaths, and between 5,000 and 7,000 new cases reported daily. Based on the contagiousness of the disease, some states have instituted quarantines and even check-points to reduce the likelihood of new outbreaks.

J. The City has approximately 250 permitted short-term vacation rentals. While travel and vacationing has decreased compared to previous years, short-term vacation rentals are still in use. Additionally, in the last couple of years, social media has increased exponentially the popularity and demand for short-term vacation rentals.

K. The City continues to grapple with the COVID-19 pandemic and the continuing threat of infection of its residents with a potentially deadly disease that has no vaccine. COVID-19 has an incubation period of up to 14 days, and researchers are finding that a number of people can carry the disease and be asymptomatic, but still pass it on to other individuals. Individuals who travel on vacation without the proper social distancing and adherence to health and safety measures can contribute to the spread of the disease.

L. City staff is bringing forward an updated ordinance, which is anticipated to, among other measures to provide for the public health, safety and welfare, include limitations on short-term vacation rental density, provide for separation requirements, and provide for a limit on the number of permits in residential zones only.

M. The City Council finds that allowing any proliferation of new permits under the current permit scheme (which among other limitations has no density limitations nor separation requirements), obtained in a rush to avoid being subject to the new ordinance, is a threat to the public health, safety and welfare, and could lead to potentially nonconforming land uses that could defeat the purpose and intent of a later adopted short-term vacation rental ordinance.

N. The City Council finds the MBMC's current provisions regarding vacation rentals must be fully reviewed to ensure the public health, welfare and safety of all persons are properly protected regarding the operation of short-term vacation rentals.

O. Based on the foregoing, it is urgent the City temporarily prohibit the issuance of new short-term vacation rentals permits to limit the proliferation of new vacation rental permits while it undertakes a review of its current vacation rental regulations in order to determine whether additional regulations are needed to ensure the public health, safety, and welfare remain protected.

SECTION 2. The City Council issues, consistent with the requirements of Government Code § 65858(d), the following written report describing measures taken to alleviate the condition which led to adoption of Interim Urgency Ordinance No. 637:

A. The findings in Section 1 above are affirmed as true and correct.

B. City staff and community members have studied, and continue to study, appropriate modifications to the City's short-term vacation rentals regulations to reduce and mitigate negative secondary effects created by the number, location, and other impacts vacation rentals can cause.

C. The Office of City Manager, the City Attorney's Office and the Community Development Department of the City of Morro Bay, in conjunction with input, feedback and direction from a community committee of Morro Bay residents and business owners, and consistent with the above referenced study and review, have developed a draft short-term vacation rental ordinance which addresses concerns raised in the findings made by the City Council on August 25, 2020 that led to the adoption of Interim Urgency Ordinance No. 637.

D. The draft short-term vacation rental ordinance has been reviewed by both the City of Morro Bay Planning Commission and the Tourism Business Improvement District (TBID) Advisory Board and each of those bodies has developed recommendations for revisions to the ordinance to better protect the public health, safety and welfare of all persons as it relates to the operation of short-term vacation rentals.

E. Review of the draft STR ordinance is scheduled for Council consideration and introduction at the City Council meeting of September 22, 2020.

PASSED AND ADOPTED by the City of Morro Bay City Council at a regular meeting thereof held on this 22nd day of September 2020 by the following vote:

AYES:

NOES:

ABSENT:

ABSTAIN:

JOHN HEADING, MAYOR

ATTEST:

DANA SWANSON, CITY CLERK

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**A PROCLAMATION OF THE CITY COUNCIL
OF THE CITY OF MORRO BAY, CALIFORNIA,
DECLARING SEPTEMBER 20 – SEPTEMBER 26, 2020 AS
THE 18TH ANNUAL SEA OTTER AWARENESS WEEK**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the sea otter is a symbol of wildness, an integral part of California’s natural ecosystem and serves as an indicator for the overall health of California’s nearshore marine environment; and

WHEREAS, disease from a variety of sources accounts for a significant amount of the mortality of California sea otters in a given year; and

WHEREAS, the survival of the sea otter remains dependent upon continued public support and increased understanding of sea otters as a keystone species; and

WHEREAS, awareness of the benefits of maintaining the health of the nearshore marine environment has raised public awareness in the sea otter; and

WHEREAS, increased human viewing and other interactions with sea otters can have a detrimental effect on sea otter health; and

WHEREAS, through educational outreach, guidance and monitoring of the sea otter in our waters from the Monterey Bay Aquarium, California Department of Fish and Wildlife, Friends of the Sea Otter, US Fish and Wildlife Service, California State Parks’ Sea Otter Experience, Sea Life Stewards and The Sea Otter Savvy program greater public awareness has been brought to the plight of the sea otter;

WHEREAS, the City of Morro Bay is grateful for those volunteers and scientists who give their time so freely in order to increase public awareness and understanding of sea otter importance and issues.

NOW, THEREFORE, BE IT RESOLVED, that the Morro Bay City Council does hereby proclaim September 20 – September 26, 2020 to be the 18th Annual “Sea Otter Awareness Week.”

IN WITNESS WHEREOF I have
hereunto set my hand and caused the
seal of the City of Morro Bay to be
affixed this 22nd day of September, 2020

John Headding, Mayor
City of Morro Bay, California

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**A PROCLAMATION OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA
DECLARING OCTOBER 4TH - 10TH, 2020 AS NATIONAL FIRE PREVENTION WEEK, AND
RECOGNIZING THE MORRO BAY FIRE DEPARTMENT'S PARTICIPATION IN SUPPORTING THE ALISA
ANN RUCH BURN FOUNDATION AND FIREFIGHTERS IN SCHOOL EDUCATION PROGRAM (FISE).**

**CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay, California is committed to ensuring the safety and security of all those living in and visiting Morro Bay; and

WHEREAS, fire is a serious public safety concern both locally and nationally, and homes are the locations where people are at greatest risk from fire; and

WHEREAS, home fires killed more than 2,630 people in the United States in 2017, according to the National Fire Protection Association, and fire departments in the United States responded to 357,000 home fires; and

WHEREAS, cooking is the leading cause of home fires in the United States where fire departments responded to more than 173,200 annually between 2013 and 2017; and

WHEREAS, two of every five home fires start in the kitchen with 31% of these fires resulting from unattended cooking; and

WHEREAS more than half of reported non-fatal home cooking fire injuries occurred when the victims tried to fight the fire themselves; and

WHEREAS, children under five face a higher risk of non-fire burns associated with cooking than being burned in a cooking fire

WHEREAS, Morro Bay residents should stay in the kitchen when frying food on the stovetop, keep a three-foot kid-free zone around cooking areas and keep anything that can catch fire away from stove tops; and

WHEREAS, residents who have planned and practiced a home fire escape plan are more prepared and will therefore be more likely to survive a fire; and

WHEREAS Morro Bay's first responders are dedicated to reducing the occurrence of home fires and home fire injuries through prevention and protection education; and

WHEREAS, the 2020 Fire Prevention Week theme, "Serve Up Fire Safety in the Kitchen!!" effectively serves to remind us to stay alert and use caution when cooking to reduce the risk of kitchen fires.

WHEREAS, the Morro Bay Fire Department will participate in partnership with the Alisa Ann Ruch Burn Foundation in the Firefighters In Safety Education (FISE) program at Del Mar Elementary educating over 500 children in fire safety and; cooking safety in the kitchen and

NOW, THEREFORE, the City Council of Morro Bay do hereby proclaim October 4-10, 2020, as Fire Prevention Week throughout this community and urge all the people of Morro Bay by checking their kitchens for fire hazards and using safe cooking practices during Fire Prevention Week 2020, and to support the many public safety activities and efforts of Morro Bay's fire and emergency services during Fire Prevention Week 2020.

IN WITNESS WHEREOF I have here unto set my hand and caused the seal of the City of Morro Bay to be affixed this 22nd day of September 2020

John Headding, Mayor
City of Morro Bay, California

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AGENDA NO: B-1

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor and City Council

DATE: September 17, 2020

FROM: Scot Graham, Community Development Director
Chris F. Neumeyer, City Attorney

SUBJECT: Adoption of Interim Urgency Ordinance No. 639 Extending a Moratorium on the Issuance of Short-Term Vacation Rental Permits within the City of Morro Bay for Ten Months and Fifteen Days.

RECOMMENDATION

Staff recommends the Council conduct the public hearing and then adopt Interim Urgency Ordinance No. 639, by number and title with further reading waived, entitled "An Interim Urgency Ordinance of the City Council of the City of Morro Bay, California, approving extension of a Citywide Moratorium on the Issuance of Any New Permit, License, Approval, or Entitlement Pertaining to a Short-Term Vacation Rental for an Additional Ten Months and Fifteen Days within the City of Morro Bay and Declaring the Urgency thereof and Establishing the Effective Date as October 8, 2020."

ALTERNATIVES

1. Do not adopt the extension of the short-term vacation rental permit moratorium
2. Provide further direction to staff

FISCAL IMPACT

The interim moratorium will likely temporarily result in fewer vacation rentals and a corresponding temporary drop in the transient occupancy tax received by the City.

BACKGROUND/DISCUSSION

On August 25, 2020, the City Council adopted Urgency Ordinance No. 637 implementing a 45-day moratorium wherein no permits, licenses, approvals or entitlements may be issued or application accepted for the operation of short-term vacation rentals ("STR") within the City of Morro Bay. **The moratorium does not impact the continuing operation of a STR by current holders of lawful STR permits. Rather, the moratorium is essentially on issuance of new STR permits.**

Government Code section 65858 provides the procedures for adoption of an interim urgency moratorium. "Without following the procedures otherwise required prior to the adoption of a zoning ordinance, the legislative body of a ...city, ...to protect the public safety, health, and welfare, may adopt as an urgency measure an interim ordinance **prohibiting any uses that may be in conflict with a contemplated ...zoning proposal that the legislative body, planning commission or the planning department is considering or studying or intends to study within a reasonable time.**" (Govt. Code § 65858(a).)

The City Council may extend the 45-day moratorium by ten months and fifteen days by adopting attached Interim Urgency Ordinance No. 639 by four-fifths vote. The urgency ordinance is necessary

Prepared By: <u>SG</u>	Dept Review: <u>SG</u>
City Manager Review: <u>SC</u>	City Attorney Review: <u>CFN</u>

to protect the public safety, health and welfare through extension of 45-day moratorium on the issuance of new vacation rental permits and allow for further consideration and study of regulations to protect the public safety, health and welfare. (Govt. Code § 65858(a).) While the adoption of the initial 45-day moratorium does not by statute require a public hearing, extension of the moratorium does require a public hearing, and Ordinance No. 639 has been noticed accordingly.

No less than ten days prior to expiration of the 45 day moratorium, the Council "shall issue a written report describing the measures taken to alleviate the condition which led to the adoption of the ordinance." (Govt. Code § 65858(d).) That written report is scheduled for issuance by City Council on September 22, 2020 as a consent item.

A draft short-term vacation rental ordinance has been developed by a community committee of Morro Bay residents and business owners working with City staff. The City's Planning Commission and Tourism Business Improvement District (TBID) Advisory Board have both reviewed the ordinance and have provided recommended revisions to better protect public safety, health and welfare as it relates to the operation of STR's. City staff is bringing forward for Council consideration an updated ordinance at the Council's September 22, 2020 meeting, which will include limitations on short-term vacation rental density, separation requirements, and a limit (in residential zones) on the number of STR permits. Staff concludes that allowing any further proliferation of new STR permits under the current permit scheme (which has no density limitations nor separation requirements) poses a threat to the public health, safety and welfare, and also could lead to nonconforming land uses that would defeat the purpose and intent of a later adopted short-term vacation rental ordinance. The MBMC's current provisions regarding vacation rentals must be fully reviewed to ensure the public health, welfare and safety of all persons are properly protected regarding the operation of short-term vacation rentals.

The proposed Interim Urgency Ordinance seeks to prohibit the issuance of any new short-term vacation rental permit until study of, and potential adoption of, the new ordinance which is anticipated to have distance buffers, density requirements, and consideration of local health, safety and welfare requirements for operation. Since March of 2020, the State of California has been under varying degrees of shut-downs and stay-at-home orders to limit the spread and impact of COVID-19, while tourists continue to visit and vacation in the City. And, over the last couple of years the popularity of short term vacation rentals has exponentially increased, thus bringing a much greater number of visitors to the City, warranting greater attention given current circumstances to buffers, density and health and safety requirements. The extension of the moratorium will continue to prevent the introduction of potentially nonconforming STR permits that could defeat the purposes of a later adopted vacation rental ordinance with stricter regulations than are now in existence.

CONCLUSION

The City is in the process of reviewing a draft short-term vacation rental ordinance, with adoption anticipated in October of 2020. Staff believes the City's current vacation rental ordinance does not include adequate health, safety and welfare measures to protect the public, especially distance buffers and density restrictions, especially when viewed in light of the ongoing COVID-19 pandemic and the ever increasing popularity of Morro Bay as a tourism destination. On August 25, 2020, Council adopted Interim Urgency Ordinance No. 637, implementing a 45-day short-term vacation rental permit moratorium. The 45-day moratorium is due to expire on October 8, 2020 and staff has prepared Ordinance No. 639, included as Attachment No. 1 to this staff report, which extends the moratorium on the issuance of new short-term vacation rental permits for a period of ten months and fifteen days from the date of October 8, 2020, with the ability to further extend the timeframe for a period of one year thereafter. Staff recommends adoption of Interim Urgency Ordinance No. 639.

ATTACHMENTS

1. Ordinance No. 639, 10 Month and 15-day Moratorium
2. Ordinance No. 637, 45-day Moratorium

Link(s)

1. August 25, 2020, City Council Staff report establishing 45-day Moratorium (Item B-1):
<http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5416>

INTERIM URGENCY ORDINANCE NO. 639

**AN INTERIM URGENCY ORDINANCE
OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING EXTENSION OF A CITYWIDE MORATORIUM ON THE
ISSUANCE OF ANY NEW PERMIT, LICENSE, APPROVAL, OR
ENTITLEMENT PERTAINING TO A SHORT-TERM VACATION RENTAL FOR
AN ADDITIONAL TEN MONTHS AND FIFTEEN DAYS WITHIN THE CITY OF
MORRO BAY AND DECLARING THE URGENCY THEREOF AND
ESTABLISHING THE EFFECTIVE DATE AS OCTOBER 8, 2020**

**THE CITY COUNCIL
City of Morro Bay, California**

THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. AUTHORITY AND EFFECT

A. The State Planning and Zoning Law (Cal. Gov't Code Sections 65000, et seq.) broadly empowers the City to plan for and regulate the use of land in order to provide for orderly development, the public health, safety and welfare, and a balancing of property rights and the desires of the community and how its citizens envision their city.

B. This Interim Urgency Ordinance is enacted pursuant to the authority conferred upon the City Council of the City of Morro Bay (the "City") by Government Code Section 65858 and shall be in full force and effect on October 8, 2020, upon its adoption by a four-fifths (4/5) vote of the City Council of the City of Morro Bay as if, and to the same extent that, such Ordinance had been adopted pursuant to each of the individual sections set forth herein.

SECTION 2. DEFINITIONS

The following definitions are applicable to this Interim Urgency Ordinance, unless the context clearly indicates otherwise:

A. "Permit" means a permit to operate a short-term vacation rental pursuant to Chapter 5.74 of the Morro Bay Municipal Code.

B. "Short-term vacation rental" has the same meaning as Section 5.47.030, and shall also include accessory dwelling units (Gov't Code § 65852.2) and junior accessory dwelling units (Gov't Code § 65852.22). "Rental" includes, but is not limited to, rental of the property for any form of monetary or non-monetary consideration, including but not limited to money, goods, or services, as well as in-kind exchanges of goods, services, or premises.

SECTION 3. BACKGROUND

A. On June 14, 2016, by a unanimous vote, the City Council adopted Ordinance No. 604, which effected a 45-day moratorium on the issuance of short-term vacation rentals permit beyond a cap of 250 citywide (the "2016 Moratorium").

B. On July 13, 2016, by a 4/5 vote, the City council adopted Ordinance No. 605, extending the 2016 Moratorium for an additional 22 months and 15 days. The moratorium expired in 2018.

C. On May 8, 2018, City Council adopted Ordinance 613 amending section 5.47.050 of the Morro Bay Municipal Code permanently implementing the 250 cap on the number of vacation rental permits that can be effective within the City on residentially zoned property at any one time.

D. Section 65858(f) of the Government Code provides that "...upon termination of a prior interim ordinance, the legislative body may adopt another interim ordinance pursuant to this section provided that the new interim ordinance is adopted to protect the public safety, health, and welfare from an event, occurrence, or set of circumstances different from the event, occurrence, or set of circumstances that led to the adoption of the prior interim ordinance."

E. The Interim Urgency Ordinance differs from the 2016 Moratorium. The 2016 Moratorium sought to cap the issuance of short-term vacation rental permits at 250. This Interim Urgency Ordinance prohibits the issuance of any new short-term vacation rental permits in anticipation of the study of and potential adoption of a new regulatory ordinance that, among other regulations for the public health, safety and welfare, provides for density limitations and separation requirements.

F. New facts and circumstances justify the Interim Urgency Ordinance including that in the last couple of years, the popularity of short term vacation rentals has exponentially increased, thus bringing a much greater number of visitors to the City. Since March of 2020, the State of California has been under varying degrees of shut-downs and stay-at-home orders to limit the spread and impact of COVID-19, as further articulated below, while visitors continue to come to the City for recreation and tourism.

G. Based on the foregoing, the City Council, on August 25, 2020, adopted urgency Ordinance No. 637 implementing a 45-day moratorium to prohibit the issuance of short-term vacation rental permits while the City develops and approves a new short-term vacation rental ordinance.

SECTION 4. CITY COUNCIL FINDINGS

A. The City of Morro Bay has adopted a General Plan, including strategies to invigorate the City's prosperous community as well as its well-planned and designed community.

B. Protection of public health, safety and welfare is fully articulated in the General Plan.

C. State law requires the City's zoning laws, found in Title 17 of the Morro Bay Municipal Code ("MBMC"), conform with the General Plan's goals and policies.

D. The City currently has a process for permitting vacation rentals in Chapter 5.74 of the MBMC.

E. In December of 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19) was first identified in Wuhan City, Hubei Province, China.

F. Since then, COVID-19 has and continues to spread globally. On March 3, 2020, Governor Newsom declared the existence of a state of emergency for the State of California; and on March 11, 2020, the Director-General for the World Health Organization declared that COVID-19 can be characterized as a “pandemic.” On March 13, 2020, the President of the United States declared that the outbreak of COVID-19 in the United States constitutes a national emergency.

G. On March 14, 2020, the City’s Director of Emergency Services declared a local emergency pursuant to Chapter 8.08 of the Morro Bay Municipal Code, finding that COVID-19 puts the safety of persons and property in Morro Bay in extreme peril. On March 19, 2020, the City Council adopted Resolution No. 23-20, ratifying the Director of Emergency Services’ declaration of local emergency.

H. Since the City’s declaration of emergency, California experienced an initial period of flattening of the curve, but subsequently infections have risen dramatically. As of the middle of August 2020, the United States has over 5 million confirmed cases with approximately 50,000 to 60,000 new cases daily, and over 170,000 people have died.

I. California has passed the 600,000 cases mark, with over 11,000 deaths, and between 5,000 and 7,000 new cases reported daily. Based on the contagiousness of the disease, some states have instituted quarantines and even check-points to reduce the likelihood of new outbreaks.

J. The City has approximately 250 permitted short-term vacation rentals. While travel and vacationing has decreased compared to previous years, short-term vacation rentals are still in use. Additionally, in the last couple of years, social media has increased exponentially the popularity and demand for short-term vacation rentals.

K. The City continues to grapple with the COVID-19 pandemic and the continuing threat of infection of its residents with a potentially deadly disease that has no vaccine. COVID-19 has an incubation period of up to 14 days, and researchers are finding that a number of people can carry the disease and be asymptomatic, but still pass it on to other individuals. Individuals who travel on vacation without the proper social distancing and adherence to health and safety measures can contribute to the spread of the disease.

L. City staff is bringing forward an updated ordinance, which is anticipated to, among other measures to provide for the public health, safety and welfare, include limitations on short-term vacation rental density, provide for separation requirements, and provide for a limit on the number of permits in residential zones only.

M. The City Council finds that allowing any proliferation of new permits under the current permit scheme (which among other limitations has no density limitations nor separation requirements), obtained in a rush to avoid being subject to the new ordinance, is a threat to the public health, safety and welfare, and could lead to potentially nonconforming land uses that could defeat the purpose and intent of a later adopted short-term vacation rental ordinance.

N. The City Council finds the MBMC’s current provisions regarding vacation rentals must be fully reviewed to ensure the public health, welfare and safety of all persons are properly protected regarding the operation of short-term vacation rentals.

O. Based on the foregoing, it is urgent the City temporarily prohibit the issuance of new short-term vacation rentals permits to limit the proliferation of new vacation rental permits

while it undertakes a review of its current vacation rental regulations in order to determine whether additional regulations are needed to ensure the public health, safety, and welfare remain protected.

SECTION 5. MORATORIUM

A. Based on the foregoing, the City Council finds and declares there is a current and immediate threat to the public health, safety or welfare and upon that basis has determined an extension of the moratorium adopted by Ordinance No. 637, pursuant to Government Code Section 65858, is warranted and shall take effect on October 8, 2020.

B. For a period of ten months and fifteen days after the date of October 8, 2020, no permits, licenses, approvals, or entitlements may be issued or applications accepted for the operation of any new short-term vacation rental within the City.

C. City staff is directed to continue studying appropriate modifications to the City's short-term vacation rentals regulations to reduce and mitigate negative secondary effects created by the number, location, and other impacts vacation rentals can cause.

D. This ordinance shall not preclude the operation of currently and validly permitted short-term vacation rentals in full compliance with Chapter 5.47 of the MBMC and all other laws.

E. This ordinance does not create or grant any vested rights to any person for the continued operation of any short-term vacation rental during the time of this ordinance (or an extension thereof), or after the adoption of updated regulations.

SECTION 6. The City Council finds this ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; rather it prevents changes in the environment pending the completion of the contemplated municipal code review.

SECTION 7. Based on the foregoing recitals, findings, and all facts of record stated before the City Council, the City Council finds and determines that the immediate preservation of the public health, safety and welfare requires that this ordinance be enacted as an urgency interim ordinance pursuant to California Government Code Section 65858(a).

SECTION 8. This ordinance is hereby declared to be an urgency measure and shall become effective immediately on October 8, 2020, pursuant to California Government Code Section 65858, upon adoption by at least a four-fifths (4/5) vote of the City Council, and it will extend for a period of ten months and fifteen days after that date, at which time it will automatically expire, unless extended by the City Council in accordance with the requirements and procedures provided for by California Government Code Section 65858.

SECTION 9. The City Clerk shall certify as to the passage and adoption of this ordinance, and the City Clerk shall cause the same to be posted in the manner required by law.

PASSED AND ADOPTED on the ____ day of _____, 2020, by the following vote:

AYES:
NOES:
ABSENT:

JOHN HEADDING, Mayor

ATTEST:

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)
CITY OF MORRO BAY)

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Interim Urgency Ordinance Number 639 was duly adopted by the City Council of the City of Morro Bay at a regular meeting of said Council on the ____ day of _____2020, and that it was so adopted by the following vote:

AYES:
NOES:
ABSENT:

City Clerk, Dana Swanson

INTERIM URGENCY ORDINANCE NO. 637

**AN INTERIM URGENCY ORDINANCE
OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA,
APPROVING A CITYWIDE 45-DAY MORATORIUM ON THE ISSUANCE OF
ANY NEW PERMIT, LICENSE, APPROVAL, OR ENTITLEMENT PERTAINING
TO A SHORT-TERM VACATION RENTAL WITHIN THE CITY OF MORRO BAY
AND DECLARING THE URGENCY THEREOF**

**THE CITY COUNCIL
City of Morro Bay, California**

THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES HEREBY ORDAIN AS
FOLLOWS:

SECTION 1. AUTHORITY AND EFFECT

A. The State Planning and Zoning Law (Cal. Gov't Code Sections 65000, et seq.) broadly empowers the City to plan for and regulate the use of land in order to provide for orderly development, the public health, safety and welfare, and a balancing of property rights and the desires of the community and how its citizens envision their city.

B. This Interim Urgency Ordinance is enacted pursuant to the authority conferred upon the City Council of the City of Morro Bay (the "City") by Government Code Section 65858 and shall be in full force and effect immediately upon its adoption by a four-fifths (4/5) vote of the City Council of the City of Morro Bay as if, and to the same extent that, such Ordinance had been adopted pursuant to each of the individual sections set forth herein.

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B. On July 13, 2016, by a 4/5 vote, the City council adopted Ordinance No. 605, extending the 2016 Moratorium for an additional 22 months and 15 days. The moratorium expired in 2018.

C. On May 8, 2018, City Council adopted Ordinance 613 amending section 5.47.050 of the Morro Bay Municipal Code permanently implementing the 250 cap on the number of vacation rental permits that can be effective within the City on residentially zoned property at any one time.

D. Section 65858(f) of the Government Code provides that "...upon termination of a prior interim ordinance, the legislative body may adopt another interim ordinance pursuant to this section provided that the new interim ordinance is adopted to protect the public safety, health, and welfare from an event, occurrence, or set of circumstances different from the event, occurrence, or set of circumstances that led to the adoption of the prior interim ordinance."

E. The Interim Urgency Ordinance differs from the 2016 Moratorium. The 2016 Moratorium sought to cap the issuance of short-term vacation rental permits at 250. This Interim Urgency Ordinance prohibits the issuance of any new short-term vacation rental permits in anticipation of the study of and potential adoption of a new regulatory ordinance that, among other regulations for the public health, safety and welfare, provides for density limitations and separation requirements.

F. New facts and circumstances justify the Interim Urgency Ordinance including that in the last couple of years, the popularity of short term vacation rentals has exponentially increased, thus bringing a much greater number of visitors to the City. Since March of 2020, the State of California has been under varying degrees of shut-downs and stay-at-home orders to limit the spread and impact of COVID-19, as further articulated below, while visitors continue to come to the City for recreation and tourism.

SECTION 4. CITY COUNCIL FINDINGS

A. The City of Morro Bay has adopted a General Plan, including strategies to invigorate the City's prosperous community as well as its well-planned and designed community.

B. Protection of public health, safety and welfare is fully articulated in the General Plan.

C. State law requires the City's zoning laws, found in Title 17 of the Morro Bay Municipal Code ("MBMC"), conform with the General Plan's goals and policies.

D. The City currently has a process for permitting vacation rentals in Chapter 5.74 of the MBMC.

E. In December of 2019, an outbreak of respiratory illness due to a novel coronavirus (a disease now known as COVID-19) was first identified in Wuhan City, Hubei Province, China.

F. Since then, COVID-19 has and continues to spread globally. On March 3, 2020, Governor Newsom declared the existence of a state of emergency for the State of California; and on March 11, 2020, the Director-General for the World Health Organization declared that COVID-19 can be characterized as a "pandemic." On March 13, 2020, the President of the United States declared that the outbreak of COVID-19 in the United States constitutes a national emergency.

G. On March 14, 2020, the City's Director of Emergency Services declared a local emergency pursuant to Chapter 8.08 of the Morro Bay Municipal Code, finding that COVID-19 puts the safety of persons and property in Morro Bay in extreme peril. On March 19, 2020, the

City Council adopted Resolution No. 23-20, ratifying the Director of Emergency Services' declaration of local emergency.

H. Since the City's declaration of emergency, California experienced an initial period of flattening of the curve, but subsequently infections have risen dramatically. As of the middle of August 2020, the United States has over 5 million confirmed cases with approximately 50,000 to 60,000 new cases daily, and over 170,000 people have died.

I. California has passed the 600,000 cases mark, with over 11,000 deaths, and between 5,000 and 7,000 new cases reported daily. Based on the contagiousness of the disease, some states have instituted quarantines and even check-points to reduce the likelihood of new outbreaks.

J. The City has approximately 250 permitted short-term vacation rentals. While travel and vacationing has decreased compared to previous years, short-term vacation rentals are still in use. Additionally, in the last couple of years, social media has increased exponentially the popularity and demand for short-term vacation rentals.

K. The City continues to grapple with the COVID-19 pandemic and the continuing threat of infection of its residents with a potentially deadly disease that has no vaccine. COVID-19 has an incubation period of up 14 days, and researchers are finding that a number of people can carry the disease and be asymptomatic, but still pass it on to other individuals. Individuals who travel on vacation without the proper social distancing and adherence to health and safety measures can contribute to the spread of the disease.

L. City staff is bringing forward an updated ordinance, which is anticipated to, among other measures to provide for the public health, safety and welfare, include limitations on short-term vacation rental density, provide for separation requirements, and provide for a limit on the number of permits in residential zones only.

M. The City Council finds that allowing any proliferation of new permits under the current permit scheme (which among other limitations has no density limitations nor separation requirements), obtained in a rush to avoid being subject to the new ordinance, is a threat to the public health, safety and welfare, and could lead to potentially nonconforming land uses that could defeat the purpose and intent of a later adopted short-term vacation rental ordinance.

N. The City Council finds the MBMC's current provisions regarding vacation rentals must be fully reviewed to ensure the public health, welfare and safety of all persons are properly protected regarding the operation of short-term vacation rentals.

O. Based on the foregoing, it is urgent the City temporarily prohibit the issuance of new short-term vacation rentals permits to limit the proliferation of new vacation rental permits while it undertakes a review of its current vacation rental regulations in order to determine whether additional regulations are needed to ensure the public health, safety, and welfare remain protected.

SECTION 5. MORATORIUM

A. Based on the foregoing, the City Council finds and declares there is a current and immediate threat to the public health, safety or welfare and upon that basis has determined an

urgency ordinance pursuant to Government Code Section 65858 is warranted and shall take effect immediately upon adoption by a four-fifths vote of the City Council.

B. For a period of 45 days after the date of August 25, 2020, no permits, licenses, approvals, or entitlements may be issued or applications accepted for the operation of any new short-term vacation rental within the City.

C. City staff is directed to study appropriate modifications to the City's short-term vacation rentals regulations to reduce and mitigate negative secondary effects created by the number, location, and other impacts vacation rentals can cause.

D. Pending the completion of such studies and the adoption of an ordinance to establish appropriate operational and zoning regulations and for the immediate preservation of the public health, safety, and welfare, it is necessary for this ordinance to take effect immediately. In the absence of immediate effectiveness, short-term vacation rental uses in the City may be in conflict with regulations or requirements established with respect thereto.

E. This ordinance shall not preclude the operation of currently and validly permitted short-term vacation rentals in full compliance with Chapter 5.47 of the MBMC and all other laws.

F. This ordinance does not create or grant any vested rights to any person for the continued operation of any short-term vacation rental during the time of this ordinance (or an extension thereof), or after the adoption of updated regulations.

SECTION 6. The City Council finds this ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment) and 15060(c)(3) (the activity is not a project as defined in Section 15378) of the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, because it has no potential for resulting in physical change to the environment, directly or indirectly; rather it prevents changes in the environment pending the completion of the contemplated municipal code review.

SECTION 7. Based on the foregoing recitals, findings, and all facts of record stated before the City Council, the City Council finds and determines that the immediate preservation of the public health, safety and welfare requires that this ordinance be enacted as an urgency interim ordinance pursuant to California Government Code Section 65858(a).

SECTION 8. This ordinance is hereby declared to be an urgency measure and shall become effective immediately on August 25, 2020, pursuant to California Government Code Section 65858, upon adoption by at least a four-fifths (4/5) vote of the City Council, and it will extend for a period of 45 days after that date, at which time it will automatically expire, unless extended by the City Council in accordance with the requirements and procedures provided for by California Government Code Section 65858.

SECTION 9. The City Clerk shall certify as to the passage and adoption of this ordinance, and the City Clerk shall cause the same to be posted in the manner required by law.

PASSED AND ADOPTED on the 25th day of August, 2020.



JOHN HEADDING, Mayor

ATTEST:



DANA SWANSON, City Clerk

APPROVED AS TO FORM:

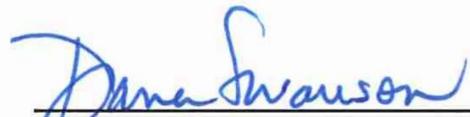


CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)
CITY OF MORRO BAY)

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Interim Urgency Ordinance Number 637 was duly adopted by the City Council of the City of Morro Bay at a regular meeting of said Council on the 25th day of August 2020, and that it was so adopted by the following vote:

AYES: Headding, Addis, Davis, Heller, McPherson
NOES: None
ABSENT: None



City Clerk, Dana Swanson

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AGENDA NO: B-2

MEETING DATE: September 22, 2020

Staff Report

TO: Honorable Mayor and City Council **DATE:** 09/16/2020

FROM: Scott Collins, City Manager
Scot Graham, Community Development Director

SUBJECT: Introduction and First Reading of Ordinance 640; Amendments to Morro Bay Municipal Code, Repealing Chapter 5.47 (Short-Term Vacation Rental Permit) and Adding Chapter 17.41 (Short-Term Vacation Rentals) so as to Provide Regulations to Protect the Quality and Character of our Residential Neighborhoods Through Application of Density Limitations, Expanded Permit Requirements and Operational Requirements

RECOMMENDATION

Council introduce for first reading by number and title only, with further reading waived, Ordinance No. 640, Repealing Chapter 5.47 (Short-Term Vacation Rental Permit) of Title 5 (Business Tax Certificates and Regulations) and adding Chapter 17.41 (Short-Term Vacation Rentals) of Title 17 (Zoning) of the Morro Bay Municipal Code relating to the permitting and operation of short-term vacation rentals.

ALTERNATIVES

1. Reject the short-term vacation rental ordinance
2. Revise, add to, or otherwise alter the Ordinance language

FISCAL IMPACT

As proposed, the ordinance would reduce the number of licensed short-term vacation rentals in the City, thereby reducing the amount of transient occupancy tax received for such rentals.

BACKGROUND

Current Status of Short-term Vacation Rentals in Morro Bay

At this time, the City has issued 250 short-term vacation rental (STR) permits in residential zones, per the City's Municipal Code cap on STRs. The City has permitted an additional 13 STRs in commercial zones. There is no cap on commercially zoned STRs. There are 110 applications for STR permits on the waiting list. Community members have expressed concern that the true number of active STRs is much higher than the cap, based upon observations in their neighborhoods and reviewing the multiple number of hosting websites that advertise STRs in Morro Bay.

With that community concern in mind, the City felt it was critical to get an accurate count of STRs and address illegal activity. The City contracted with Host Compliance to perform audits of STR activity in

Prepared By: SG Dept Review: SG
City Manager Review: SC City Attorney Review: CFN

Morro Bay beginning in late 2019. This on-going service, paid for through annual fees assessed on permitted STRs, scours STR hosting websites, like AirBnB, identifying active STRs and comparing those against the City's list of permitted STRs. The City issues written warnings to homes that are active on these hosting sites that do not possess STR permits. If STR activity does not cease, code enforcement action is pursued by the City. According to most recent Host Compliance data, there are currently 211 STRs in Morro Bay actively advertising online. Of those 211 active STRs, 140 have STR permits with the City, 36 are under review, and 35 are non-compliant (meaning they do not have an STR permit). These numbers do fluctuate a bit, but it is typical since the City launched Host Compliance to see less than 250 STRs active in Morro Bay. The active number of STRs was closer to 240 when the City first launched the Host Compliance program.

In a typical, non-COVID-19 year, the City receives about \$600,000 in Transient Occupancy Tax (TOT) revenue from STR operations. That equates to 17% of the total TOT generated in the City. TOT revenue makes up 24% of the City's total General Fund, which funds police and fire operations, parks maintenance, trash and restroom maintenance, code enforcement, administration, and other services.

Prior to the City enacting the 45-day STR moratorium on August 25, 2020, as existing STR permits were relinquished, residents on the STR waiting list could proceed forward with STR permits, subject to Chapter 5.47. The City typically sees about 20 STR permits phase out each year. New permits have been added in residential areas, but never exceeding the 250 cap. City Council, on August 25, 2020, adopted Urgency Ordinance 637 implementing a 45-day moratorium on the issuance of permits for new STR's. Council will undertake review of the moratorium and consideration of possible extension, for ten months and fifteen days, at this same meeting (September 22, 2020).

Brief Short-term Vacation Rental Policy History

The City of Morro Bay originally established a cap on STRs at 250 in residential zones via an urgency ordinance in June 2016. The ordinance was renewed in May 2018 (Morro Bay Municipal Code Chapter 5.47), with the City committing to creating a longer-term ordinance following completion of the General Plan and Local Coastal Program (GP/LCP) update. The Council formed a sub-committee at that time for community outreach and engagement on this important issue. Several town hall meetings were held, and the Planning Commission reviewed different options for a new STR ordinance in May 2018.

Formation of a Community Committee

As the City has experienced delays in processing the GP/LCP update, the City Council directed staff to move the STR ordinance review ahead of the GP/LCP process in the fall of 2019. The City then formed a community committee of Morro Bay residents/business owners to develop recommendations for a new STR ordinance that considered key issues raised by community members during town hall discussions and surveys on the topic. In many cases those community concerns conflicted with each other. Many residents are concerned about the number of STRs and density, and their impact on neighborhoods and quality of life. Others have expressed the view that STRs represent a way to make a living for the owners (or afford to live in Morro Bay), provide Coastal access and accommodations, and support the local economy, jobs and City services.

Hovering above the community discussion, is the fact that the California Coastal Commission must review and approve any substantive changes to STR policy, as it is deemed an important coastal accommodation. The Coastal Commission has been more likely to approve STR policies in communities that have gone through a robust community/stakeholder process to find compromise on issues of disagreement.

Therefore, the committee was charged with developing policy recommendations that balance all of the

important community considerations surrounding neighborhood character, quality of life, affordable housing, economics, provision of visitor accommodations, City revenues and community safety.

With that goal in mind, the City selected a diverse group of community members to serve on the committee, a group that represented the various perspectives on short term vacation rental policy. The City selected 8 community members (and 3 alternates) that created balance between those perspectives, with the following makeup:

- three owners/operators of short-term vacation rentals;
- three community members concerned about the number of STRs in town and their negative impacts on neighborhood character, public safety, and affordable housing;
- one hotelier; and
- one Planning Commissioner.
- one alternate for each of the categories of representatives (with exception of the Planning Commissioner) was also selected to assist in the process in case one of the lead members was unable to attend a meeting.

Goals of the Community Committee

The committee began their work in late October 2019. Their first order of business was establishing goals and values to drive their effort. According to the committee, the draft ordinance that they help develop through the process shall:

1. Be enforceable;
2. Include funds to ensure that it is enforced;
3. Include broad public input;
4. Achieve balance across the various stakeholders in the community;
5. Establish requirements to ensure the safety and wellbeing of residential neighborhoods, as well as the maintenance of a neighborhood's character;
6. Establish requirements that provide for reasonable property rights for all stakeholders;
7. Assist in ensuring economic sustainability and tourism for the City, from both a public and private perspective;
8. Be compatible with the City's zoning code and zoning designations;
9. Be based on data and "best practices";
10. Consider housing affordability during ordinance development; and
11. Be reviewed one year following enactment to determine results and possible changes.

The Committee agreed to approach the discussion with an open mind and the intent to try to achieve consensus in as many areas of discussion as possible.

Community Committee Process

Over the span of five months (October – February), the committee met 12 times to discuss various aspects of the short-term vacation rental ordinance. The committee was facilitated by the Council sub-committee (Mayor John Headding and Councilmember Marlys McPherson) and staffed by City Manager Scott Collins, with assistance from Community Development Director Scot Graham. The committee reviewed input from the community survey (see Attachment 2) and town halls, the existing City STR ordinance, proposed changes by the Planning Commission from 2018, as well as STR ordinances from other cities and counties. They also reviewed materials from a variety of perspectives on the vacation rental industry.

As the City of Morro Bay is in the Coastal Zone, any change to the STR ordinance requires Coastal

Commission approval. So, the committee also reviewed a summary of STR ordinances recently approved by the California Coastal Commission to understand the elements that were important to the Commission. A worksheet comparing vacation rental policies from various jurisdictions in the County and the City of Santa Cruz is provided as Attachment 3 to the staff report.

The committee took up their work in methodical fashion, developing their recommendations aspect by aspect. For each aspect, they reviewed relevant material and engaged in discussion. Following discussion, they formed recommendations through a consensus process for most areas of the ordinance. However, there were several important areas of exception where voting was necessary to come to a decision (those areas are discussed below). It is important to note only committee members, and not the staff and Mayor and Councilmember, created the recommendations. The committee members alone participated in the consensus and voting process.

The committee completed its work in February 2020 and requested that the City Attorney convert their policy recommendations into a draft ordinance. That conversion effort was delayed due to COVID-19. The City Attorney shared the draft ordinance with the committee in late June 2020. The Committee provided input and suggested edits to the draft ordinance, which has now been finalized (see Attachment1).

Community Committee Recommendations – Draft STR Ordinance

Areas of Committee Consensus on Draft STR Ordinance

The committee developed consensus on many important aspects of the STR policy. Below is a summary of the draft ordinance sections where consensus was achieved by the committee.

Purpose/Goals/Definitions (Preamble, 17.41.010, 17.41.020)

The committee was instrumental in developing the purpose and goals of the new ordinance. That language can be found in the preamble section of the draft ordinance and section 17.41.010 “Purpose”.

In short, the group carried forward the goals into the ordinance that they developed during the start of their process. The definitions section (17.41.020) was strengthened by the review of the committee, to ensure terms are clear and consistent throughout the ordinance. An important definition worth identifying here is the difference between “home-sharing rental” and full-home rental.” Home-sharing STRs refer to homes where only a portion of the home is rented and the host remains on site throughout the guest(s) stay. Full-home STRs means the guest(s) enjoys exclusive private use of the home. The committee felt that home-sharing may address potential neighborhood impacts (noise, parking, excessive number of guests, etc.) more effectively than full-home rentals, as guests are more likely to follow the rules with the host on site.

17.41.030 Short-term Vacation Rentals – General

The committee agreed on virtually all components of this section, with exception of 17.41.030.B which prohibits the transferability of permits (discussed further down in this report). This section of the draft ordinance:

- Outlines what types of dwellings and in what zones properties can be permitted for STR use;
- Requires that information on permitted STRs be made public, that contact information for each STR permit is easily accessible;
- Requires that STRs must collect and transmit to the proper agencies transient occupancy tax (TOT), Tourism Business Improvement District and Visit SLOCAL assessments;
- Prohibits STRs from being operated in designated affordable housing units or out of mobile home parks;
- Authorizes City Council to develop additional regulations related to STRs as needed, to include topics like training for STR permittees, guidelines for brochures, and additional reporting

requirements. This section provides added flexibility to address issues as they arise over time; and

- Finally, the section also requires that STRs must contribute a minimum of \$500 in TOT annually to maintain a valid permit (it takes about 10 to 15 rental days on average to achieve that minimum).

17.41.060 Permit Application and Renewal

This section outlines the permit process, both for new applicants and renewals. It includes standard information for a business operation in Morro Bay. The committee felt strongly about including inspections as part of the application process to ensure STRs are safe for habitation. This section also includes permit fees that will be developed via City Council resolution. The committee was clear in their deliberations that fees must be set at sufficient level (\$500 - \$750 annually) to cover the full costs of administration, inspections, Host Compliance audits, and dedicated code enforcement staffing. The group believes that home share should pay a smaller annual fee compared to full home share.

17.41.070 Permit Denial, Suspension, and Revocation

This section outlines the process for denying, suspending and revoking STR permits. The committee felt it was important to have a clear process and guidelines for addressing illegal and irresponsible STR operations.

17.41.080 Appeal

This section outlines the appeal process for City decisions on denying, suspending or revoking STR permits.

17.41.090 Operational Requirements

This section includes critical components related to STR impacts on the quality of life of neighbors. This section:

- Requires a local contact person for each STR, to be available 24/7 to respond to complaints, and initiate corrective action within one hour of being notified;
- Requires that STR guests abide by the City's noise ordinance (reduced noise between 7pm-7am);
- Requires that STR guests acknowledge the rules and do not violate provisions of this ordinance as well as provisions of the code or any state law;
- Requires that STR operators provide guests with good neighbor brochure and information related to the local contact person, the City's hotline number, and the STR house rules;
- Limits parking to onsite parking on the STR property only (no on-street parking);
- Limits STR occupancy to 2 guests per bedroom, plus 2 more (children under the age of 3 do not count toward the maximum number of guests);
- Requires that STR primary renter must be 21 or older;
- Requires that STR operators must post their permit in a prominent location within the rental and post a visible sign with the STR permit number and 24-hour contact information; and
- Requires that STR's are subject to solid waste management requirements to not leave their trash/recycling/green waste containers curbside earlier than the pickup day or any later than one day after pickup, and use concierge trash service, if necessary.

17.41.100 Advertising

This short section requires that STR operators must include their City permit number when advertising

their STR online. It further reinforces the fact that it is illegal to advertise an unpermitted STR.

17.41.110 Penalty and Enforcement

This section outlines the mechanism the City can use to penalize illegal and irresponsible STR operations. There is built in flexibility to address flagrant violations or repeat violations. Council will adopt fines related to violations via Council resolution, according to the draft ordinance. The committee believes it is imperative to set steep fines to disincentivize illegal STRs or irresponsible behavior in permitted STRs. According to the committee, the fine structure must be set higher than the cost of doing business for irresponsible/illegal STRs.

Areas of Committee Disagreement on Draft Ordinance, which Required Votes

While the committee found consensus on most issues, they required a vote on the following important matters:

Transferability of permits (17.41.030B)

The committee, by a vote of 6 – 2, voted that STR permits are non-transferable and are unique to the specific property and property owner. In essence, STR permits do not transfer with the sale of a property, and that they also cannot be passed from one family member to another. Some members felt that permits should be transferable in certain scenarios, though the predominant vote was to provide no exemptions to this rule.

Currently, STR permits are transferable upon sale of a home that currently poses an STR permit. The committee by in large felt that the permit is not an entitlement. Further, by eliminating this transferability it provides opportunities for other Morro Bay homeowners to receive an STR permit as homes with STR permits are sold and permits are relinquished. The key issue of contention for the committee was the ability for family members (parents) to transfer an existing STR permit to another family member as part of inheritance. While certainly understanding the sentiment of passing an investment on to the next generation, the majority voted that this transferability should not be granted as part of the new STR ordinance.

Total number (cap) of STRs (17.41.040A)

The committee, by a vote of 5-3, voted there should be no cap on STRs in commercial zones. With regard to cap on STRs in residential zones, four members of the committee voted to retain the existing cap of 250 STRs in residential zones, while three members voted for a cap of 120, and one member voted for a cap of 150. 250 was placed in the draft STR ordinance as it received the highest number of votes, though it did not achieve a majority. Several members expressed that 250 is too many STRs for a community of Morro Bay's population, which aligns with the sentiment expressed in the community survey results.

One key area of discussion among the committee was the “use it or lose it” concept for STRs. Historically, there have been on average 50 or more STRs that reported minimal to no Transient Occupancy Tax (TOT) to the City. Many of those underutilized STRs phased out and relinquished their permits, but others retained their permits despite little use. The group deduced from the data that the total number of consistent residential STR operators is likely between 175 to 200. Thus, some argued that the cap could be ratcheted down to a lower number right now, by eliminating those that aren't using their license. Other committee members felt that the cap could be reduced within a year after the new ordinance goes into effect. After a year, they argued, the City would have a better idea of the real number of consistent STR operations. Ultimately, the group did not reach consensus on this item.

With regard to commercial zones, some members expressed that Morro Bay commercial zones take on a residential/neighborhood characteristic with single family homes mixed in with commercial activity.

Under this premise, they felt that STRs could be disruptive to residents in these mixed areas just as STRs are disruptive to neighbors in residential zones. Thus, they argued, commercial and residential should be mixed together in terms of the overall cap on STRs. However, the majority disagreed, arguing that hotels are located in these same commercial zones. They felt that residents in those mixed areas are accustomed to commercial activity. At present, there are 13 STRs permitted in the commercial zones.

Density of STRs (17.41.040B – 17.41.040D)

The Committee, by a vote of 5-3, voted to require buffers between permitted STRs along the following lines (17.41.040D):

“Single family dwelling short-term vacation rentals in residential zones must be separated by no fewer than three lots without short-term vacation rentals. A single family dwelling short-term vacation rental may not abut another such short-term vacation rental in front, behind, or kitty corner from each other, including across a street or alley. This limitation applies whether the single family dwelling is used as a full-home rental or a home-share rental. Abutting or intervening lots with multi-family dwellings are also subject to this spacing limitation.”

The goal of this section of the ordinance is finding balance between neighborhood compatibility/quality of life for residents and providing sufficient opportunity for short-term vacation rentals in the City. It was a hard discussion as it touches upon this core tension so directly. Several members of the committee felt that there should be greater spacing between homes than what is outlined above, so as to lessen the overall density of STRs in impacted areas (such as the Beach Track). Those impacted areas do have a high percentage of STRs, with many blocks containing multiple active STRs. That means more people coming and going, parking and noise issues, and sense of loss of neighborhood character and cohesiveness. In essence, greater density of STRs creates quality of life issues, according to this perspective, for home owners, long-term renters and neighborhoods in those impacted areas.

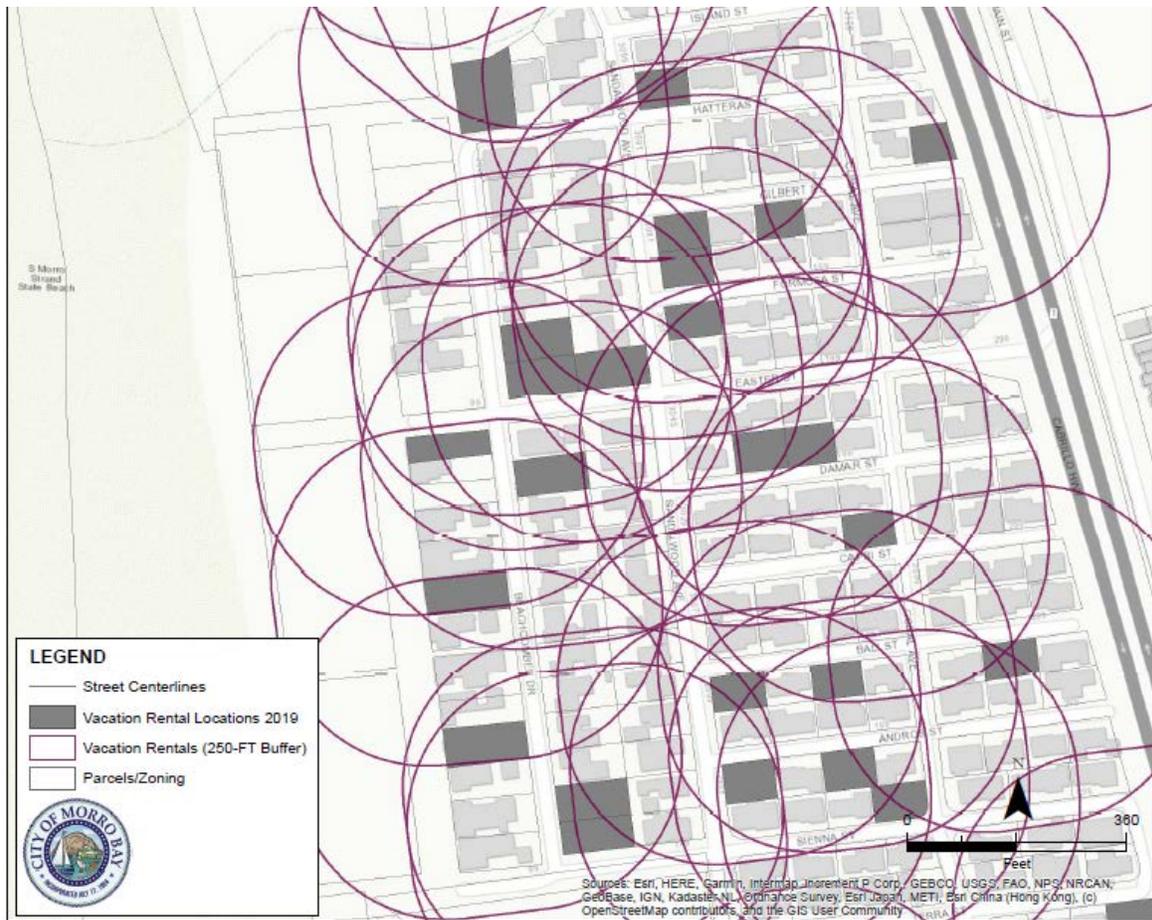
The committee reviewed several alternatives before voting on this approach to density. The discussion began with a look at previously discussed models. That model is defined as setting buffers between STRs from the exterior property line and drawing a radius of a certain distance. The Planning Commission considered 200 and 250 foot buffers during their discussion in 2018. At that time, they believed 250-foot buffers would create ample space between STRs and recommended using that methodology in a new ordinance.

The committee began with that model for discussion. The City generated an interactive online GIS map with STR permitted homes and overlaid with different buffer scenarios. ***The STR GIS buffer model can be found at the following link:*** <http://arcg.is/1jajmL>

This GIS tool was incredibly helpful in not only demonstrating existing density issues, but showing how different density control methodologies would impact existing STRs.

The map demonstrated some issues with using a generic radius buffer. For one, Morro Bay neighborhoods differ dramatically across town. Some have very narrow streets and smaller plots, while others have wider streets and lots. Thus, a one size fits all approach could have drastically different outcomes regarding STRs concentration from one neighborhood to the next.

Below is a map of a portion of the Beach Tract area overlaid with permitted STRs (data from late 2019). On this map, there are 44 permitted STRs.



Using 200-foot buffer on that same Beach Tract section (see figure below) , there is a small reduction in the number of conflicts between existing STRs. When analyzing the Beach Track area, out of the 44 STRs, potentially 24 - 27 would be eliminated due to conflicts. When looking at the entire City, out of the 250 permitted STRs, there would potentially be 70 – 80+ STR permits eliminated. Of course, it is all dependent upon the lottery system used (if employed). Addressing all of those conflicts would require a complex lottery process.



Based on this analysis above, the group then looked at what would happen using a different method altogether. Instead of using buffers set at a certain distance, the group looked at using a set number of properties between STRs as a way to reduce density. This would have a similar effect of reducing the number of instances where homes are surrounded by STRs, without eliminating a significant number of STRs in the process. It is important to note that, in theory, there could be the potential if STRs are aligned just so in a neighborhood that a home could be in close proximity to several STRs (not on all sides of the property line, but close nonetheless). However, there are no circumstances with existing permitted STRs where that would take place. According to review of the same Beach track area and utilizing the proposed methodology would eliminate 14 – 16 STRs, and would eliminate 40 – 50 STRs citywide (see figure below).



Summary of Options Noted Above.

STR Density Reduction Options (Residential, non-Commercial zones)		
Method	Number of Eliminated STRs (Beach Track)	Number of Eliminated STRs (Citywide)
250-foot buffer	25 – 30+	80 – 100+
200-foot buffer	24 – 27	70 – 80+
100-foot buffer	17 – 23	50 – 60
50-foot buffer	11 – 14	30 – 40
Committee's Recommended Method	14 – 16	40 – 50

Grandfathering non-conforming STRs (17.41.050)

The committee did not reach consensus on how to phase out non-conforming STRs. The draft ordinance stipulates the following with regard to non-conforming STRs:

“Short-term vacation rentals must comply with all the requirements of this Ordinance, provided that the density limitations shall not apply to existing and validly permitted short-term rentals for three years after the effective date of this Ordinance. If the need arises, short-term vacation rentals permitted at the time of this Ordinance's effective date shall be brought into compliance with the density limitations pursuant to a lottery system that shall be promulgated in the implementing regulations. Any short-term vacation rentals that will not be able to maintain a permit following the lottery procedure will have one year from the date of expiration of their permit following the conclusion of the lottery.”

In short, the draft ordinance provides three years for non-conforming STRs to phase out, before a lottery system would be used if needed. The main issue of non-conformance would be related to the density consideration. As noted above, approximately 40 - 50 existing STRs could be phased out due to density conflicts with neighboring STRs (based upon the committee's recommended density methodology). Following the lottery, the permittee(s) who lose their permit in that process has one year before their permit ends and they must cease all STR activity. We call this the 3 + 1 model for simplicity sake.

Three committee members voted for the draft ordinance option (3 + 1), one member voted for an additional year to come into compliance (4 + 1), whereas two voted for one less year to come into compliance (2 + 1), one voted for 18 total months to come into compliance, and one member voted that all existing STRs should be fully grandfathered in regardless of non-conformance. As expressed by the votes, some felt that the City should use less time phasing out non-compliant STRs. Others felt more time is required to phase out non-conforming STRs, as those owners may have invested significant money into their rentals and losing their permit would represent a loss of income to support those investments and their livelihood.

Accessory Dwelling Units (17.41.050C)

By a vote of 5 – 3, the committee voted to allow those accessory dwelling units that currently have STR permits to retain their permits, and prohibit STRs for any other accessory dwelling units moving forward.

Several members felt that ADU's should not be used as STR's, even those that already have permits. The main consideration with ADUs is that they are considered by many as “affordable housing.” More folks are building ADUs statewide to address the on-going housing shortage/crisis in California. Thus, several members of the committee argue, this new inventory of housing should be barred from short-term rentals as they remove a supply of more affordable long-term housing in the City.

The issue is largely moot at this point, given recent changes at the state level regarding ADUs. According to California Assembly Bill (AB) 68, which went into effect in January 2020, ADUs developed under Gov. Code Section 65852.2(e)(4) shall be rented for terms longer than 30-days. At present, there are eleven ADU's rented as STR's.

Planning Commission Review and Recommendation

The Planning Commission reviewed the STR ordinance on August 18th and September 1st of 2020. The Planning Commission staff reports for both meetings can be found at the following links:

- <http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5412>
- <http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5423>

The Planning Commission made the following recommendations for changes to the Draft STR ordinance:

1. Revise the second to last WHEREAS in the ordinance to add “quality” as shown below

*WHEREAS, while the City Council recognizes that short-term vacation rentals can be conducted in harmony with surrounding uses, those activities must be regulated to ensure that these activities do not threaten the residential **quality and** character of the neighborhoods where they are operating, or otherwise harm the public health, safety, or general welfare.*

2. Allow unlimited home share/hosted short-term vacation rentals and don't count them against the cap. Section 17.41.040.A would need to be revised to clarify home share short-term vacation rentals are not included in the cap.
3. Reduce cap number for short-term rentals from 250 to 175. Section 17.41.040.A would need to be revised to change the cap number from 250 to 175.
4. Allow guest houses to be used as home share STR's. Section 17.41.030 could be revised to include this allowance adding a new subsection “M”.
5. Don't allow apartments as STR's in residential zones. Apartment in residential zones with valid STR licenses shall term out in 3 years from effective date of ordinance, same as ADU's (Section 17.41.050.C). Apartments in commercial and mixed use zones can be used as STR's, subject to same policy for multifamily restriction noted in section 17.41.040.C for multifamily zones. Section 17.41.050.C could be altered to include reference to phase out of existing apartments in residential zones that are currently licensed as STR's. Section 17.41.040.C could be revised to include specific reference for the allowance of apartments, in commercial and mixed use zones, to be used as STR's.
6. Add prohibition for wood burning fire pits. This item could be added to section 17.41.090 (Operational Requirements) under a new subsection “M”
7. Cap maximum occupancy of STR's at 10 people over the age of 3 in addition to the current policy limit of 2 individuals per bedroom, plus two noted in section 17.41.090.G. Section 17.41.090.G could be revised to include this additional restriction.
8. Revise sign requirements such that sign is required to be clearly visible and **legible** from the street or right of way. Section 17.41.090.K could be revised to make this clarification.
9. Revise the linear separation requirement between STR's noted in section 17.41.040.D to add 175 feet as the minimum acceptable linear separation. See revised language below:

*Single family dwelling short-term vacation rentals in residential zones must be separated by no fewer than three lots **or 175 feet, whichever is greater**, without short-term vacation rentals.*

The Planning Commission spent a significant amount of time discussing the different methods of separation for STR's. The Commission looked at the impact of using straight buffers starting at 50 feet going all the way up to 250 feet. The Commission also looked at modifying the proposed policy to remove the requirement to separate STR's by three lots on either side, instead looking at specific linear distances of 150 or 175 feet. Staff provided examples of the suggested linear distance method applied to four neighborhoods in Morro Bay. Maps for the Beach Tract and east side of Highway 1 at San Jacinto are provided below. The other two maps can be seen in the Planning Commission staff report from September 1, 2020 (see link at bottom of the staff report). Each location is shown with both the method proposed in the draft ordinance and the Planning Commission suggested linear measurement method.

Beach Tract Comparison at 150' linear feet



Vacation Rental Comparison

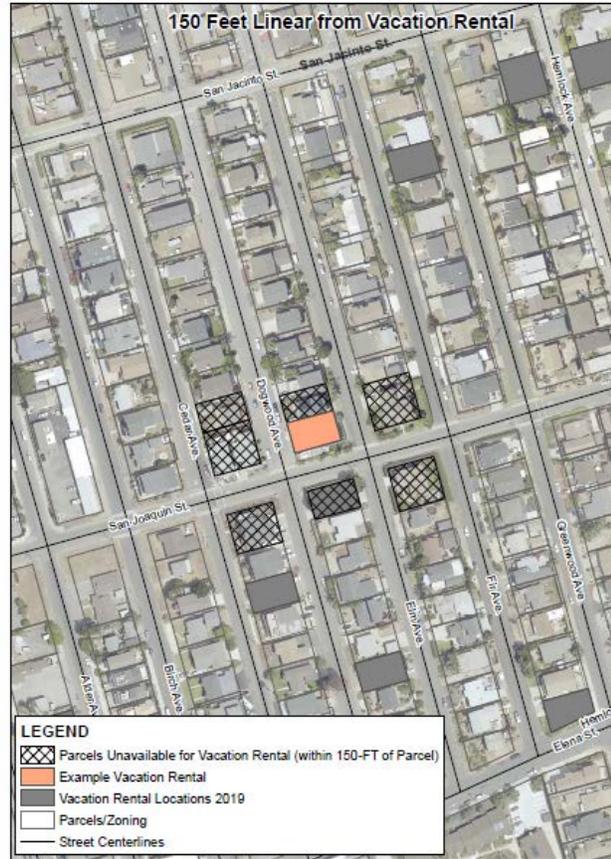


Beach Tract Comparison at 175' linear

vacation Rental Comparison



North Morro Bay at San Jacinto (east of Hwy 1) Comparison 150' linear Vacation Rental Comparison



North Morro Bay at San Jacinto (east of Hwy 1) Comparison 175' linear



Vacation Rental Comparison



The map figures above show that in some instances 175 feet provides greater separation and in others the three lot requirement provides greater separation. Largely, the amount of separation achieved with either method is dependent on the lot size and configuration within the given neighborhood. Ultimately, the Planning Commission decided to keep the methodology proposed in the ordinance (3 lot separation) with the recommendation to add language requiring a **minimum** of 175 feet of linear separation between STR's.

Staff analyzed both the number of STR conflicts that would result from the separation method proposed in the ordinance and the number that would result with addition of the PC suggested 175 feet of linear separation. It appears that there would be approximately eighty (80) STR conflicts generated in residential zones with the proposed ordinance language. If you add the 175 feet of minimum linear separation, it would add three (3) more conflicts for a total of eighty-three (83) conflicts in residential zones. These conflicts would be resolved at the three-year mark through the proposed lottery system (if a lottery system is chosen to resolve the conflicts).

Tourism Business Improvement Advisory Board (TBID) Review

The TBID Advisory Board took up review of the draft ordinance on Thursday August 20, 2020 and provided the recommendations noted below. Staff has included the Planning Commission position on each of the TBID Advisory Board items as staff presented the TBID items to the PC at their September 1, 2020 meeting.

TBID Recommendations

1. Use grandfathering/Attrition to bring STR's into compliance with the ordinance. Remove the 3-year period and lottery process. Section 17.41.050.B (Nonconforming Short-Term Vacation Rentals) would need to be revised to reflect the proposed grandfathering provision. The PC strongly disagreed with allowing attrition to take care of conflicts over time. The PC preferred the language in the draft ordinance.
2. Exclude apartments from being able to be used as STR's. Apply ADU 3-year phase out process to apartments that are currently licensed as STR's. PC agreed with excluding apartment in residential zones, but PC is willing to accept apartment use for STR's in commercial and mixed use areas consistent with the ordinance language applicable to multifamily (1 in every 8 units can be a STR).
3. Set STR cap at 175. PC revised their initial 150 cap recommendation to 175 to be consistent with the TBID Board.
4. No cap on home share/hosted STR's. Same as recommendation from PC
5. No cap on STR's in commercial zones. Same as recommendation from PC

California Coastal Commission Review

The STR ordinance will become part of the City's Local Coastal Program (Implementation Plan) once adopted by City Council but cannot take effect until the Coastal Commission reviews and approves it.

Questions for City Council to Guide Discussion

- 1) *Transferability* – As recommended by the STR Committee, PC and TBID, should the City prohibit the transfer of STR permits?
- 2) *ADUs/apartments*
 - a. As recommended by the STR Committee, PC and TBID, should ADU's be prohibited to be used as STRs?
 - b. Should the same restrictions be placed on apartments in residential zones?
- 3) *Density buffer*
 - a. Should the City use the density buffer method recommended by the STR Committee?
 - b. Should the City adopt the recommendation from the PC on this component?
- 4) *Cap*
 - a. As recommended by the PC and TBID, should the City set the cap on STRs in residential zones at 175?
 - b. As recommended by PC and TBID, should home share/hosted STRs not be part of the cap, similar to commercial STR's?
- 5) *Use of Guesthouse for home-share* – As recommended by PC, should City allow guest houses to be used as home share STR's?
- 6) *Non-conformance* – What method should the City use to address non-conforming STRs? Should it be addressed:
 - a. as proposed in the draft ordinance, or
 - b. through attrition ("grandfathering"), or
 - c. should they be phased out sooner?
- 7) *Fines for Violations* – What type of fine structure should the City adopt?

- 8) *Lottery system* – What type of lottery system (to phase out non-conforming permits) should the City use (if one is necessary)?

ENVIRONMENTAL DETERMINATION

The Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, sections: 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); 15060(c)(3) (the activity is not a project as defined in Section 15378); and 15061(b)(3) (the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment). The proposed ordinance maintains the status quo and prevents directly related changes in the environment. Because there is no possibility that this ordinance may have a significant adverse effect on the environment, the adoption of this ordinance is exempt from CEQA.

CONCLUSION/RECOMMENDATION

Staff recommends introduction and first reading, by number and title only, with further reading waived, of Ordinance No. 640, repealing Chapter 5.47 (Short-Term Vacation Rental Permit) and amending Title 17 of the Morro Bay Municipal code, adding Chapter 17.41 (Short-Term Vacation Rental) to regulate the operation, and permitting of short-term vacation rentals within the City of Morro Bay.

ATTACHMENTS

1. Ordinance 640; Short-Term Vacation Rentals
2. STR Survey
3. Short-Term Vacation Rental Policy Comparison Chart
4. Correspondence

LINKS

- August 18, 2020 PC meeting staff report: <http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5412>
- September 1, 2020 PC meeting Staff report: <http://ca-morrobay2.civicplus.com/ArchiveCenter/ViewFile/Item/5423>
- STR Buffer Map Tool: <http://arcg.is/1jajmL>

ORDINANCE NO. 640

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY, CALIFORNIA REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) OF TITLE 5 (BUSINESS TAX CERTIFICATES AND REGULATIONS), AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) OF TITLE 17 (ZONING) OF THE MORRO BAY MUNICIPAL CODE RELATING TO THE PERMITTING AND OPERATION OF SHORT-TERM VACATION RENTALS

**THE CITY COUNCIL
City of Morro Bay, California**

WHEREAS, the City of Morro Bay is a unique community that takes pride in its community character.

WHEREAS, a central and significant goal for the City is preservation of its housing stock for residents and preserving the quality and character of residential neighborhoods.

WHEREAS, the City is a popular tourist destination and derives part of its revenue and prestige from this.

WHEREAS, the City Council of the City of Morro Bay finds that it is important that visitors to the City feel welcome and have access to a range of accommodations.

WHEREAS, the City Council finds that the proliferation of short-term vacation rentals has the potential for negative impacts on the community associated with noise, parking, and traffic impacts.

WHEREAS, while the City Council recognizes that short-term vacation rentals can be conducted in harmony with surrounding uses, those activities must be regulated to ensure that these activities do not threaten the residential character of the neighborhoods where they are operating, or otherwise harm the public health, safety, or general welfare.

WHEREAS, by the adoption of this Ordinance, the City Council wishes to strike the appropriate balance between welcoming visitors and maintaining the neighborhood character of the City.

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES ORDAIN AS FOLLOWS:

SECTION 1. The City Council of the City of Morro Bay finds:

A. The above referenced recitals are true and correct and material to the adoption of this Ordinance, and are incorporated herein by reference.

B. The proposed Zoning Ordinance Amendments will not be injurious or detrimental to the health, safety, comfort, general welfare or well-being of the persons residing or working in the neighborhood.cd

C. The Local Coastal Plan Implementation Program Amendments are intended to further the goals of the California Coastal Act, as set forth in Section 30001.5 of the Public Resources Code, to:

1. Protect, maintain, and where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and artificial resources.

2. Assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.

3. Maximize public access to and along the coast and maximize public recreational opportunities in the coastal zone consistent with sound resources conservation principles and constitutionally protected rights of private property owners.

4. Assure priority for coastal-dependent and coastal-related development over other development on the coast.

5. Encourage state and local initiatives and cooperation in preparing procedures to implement coordinated planning and development for mutually beneficial uses, including educational uses, in the coastal zone.

D. Pursuant to Morro Bay Municipal Code Section 17.64.080, no amendment to the Zoning Ordinance shall be legally effective in the coastal zone until the amendment is certified by the Coastal Commission. If the Coastal Commission certifies this Ordinance conditioned on substantive changes being made, then the Council will introduce and adopt another ordinance to incorporate those substantive changes. If the Coastal Commission certifies this Ordinance conditioned on non-substantive changes being made to this Ordinance, then the City Clerk is authorized to amend this Ordinance to reflect those non-substantive changes.

SECTION 2. Chapter 5.47 (Short-term vacation rental Permit) of Title 5 (Business Tax Certificates and Regulations) of the Morro Bay Municipal Code is hereby repealed in its entirety upon both final certification by the California Coastal Commission, as well as the effective date as an operation of law, of a new Chapter 17.41 of the Morro Bay Municipal Code, relating to the permitting and operation of short-term vacation rentals, in a form substantially similar to the form contained herein.

SECTION 3. Chapter 17.41 (Short-term vacation rentals) of Title 17 (Zoning) is added to the Morro Bay Municipal Code, as follows:

17.41 Short-term Vacation Rentals

17.41.010 Purpose

The purpose of this chapter is to establish a set of regulations applicable to short-term vacation rentals. In the adoption of these standards the City Council finds that short-term vacation rentals support the City’s significant tourism industry, but also have the potential to be incompatible with surrounding residential uses, especially when several are concentrated in the same area, as they can have a deleterious effect on the adjacent full-time residents, and may alter the character of the neighborhoods within which they are located. To that end, the City Council with this Ordinance is adopting density limitations in residential zones, a permit scheme, and operational standards that strike the balance between these interests.

17.41.020 Definitions

The terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise.

“Affordable housing unit” means no more than 30% of the monthly household income for rent and utilities for individuals and families of moderate, low, very low, or extremely low incomes, as defined by State law.

“Accessory dwelling unit” shall have the same meaning as the term is defined in Section 65852.2 of the Government Code.

“Bedroom” means any habitable space in a dwelling unit other than a kitchen or living room that is intended for or capable of being used for sleeping, is at least 70 square feet in area, meets all requirements of the California Residential Code, and has a window or opening that can be used

for emergency egress.

“Booking transaction” means any reservation or payment service provided by a company that facilitates a short-term vacation rental transaction between a prospective visitor and a host.

“City Manager,” as the term is defined in Chapter 2.12 of this Code, shall include his/her designee.

“Dwelling” has the same meaning the term is defined in the Zoning Ordinance.

“Finance Director,” as the term defined in Section 2.16.090 of this Code, shall include his/her designee.

“Full-home rental” means a short-term vacation rental of no more than 30 consecutive days of a home, in whole or in part, for exclusive transient use. The guest enjoys the exclusive private use of the dwelling, and the host is not present.

“Guest” means a person who rents a short-term vacation rental.

“Guest house” has the same meaning as the term is defined in the Zoning Ordinance.

“Host” means the owner or his/her authorized agent, of a short-term vacation rental, who is responsible for its operation. A host can include the property owner, a tenant, or a management company.

“Home-sharing rental” means a short-term vacation rental within a dwelling that is the host’s primary residence, and where the host is on site throughout the guest’s stay. Home-sharing rentals include detached accessory dwelling units, and any unit in a multifamily dwelling of no more than four units, where the host lives in the primary residence or in one of the units.

“Hosting platform” means a company that participates in the short-term vacation rental business by collecting or receiving a fee, directly or indirectly through an agent or intermediary, for conducting a booking transaction using any medium of facilitation.

“Junior accessory dwelling unit” shall have the same meaning as the term is defined in Section 65852.22 of the Government Code.

“Local contact person” means an individual who is personally available by telephone on a 24-hour basis and who maintains the ability to initiate corrective action within one hour of being notified of a concern or complaint and who has authority to address violations of this Ordinance or any disturbance or problem at a short-term vacation rental.

“Lot” shall have the same meaning as the term is defined in the Zoning Ordinance.

“Multi-family dwelling” means a residential development with two or more attached dwellings, such as apartment or condominium buildings, duplexes, triplexes, fourplexes, and townhouses. Any Zoning Ordinance definition of “multi-family dwelling” that may be inconsistent with this definition shall govern.

“Primary residence” means the usual place of return for housing of an owner or long-term resident as documented by at least two of the following: motor vehicle registration, driver’s license, California state identification card, voter registration, income tax return, or property tax bill. A person can only have one primary residence.

“Property owner” or “owner” means the person or entity holding single or unified beneficial title to a property.

“Short-term vacation rental” means a single family dwelling, multi-family unit, bedroom of a primary residence, accessory dwelling unit, or junior accessory dwelling unit, which is rented to a guest for compensation for the purpose of lodging for a period of thirty (30) or fewer consecutive days. “Short-term vacation rental” encompasses home-sharing and full-home rentals. “For compensation” includes, but is not limited to, rental of the property for any form of monetary or non-monetary consideration, including but not limited to money, goods, or services, as well as in-kind exchanges of goods, services, or premises.

“Single family dwelling” means a dwelling unit that is designed for occupancy by one household with private yards on all sides. This classification includes individual manufactured housing units. Any Zoning Ordinance definition of “single family dwelling” that may be inconsistent with this definition shall govern.

17.41.030 Short-term Vacation Rentals — General

- A. Short-term vacation rentals may only be operated pursuant to a current and valid short-term vacation rental permit from the City of Morro Bay, as well as a current and valid City business license, in accordance with all the requirements of this chapter. Permits shall be obtained by the property owner. Permits shall be valid for no more than 12 months, unless renewed.

- B. Permits are non-transferable and are unique to the specific property and property owner. A permit for a property shall not be valid for a successor owner or host.
- C. Short-term vacation rentals are permitted in residential, mixed use, and commercial zones only. Short-term vacation rentals in residential zones shall be subject to the density limitations of Section 17.41.040, below.
- D. Short-term vacation rentals shall not be operated in vehicles or in non-habitable or illegally constructed structures, such as sheds, unconverted garages, cars, vans, or trucks, unpermitted attached or detached accessory dwelling units, unpermitted rooms or patios, etc.
- E. Short-term vacation rentals shall not be operated from dwellings that are designated as affordable housing units, or out of mobile home parks.
- F. Short-term vacation rentals may not be operated from boats in the harbor, or from recreational vehicles unless permitted through the Conditional Use Permit process.
- G. Operation of short-term vacation rentals in housing developments shall be permitted to the extent they are permitted by the development's CC&Rs. All provisions of this chapter shall apply. In case of conflict between this chapter and the development's CC&Rs, the more restrictive provisions shall apply. The City shall not be responsible for enforcing CC&R provisions relating to short-term vacation rentals.
- H. The City shall provide public information regarding validly permitted short-term vacation rentals.
- I. The provisions of this chapter shall apply to both home-sharing and full-home short-term vacation rentals, unless otherwise indicated.
- J. The host has the responsibility to ensure that the short-term vacation rental and its guests comply with all the provisions of this Ordinance. The City must have current contact information for both the local contact person and the host, if they are different. Any change in contact information must be provided to the City forthwith.
- K. Transient occupancy tax, Morro Bay Tourism Business Improvement District assessments and San Luis Obispo County Tourism Marketing District (SLOCTMD) assessment shall be collected on short-term vacation rentals in accordance with Chapters 3.24 (Transient

Occupancy Tax) and 3.60 (Tourism Business Improvement District Law) of the Morro Bay Municipal Code. Short-term vacation rentals must contribute a minimum of \$500 of TOT annually to maintain a valid permit.

- L. The City Council may by resolution promulgate additional regulations relating to the operation of permitted short-term vacation rentals, including but not limited to, a training program for current and potential hosts, content guidelines for an informational brochure to be provided to guests (Good Neighbor Brochure), and additional reporting requirements.

17.41.040 Short-term Vacation Rentals — Density Limitations

- A. The maximum allowable number of short-term vacation rentals in residential zones is 250, subject to Section 17.41.050 (Nonconforming short-term vacation rentals). No new permit applications for short-term vacation rentals in a residential zone will be accepted until the number of active permits drops below 250. No maximum number of short-term vacation rentals applies to the commercial and mixed-use zones.
- B. Property owners who wish to apply for short-term vacation rental permits for property in a residential zone shall be issued permits on a first-come, first-served basis, provided the proposed short-term vacation rentals do not violate the density limitations herein. Applicants who are not eligible for a permit due to these density limitations shall be placed on a chronologically maintained waiting list.
- C. Multi-family developments in residential zones. No more than 12.5% (1/8th) of the total number of units in a multi-family dwelling in a residential zone can be operated as a short-term vacation rental. Multi-family dwellings of fewer than 8 units shall have no more than one unit operating as a short-term vacation rental. Any residentially zoned lot with a single family dwelling and a multi-family dwelling shall also be subject to these density limitations.
- D. Single-family dwellings in residential zones.
 - 1. Single family dwelling short-term vacation rentals in residential zones must be separated by no fewer than three lots without short-term vacation rentals. A single family dwelling short-term vacation rental may not abut another such short-term vacation rental in front, behind, or kitty corner from each other, including across a

street or alley. This limitation applies whether the single family dwelling is used as a full-home rental or a home-share rental. Abutting or intervening lots with multi-family dwellings are also subject to this spacing limitation.

2. Only one short-term vacation rental shall be permitted on any property with a single-family dwelling.

17.41.050 Nonconforming Short-Term Vacation Rentals

- A. Short-term vacation rentals lawfully permitted by the City prior to the effective date of this ordinance, and in good standing with the City on the effective date of this ordinance, shall be considered legal nonconforming uses provided they obtain a new short-term vacation rental permit pursuant to this Ordinance within 1 year of its effective date. The permit application in conformance with this chapter should be filed in lieu of a renewal application.
- B. Short-term vacation rentals must comply with all the requirements of this Ordinance, provided that the density limitations shall not apply to existing and validly permitted short-term rentals for three years after the effective date of this Ordinance. If the need arises, short-term vacation rentals permitted at the time of this Ordinance's effective date shall be brought into compliance with the density limitations pursuant to a lottery system that shall be promulgated in the implementing regulations. Any short-term vacation rentals that will not be able to maintain a permit following the lottery procedure will have one year from the date of expiration of their permit following the conclusion of the lottery.
- C. Accessory dwelling units and junior accessory dwelling units.
 1. Accessory dwelling units and junior accessory dwelling units for which entitlements are obtained after the effective date of this ordinance shall not be used as short-term vacation rentals.
 2. A permit for an accessory dwelling unit or a junior accessory dwelling unit that expires or is revoked may not be renewed or reapplied for.
 3. Starting with their next permit renewal following the effective date of this Ordinance, accessory dwelling units and junior accessory dwelling units may

maintain currently valid short-term vacation rental permits for three years. Thereafter, Subsection (C)(1) of this section shall apply.

17.41.060 Permit Application and Renewal

- A. A completed application for a short-term vacation rental permit shall be submitted by the property owner to the Finance Director on a form provided by the City, and shall include the following information:
1. Name, address, and current contact information of the property owner/applicant. Any change in this information must be provided to the City forthwith. The application must be signed under penalty of perjury by the property owner. A permit application may not be submitted or signed by a property management company or other commercial agent.
 2. If different from the property owner, name and address of the host, including current contact information.
 3. Address and description of the property that will be used as a short-term vacation rental. The description shall include number of rooms, maximum guest occupancy, amenities, and available parking for guests.
 4. Whether the short-term vacation rental will be operated as a home-sharing or full-home rental.
 5. The house rules for the short-term vacation rental and any other information that will be provided to the guest.
 6. Proof that the property owner has insured the property as a short-term vacation rental.
 7. Hosting platforms that will advertise the property.
 8. A copy of any valid and current short-term vacation rental permit held by the applicant for any other property in the City.
 9. Information on any short-term vacation rental permits that have been suspended or revoked as to the host or the property owner anywhere in the State of California, or as to the property, within the previous two years, and the reasons therefor.

10. If the property owner has been asked or been compelled to no longer advertise with a hosting platform within the previous two years, and the reasons therefor.

B. Inspection.

1. A completed application shall include a completed inspection report. The report shall include:
 - a. Number of exits
 - b. Conformance with application information
 - c. Sufficient off-street parking
 - d. Signage, per requirements
 - e. A Good Neighbor Brochure
 - f. Compliance with any other applicable code requirement
 2. Short-term vacation rentals shall be inspected as part of the initial application, and every 4 years thereafter at the time of renewal. Each renewal application when a City inspection is not required will include a self-inspection form to be filled out and signed under penalty of perjury by the property owner.
 3. Properties may be additionally inspected to ensure that any violations are timely corrected.
- C. Any change in the information in the application, whether the change occurs while the application is pending, or at any time after the permit issues, must be provided to the City forthwith.
- D. The City shall review the application for completeness. If the application is incomplete, the City shall inform the applicant in writing within 30 days of receipt of the application, articulating the necessary additional information for completeness. An application that is found to be incomplete upon a second submission shall be deemed abandoned.
- E. The City shall deny, conditionally approve, or approve an application within 45 days of receipt of a completed application. Conditions imposed shall be aimed at ensuring that the

short-term vacation rental does not create a disturbance in the neighborhood, and is not operated in a manner that will undermine the character of its neighborhood.

F. Renewals.

1. Permit renewals shall be submitted 60 days prior to permit expiration on a form provided by the City and signed by the property owner. Renewal forms must detail any changes in the short-term vacation rental (bedrooms, ownership, number of guests, parking, etc.), and shall otherwise certify that other than what is listed as a change, the information in the original application remains the same.
2. Permit renewals that are not timely submitted per Subsection F.1. may experience a delay in reissuance. In the event a permit expires before the renewal permit is issued because of a delay in renewal submittal, the permit shall be deemed suspended until the renewal issues, and the short-term vacation rental may not be rented as such.
3. Any permit whose renewal application is submitted after the permit's expiration shall be deemed abandoned. Reapplication shall only be accepted in full compliance with all the provisions of this chapter, including the density limitations.

G. Permit applications and renewals shall be subject to permit fees in accordance with the City's Master Fee Schedule. Permit fees shall include, but not be limited to, the reasonable cost of processing the application and inspection fees, as applicable.

17.41.070 Permit Denial, Suspension, and Revocation

A short-term vacation rental permit may be denied, suspended, or revoked based on the following grounds:

- A. A material misrepresentation on the application or renewal materials.
- B. The dwelling that is the subject of the application or permit is not in full compliance with all applicable local, state, and federal regulations.
- C. The host has violated, or has permitted his/her guest to violate, the terms of the hosting platform, and as a result the hosting platform has withdrawn its permission to advertise on that platform.

- D. The host has violated, or has permitted his/her guest to violate, any of the operational requirements in Section 17.41.090. A host is presumptively permitting violations of the applicable regulations under the following circumstances:
1. If the violation consists of conduct by the guest that is disturbing the peace and quiet of the neighbors, or that constitutes an immediate threat to the health and safety, and the host does not initiate corrective action within one hour of being notified of the disturbance;
 2. If the noticed violation is not corrected before the next guest arrives at the property.
- E. The property owner has had a short-term vacation rental permit revoked or suspended in the preceding two years.
- F. Grounds for suspension. The City may initiate suspension proceedings for minor violations of this chapter, or of any applicable code, that are not timely corrected. Additional guidance on the grounds for suspension may be provided in the implementing regulations. A permit may be suspended for up to 180 days.
- G. Grounds for revocation. The City may initiate revocation proceedings for repeated or serious violations of this chapter or of any applicable code. Serious violations include any condition that is a threat to the guest's, the neighbors', or the public's health, safety, and welfare; conditions that constitute a public nuisance. Additional guidance may be provided in the implementing regulations.
- H. A notice of intent to suspend or revoke, and the reasons therefore, shall be provided to the permit holder. The permit holder shall have 15 days to submit relevant evidence for the City Manager's consideration. The City Manager shall issue a written decision articulating the grounds therefor within an additional 15 days, taking into consideration any relevant evidence submitted by the permit holder.
- I. Any property owner whose permit is revoked may not reapply for a short-term vacation rental for the property for which the permit was revoked, or for any other property, for two years following the date of revocation. Revocation of a permit shall not affect any other current and valid short-term rental vacation permits by that property owner.

17.41.080 Appeal of Permit Denial, Suspension, or Revocation

Any person whose permit application was denied, or whose permit was suspended or revoked, may appeal the decision as follows.

- A. An appeal must be submitted in writing to the City Manager within 15 days of the date of the decision. The appeal must articulate the reasons therefor, and shall be accompanied by an appeal fee in accordance with the City's Master Fee Schedule.
- B. The City Manager shall schedule an appeal hearing within 30 days of receipt of the appeal before an independent hearing officer, at which hearing the host will have an opportunity to be heard and to present evidence. Compensation for the independent hearing officer shall not be determined by the outcome of any appeal.
- C. The host shall be provided with notice of the hearing no later than 10 days prior to the hearing. The hearing may be postponed for good cause.
- D. The hearing officer shall not be bound by the formal rules of evidence. The hearing officer may consider all relevant evidence, and may exclude repetitive or irrelevant evidence.
- E. The hearing officer shall provide a written decision within 10 days of the hearing, and shall articulate the reasons therefor. The decision of the hearing officer shall be final. The hearing officer's decision may be challenged pursuant to Sections 1094.5 and 1094.6 of the Code of Civil Procedure, which shall be referenced in the written decision.

17.41.090 Operational Requirements

Short-term vacation rentals must comply with the following requirements.

- A. A copy of the short-term vacation rental permit must be posted in a prominent location within the short-term vacation rental.
- B. The host shall use reasonably prudent business practices to ensure that the short-term vacation rental is used in a manner that complies with all applicable laws, rules, and regulations pertaining to its use and occupancy.
- C. Parking.
 - 1. Short-term vacation rentals must provide sufficient onsite parking spaces for their guests; no offsite or other street parking is allowed.

2. Onsite parking should be only in legal spaces required for the applicable housing type.
- D. Short-term vacation rental operators must notify guests of the City’s licensing requirement. The permit number must be included in the hosting platform advertisement.
 - E. No one under the age of 21 years shall be permitted as the primary renter of a short-term vacation rental.
 - F. The host shall use reasonably prudent business practices to ensure that short-term vacation rental guests do not violate the provisions of this ordinance, or violate provisions of the code or any state law, such as but not limited to, regulations pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs.
 - G. Occupancy for each full-home rental shall be limited to two individuals per bedroom, plus two; occupancy for home-share rentals shall be limited to two individuals per bedroom. Children under 3 years of age are excluded from the occupancy limits but children three and older are included.
 - H. The City’s current noise ordinance requires reduced noise between 7:00 p.m. and 7:00 a.m.; “noise” is defined as sounds that are audible within 50 feet of the source of the sound. Guests must comply with all noise restrictions.
 - I. While a short-term vacation rental unit is rented, a local contact person shall be available 24 hours per day, 7 days per week, to respond to complaints or notification of violations, and if appropriate initiate corrective action regarding the conduct of the occupants or their guests, or the condition or operation, of the short-term vacation rental, within one hour of being notified.
 - J. The host shall:
 1. Prior to occupancy:
 - a. Obtain the contact information of the guest.
 - b. Require the guest to execute a written acknowledgment that he or she is legally responsible for compliance by all occupants of the short-term

vacation rental with all applicable laws, rules, and regulations pertaining to the use and occupancy of the short-term vacation rental.

2. Maintain the information required in item 1, above, for a period of two years, and make such information available upon request to any officer of the City responsible for the enforcement of any provision of this Ordinance or any other applicable local, state, or federal regulations.
 3. Provide guests with the Good Neighbor Brochure, the name and number of the local contact person where problems can be reported, the City's hotline number, and the short-term vacation rental's house rules.
- K. A sign shall be posted in a location visible from the public right-of-way that contains the following information:
1. Identification as a short-term vacation rental, including the permit number.
 2. 24-hour contact information in case of problems or complaints, in conformance with Subsection I, above.
- L. Short-term vacation rentals shall be subject to the provisions of Chapter 8.16 (Solid Waste Management); in addition, short-term vacation rentals shall not leave their solid waste containers curbside any earlier than the day before pickup, or any later than one day after pickup. If this requirement cannot be met, the host must provide for concierge trash service, if this service is available at the property.

17.41.100 Advertising

- A. All short-term vacation rental advertisements shall include the permit number.
- B. Advertising of unpermitted short-term vacation rentals is prohibited.

17.41.110 Penalty and Enforcement

- A. Violations of this chapter are deemed a public nuisance, and may be abated as such. Each day a violation continues is deemed a new violation.
- B. Violations of this chapter may be punishable as infractions or misdemeanors, pursuant to Chapter 1.16 of this code.

- C. Violations of this chapter may be punishable thorough administrative fines, in accordance with Chapter 1.03, as may be set by City Council resolution.
- D. The owner of any illegally operated short-term vacation rental that is on the wait-list for a permit is presumed to have actual knowledge of the permit requirement. The owner and the short-term vacation rental shall be removed from the permit waiting list, and the host may not reapply for a short-term vacation rental permit for any property for two years. Any application for the same property shall also be barred for two years, irrespective of ownership.

SECTION 4. CEQA Findings. The Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, sections: 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); 15060(c)(3) (the activity is not a project as defined in Section 15378); and 15061(b)(3) (the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment). The proposed ordinance maintains the status quo and prevents directly related changes in the environment. Because there is no possibility that this ordinance may have a significant adverse effect on the environment, the adoption of this ordinance is exempt from CEQA.

SECTION 5. Severability. If any section, subsection, phrase, or clause of this ordinance or any part thereof is for any reason held to be unconstitutional or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have passed this ordinance and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrases, or clauses be declared unconstitutional or otherwise unenforceable.

SECTION 6. Effective Date. This Ordinance shall take effect 30 days after its adoption and upon certification required as an operation of law.

SECTION 7. Certification. The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be posted as the designated locations in the City of Morro Bay.

INTRODUCED at a regular meeting of the City Council held on the 22nd day of September 2020, by motion of Councilmember _____ and seconded by Councilmember _____.

JOHN HEADDING, MAYOR

ATTEST:

DANA SWANSON, City Clerk

APPROVED AS TO FORM:

CHRIS F. NEUMEYER, City Attorney

STATE OF CALIFORNIA)
COUNTY OF SAN LUIS OBISPO)
CITY OF MORRO BAY)

I, Dana Swanson, CITY CLERK OF THE CITY OF MORRO BAY, DO HEREBY CERTIFY that the foregoing Ordinance Number 640 was duly adopted by the City Council of the City of Morro Bay at a regular meeting of said Council on the ____ day of _____2020, and that it was so adopted by the following vote:

AYES:
NOES:
ABSENT:
ABSTAIN:

City Clerk, Dana Swanson

Community Survey Results, from December 2019 (Polco)

Which of the following provisions would you like to see in a new Short-Term Vacation Rental ordinance (check as many options as you prefer):



The current STR ordinance requires a sign (typically 8" x11") posted on the premises with contact information and a maximum response time of 4 hours. Which do you prefer:



Which of the following best describes you:



Some people suggest that Short-term Vacation Rentals (STVR) where the owners are present on the property (hosted STVRs) should have fewer restrictions than STRs that are managed by an off-site company or individual. Which do you prefer:



Morro Bay's current Short-Term Vacation Rental (STR) ordinance says that a maximum number (cap) of 250 STRs are allowed in residential neighborhoods. Which do you prefer:



The Morro Bay Planning Commission recommends a requirement that there be a buffer of 250 feet between Short-Term Vacation Rentals (STRs) in residential neighborhoods. Which do you prefer:



ITEM	ARROYO GRANDE	ATASCADERO	GROVER BEACH	LOS OSOS*	MORRO BAY*	PASO ROBLES	PISMO BEACH	SANTA CRUZ**	SLO CITY	AVILA*	CAMBRIA*	CAYUCOS*
Population	17,976 (2019)	30,075 (2019)	13,459 (2019)	14,276 (2010)	10,543 (2019)	32,153 (2019)	8,168 (2019)	64,608 (2019)	47459 (2019)	1,627 (2010)	6,302 (2010)	2,592 (2010)
Rental Term	14 days or less w/ 7 days in between rentals	30 days or less	30 days or less	29 days or less; 4 tenancies per month max.	30 days or less	30 days or less	less than 30 consecutive days	30 days or less	30 days or less	less than 30 consecutive days; 4 tenancies per month max.	less than 30 consecutive days; 4 tenancies per month max.	less than 30 consecutive days; 4 tenancies per month max.
Hosted v. Non Hosted	Both	Both	Both	Both	Both	Both	Both	No new non-hosted STRs; Hosted allowed	Hosted only (owner-occupation required)	Both	Both	Both
STR Quantity Allowed	N/A	one VR per residential property	100 non-hosted (40 in coastal zone, 60 in non-coastal zone). No limit hosted	1 VR per 100 SFRs per neighborhood; 1 VR per owner	250 in residential zones, no cap in commercial zones; no more than 12.5% of total # of units in a multifamily dwelling in a residential zone	75 "grandfathered" permits in R-1 zone, 250 in all other zones	N/A	250 hosted (owner lives in the home for >6 months, not need to be there during STRs)	N/A	N/A	N/A	N/A
Buffer Distance	300 ft	1,500 ft	N/A	500 ft or 9 lots, whichever is larger	3 lots w/out STVRs in residential zones; no lots with STVRs may abutt other lots w/ STVRs	Non-hosted: 100 ft in R-1	N/A	N/A	N/A	In all residential and recreation land use categories, not allowed w/in 50 ft of another parcel with STVR or visitor-serving accommodation	200 linear feet, 150 ft radius	100 linear feet, 50 ft radius. In residential multifamily: not allowed if w/in 50 ft of another residential STVR or another visitor-serving accommodation
Building Types Allowed	N/A (must be compatible with existing neighborhood)	legally permitted residences	Residential	SFR Only	Residential, mixed use, commercial zones; no new STVRs in ADUs	Residential units	Single-family properties that are the primary residence of the property owner	No ADUs (unless pre-existing)	Owner-occupied unit only	Residential	Residential	Residential
Permit Requirement	Minor Use Permit & business license	Business License	Short-term rental permit, must be renewed by Aug. 1 each year	Minor Use Permit	STVR permit	Short-term rental permit and business license	Short-term rental permit and business license	Short-term rental permit	Homestay Permit	Zoning clearance or MUP, business license, TOT certificate	Zoning clearance or MUP, business license, TOT certificate	Zoning clearance or MUP, business license, TOT certificate
Permit Transfer	N/A	N/A	No Transfer on Sale	No Transfer on Sale	No Transfer on Sale	No Transfer on Sale except in TC-1, TC-2 and T districts	No Transfer on Sale	No Transfer on Sale	N/A	Allowed if application for new license is made prior to expiration of old license.	Allowed if application for new license is made prior to expiration of old license.	Allowed if application for new license is made prior to expiration of old license.
Group Ownership	N/A	N/A	N/A	No	N/A	N/A	No	N/A	N/A	N/A	N/A	N/A
Parking	N/A	N/A	Must meet reqs. In Development Code	Must be onsite. Homestay: two spaces, plus one for each bedroom used as transient lodging unit	Must be onsite	Number of on-site parking spaces depends on # of bedrooms (1 per bdrm)	1 per bedroom, 4 spaces minimum for 5+ bdrms	Must comply with minimum residential standards for the site	N/A	All onsite	All onsite	All onsite
# of Occupants	2 per bedroom plus an additional 2 persons	One rental party	N/A	2 persons per bedroom plus 2 additional persons. Homestays: max. two bedrooms	2 per bedroom plus an additional 2 people. Home-share: 2 per bedroom	2 per bedroom (overnight occupants)	2 per bedroom plus an additional 2 people	2 per bedroom plus an additional 2 people	4 adults max.	2 per bedroom plus an additional 2 people. Cannot exceed onsite parking accommodations	2 per bedroom plus an additional 2 people. Cannot exceed onsite parking accommodations	2 per bedroom plus an additional 2 people. Cannot exceed onsite parking accommodations
Notifications req'd for permit application	Bldg, Fire	N/A	N/A	Neighbors in buffer zone, Plng & bldg dept, county Sheriff's office, local fire agency	Info for permitted STVRs available online	N/A	Neighbors w/in 300 ft	N/A	Bldg, Fire	Sheriff, Fire, Neighbors w/in 200 ft	Sheriff, Fire, Neighbors w/in 200 ft	Sheriff, Fire, Neighbors w/in 200 ft
Coastal Zone Land Use Requirements	NO	NO	YES	YES	YES	NO	YES	YES	NO	YES	YES	YES
Noise	N/A	Compliance with AMC 9-14.05 (noise restricted to hours of 7am-7pm)	Quiet btwn hours of 10pm and 7am	Compliance with noise standards (Section 22.10.120 et seq.)	Reduced noise btwn 7pm and 7am; compliance with city's noise ordinance	Must comply with city noise regulations	Quiet btwn hours of 10pm and 7am	Quiet btwn 10pm and 8am; compliance with noise standards in muni code	N/A	No "loud or unreasonable noise" as determined from 50 ft of property lines; compliance with noise standards	No "loud or unreasonable noise" as determined from 50 ft of property lines; compliance with noise standards	No "loud or unreasonable noise" as determined from 50 ft of property lines; compliance with noise standards

ITEM	ARROYO GRANDE	ATASCADERO	GROVER BEACH	LOS OSOS*	MORRO BAY*	PASO ROBLES	PISMO BEACH	SANTA CRUZ**	SLO CITY	AVILA*	CAMBRIA*	CAYUCOS*
Site Plan Requirement	Plot plan, floor plan	Parking spaces, location of structures, landscaping, property lines and setbacks, etc.	Location of on-site parking spaces, electrical panel, water shut-off valve, gas shut-off valve; floor plan and # of bedrooms to be rented	Plot plan required	N/A	Floor plan (to scale) showing all interior rooms and location of each bedroom with number of beds to be rented and approximate square footage, and the maximum number of overnight renters	Site plan (location of bldgs and location/dimensions of on-site parking) and floor plan (all rooms in home, labeled)	Plot plan (buildings and parking), floor plan (all rooms and which portion will be used for the rental)	Property lines, floor plan and indication of rooms to be rented, dimensions of paved parking spaces, recycling/trash containers, any proposed alterations	Confirms Bdrm # and parking spaces	Confirms Bdrm # and parking spaces	Confirms Bdrm # and parking spaces
Local Contact	VR: Local Contact within 15 min. drive. 3 hr response 7am to 10pm; 30 min response 9pm-7am. Homestay: operator shall reside on premises	N/A	30-min. response time at all times; city-run hotline for complaints. Owner-occupied: must be on the property btwn 10 pm and 7 am during a stay	Must be available 24/7 to respond to tenant and neighborhood questions/concerns	Must be available 24/7 and respond to complaints w/in one hour	Must be available 24/7 and able to respond within 30 min. of a complaint while being rented; city-run hotline available	Must be available 24/7 to respond to complaints	Must be available 24/7 and respond to complaints w/in 30 min.	Owner or designated responsible party within 15 min. drive and available by phone 24/7. Provide contact info to homestay guests and adjacent neighbors.	Must be available 24 hrs to respond to neighbor concerns; provide contact info to Sheriff, Fire, Planning/Bldg, & neighbors within 200 ft.	Must be available 24 hrs to respond to neighbor concerns; provide contact info to Sheriff, Fire, Planning/Bldg, & neighbors within 200 ft.	Must be available 24 hrs to respond to neighbor concerns; provide contact info to Sheriff, Fire, Planning/Bldg, & neighbors within 200 ft.
Collection of TOT	Payment to City	Payment to City	Online, Mail, In-person	Payment to County	Payment to City	Payment to City	Payment to City	Payment to City	Through Airbnb	Payment to County	Payment to County	Payment to County
Water/Sewer Capacity	N/A	N/A	N/A	Capacity confirmation	N/A	N/A	N/A	N/A	N/A	Capacity confirmation	Capacity confirmation	Capacity confirmation
Good Neighbor Policy	YES	N/A	YES	N/A	YES	YES	YES	N/A	N/A	N/A	N/A	N/A
Revocation	Permit can be revoked by PC, CC, or City Manager	Can be revoked if conditions are violated	Permit can be revoked by the Director pursuant to Development Code 4.010.185L-M (for violations, failure to comply with rules)	permit can be revoked if three violations occur within a 6 mo. period	City may initiate revocation proceedings for repeated or serious violations	Director can initiate process of revocation for violation of provisions in short term rental ordinance	STR license can be revoked based on number/frequency of violations	Revocation by director of planning and community development if three or more violations w/in a 12-month period	Permit can be revoked by the director upon receipt of substantial written complaints from any resident, code enforcement officer, or police officer that show a violation of the permit or applicable city regulations	Three violations as determined by County planning and bldg staff w/in 6 month period are grounds for revocation	Three violations as determined by County planning and bldg staff w/in 6 month period are grounds for revocation	Three violations as determined by County planning and bldg staff w/in 6 month period are grounds for revocation
Source(s)	Muni Code	City website-Docs from 2017	City website: https://grover.org/345/Short-Term-Rentals-Vacation-Rentals	County reports, County code	City website: https://www.morrobayca.gov/DocumentCenter/View/14625/VR-Committee-Summary-and-Draft-Ordinance-Aug-2020	City website: https://www.prcity.com/847/Short-Term-Rental	City website: https://pismobeach.org/881/Short-Term-Rental-Permit	Muni Code: https://www.codepublishing.com/CA/SantaCruz/#!/SantaCruz24/SantaCruz2412.html#24.12.1700	City website: https://www.slocity.org/how-do-i/apply-for/permits/permits-for-home-owners-and-renters	Coastal Residential Vacation Rental Ordinance User Guide; SLO County Code 23.08.165	Coastal Residential Vacation Rental Ordinance User Guide; SLO County Code 23.08.165	Coastal Residential Vacation Rental Ordinance User Guide; SLO County Code 23.08.165
1-Sep-20				*County jurisdiction	*Taken from draft ordinance			**outside of SLO County		*County jurisdiction	*County jurisdiction	*County jurisdiction

August 16, 2020

To: Scot Graham, Scott Collins, Planning Commission & Council Members, Dana Swanson

First, I do not own a Vacation Rental/Short-term (VR) and have lived in Morro Bay since 1995 and homeowner.

First, I want to compliment the committee for their time and energy with their report, it was not an easy task and the subject matter is quite dicey.

Second, The City of Morro Bay does not have sustainable income, like when the power plant was in operation, and they are looking at every opportunity to generate income, aka TOT. Hence, we citizens are being faced with voting on an increase in our sales taxes. Rather than a sales tax, why not put a bed tax on the VRs, hotels etc.?

Third, VRs are a powerful financial aphrodisiac that enables people to purchase property prior to their retirement or inherited from family members and the cost to maintain these properties with taxes, insurance, maintenance can strain budgets. Turning second-homes into VRs causes a heavy impact to availability and affordability of rental properties for seniors and families as well as turning our neighborhoods into "commercial" vs "residential."

Parking has become a serious issue with VRs. Unfortunately, all of Morro Bay has parking issues with multiple families living together in order to afford their residence. I am in favor of a parking permit issued to each resident for a \$100/year fee/car, parking meters downtown, and that would offset the financial impact of street repairs/sewers/trash and maintenance

I would support VRs if the owners were on site, take all VRs from the residential areas and place them only in Commercial/Visitor Serving. Bring back the residential neighborhoods and the family-friendly environments whereby children can play and attend our local schools. I was impressed in the VR Ordinance Statement from Santa Cruz: ***"The purpose of these regulations is to provide a set of standards governing the renting or leasing of residential property on a short-term basis in the City of Santa Cruz. The regulations contained herein will help ensure that short-term rental activities do not become a nuisance or threaten the public health, safety, or welfare of neighboring properties while helping to maintain long-term rental housing stock in the City."*** We have a significant issue with availability of rental properties in Morro Bay for families and seniors.

The Santa Cruz Ordinance continues with: ***"Short-term rental permits provide an added financial benefit to owners of residential properties and help individuals meet their mortgage and family living expenses. Insofar as the number of Short-Term Rentals Permits is limited, the goal of the short-term rental programs is to issues Short-term rentals permits to the widest population-base and not grant a special privilege to individuals who own multiple properties."*** Santa Cruz has 250 short-term rental permits, like Morro Bay. I believe for our small community we should limit the properties to maximum of 150 or less.

We know as the plans for future growth in Morro Bay is taking the existing structures on Morro Bay Boulevard etc. and converting them into VRs upstairs and businesses downstairs. We have seen the impact in the City of San Luis Obispo and the “charm” is gone! Cities of San Luis Obispo, Paso Robles, only allows hosted-VRs!

I feel that Licenses for VRs should be only 2-3 years maximum, thus giving other property owners an opportunity to benefit from this manner of financial assistance in keeping their properties. Property owner may not apply for another VR license for five (5) years after their license expires. VR Licenses are non-transferable and are NOT grandfathered in when properties are sold.

Safety of families in our neighborhoods, are the rental agencies/property owners/managers looking at the potential renter’s history if they were accused of being a pedophile? What about pet management? I can understand a pet owner of wanting to share their vacation with family along with their pet, but what about leaving the pet unattended? Have rules been set into place? What about cleaning up of the renter’s pets’ deposits on lawns/yards, which may impact a local resident who lives next door with odiferous scents?

Implementing and enforcing a very strict noise ordinance, “Quiet hours of 10:00 p.m. and 8:00 a.m.; this shall include all amplified noise.” Short-term rentals are intended to be overnight accommodations in residential neighborhoods, they are not meant to host weddings, parties, or other large engagements.

Let’s face it, VRs are a lucrative business for people that have property. However, the long-term impact to our neighborhoods needs to be taken into consideration. A VR permit is not a right, it is a privilege.

Thank you,

Scot Graham

From: Dorothy Cutter [REDACTED]
Sent: Sunday, August 16, 2020 3:32 PM
To: PlanningCommission
Subject: Vacation rentals

I notice the breakdown of the total number of vacation rentals by votes were 4 for 250 units and 4 for less than 250 units. Since 250 did not have a true majority and it was really a tie vote for 250 or less, a compromise MUST be considered.

There are several ways to do this. One is to agree on something between 250 and the lesser number .Another way is to consider attrition. That would work if a permit is cancelled for any reason or a unit is sold, that one permit would not be replaced. So if you decide on 250 and the owner dies or the property is sold there would just be 249 vacation units etc. until the number got down to 150 or 175.

Of course the quicker way would be just make the number smaller than 250!!

I have lived in Morro Bay for almost 63 years and I think that 250 units are too many!!!

Dorothy Cutter
[REDACTED]

August 14, 2020

Dear Planning Commission Members:

Morro Bay has been a destination on the California coast for vacationers and vacation homes since its beginnings. For families traveling to Morro Bay, a "vacation home" has been for decades the desired choice for their vacation.

As you consider establishing regulations controlling residential vacation rentals in Morro Bay, please consider the following:

1. Economic advantages the residential vacation homes afford the community. Please think of all the stores and businesses that the owners and guests alike use. Vacation rental owners likely spend an enormous amount of time and monies maintaining their homes. Personally, I cannot even fathom how many times I have been to the Ace Miner's Hardware store over the years.
2. Complaints centered on family/adult occupancies are extremely few and not of a serious nature especially compared to other homes. City meetings on short term rentals have noted rare or non-existent problems.
3. Owners of vacation rentals or their managers vet prospective guests offering control and can respond to concerns or complaints from neighbors of rental properties.

4. Many people are repeat guests who appreciate the community wherein they come year-after-year and are not a negative factor in these neighborhoods. It is in the guest's best interest to keep Morro Bay their destination of choice.

5. Hotels in Morro Bay do not offer kitchens, with spacious residential accommodations, close distance to the ocean beach tracts like many vacation homes and therefore these families who prefer this setting will instead opt to go to other coastal towns. Hotels are indeed a beautiful and vital part of the Morro Bay downtown. We utilize them for our guests and have personally stayed in several Morro Bay hotels during our many visits to the area.

6. Many owners like my wife and I purchased our home years ago knowing that we could obtain a permit to rent it as a vacation home with the vision of eventually being able to retire in Morro Bay. Any proposal seriously restricting us from using our home as a vacation rental would result in a crippling financial burden. When we obtained our permit, permits were available without limit to whoever wanted to take on the hard work and expense of opening their home to the wonderful people who could not have their own home on the Central Coast. We have always paid our TOT and have not received a complaint from the city. Sharing one's home so that others may enjoy the ocean and beauty of Morro Bay is a positive factor to be considered provided that it is not an unwanted burden on the neighborhood. We also knew that we would be able to pass the permit on if we sold our home especially in the case of a life changing circumstance.

In your deliberations, kindly address measures that will allow residential vacation rentals to be maintained to the benefit of both guests and neighbors in making certain renters are also good neighbors, namely:

1. Establishing on-site parking only restrictions for vacation rental guests. This is the easy solution to any issues with traffic flow and parking. This will result in acceptable and safe traffic flow and emergency access to a neighborhood with rental sites.

2. Allowing good current vacation rental owners to continue. These owners have been paying the TOT taxes and putting time and money into their homes for years knowing that they would be able to use the home as a short-term rental. These owners should be allowed to pass the STR license on in the sale of the home just like in other beach vacation towns like Cayucos.

3. Set a limit of 2 persons per bedroom, with a maximum occupancy of 8 persons per any home. This solution would statistically and dramatically decrease the number of vacation guests. This limit would effectively decrease vacation rental activity by about 30%.

4. Creating a "buffer zone" policy that would not effectively eliminate existing homes from participating in the residential vacation rental program and "over protect" neighbors needlessly. Current good vacation owners should be grandfathered, especially owners who have been good vacation owners even before the moratorium. The map of the locations of the STR

homes already shows that they are generally well spaced out. Consider minimal buffers for new STR homes along the beach tracts (for example no “adjacent” homes) to allow other families to enjoy the coast who could not afford a home near the ocean. This is one of the goals of the Coastal Commission, to allow access and enjoyment to all.

6. Enforcement of existing regulations to prevent and minimize disruptive situations. Impose higher fines or penalties.

7. Encourage an "association" of owners and community (self-governing) to meet regularly to address concerns surrounding residential vacation rentals with the goal of more effectively enforcing relevant regulations and quickly and equitably eliminate any problems.

8. Posting signs on rental properties giving concerned neighbors the name and telephone number of management firm or contact, as is desired.

As an owner of a residential home it is to our advantage to keep Morro Bay the sought after community for visitors and residents. We have opened our home to a family for a week free of charge as a charitable gift. Our home has been a destination for a terminally ill gentleman with pancreatic cancer, siblings who have lost their parents, and families escaping the demands of everyday life. We suggest you look at the cross section of families who come to these homes and see them as good neighbors to the permanent residents residing in our community.

Renting one's home is a lot of work and self-sacrifice but very rewarding when guest families comment on our home's peaceful setting. Our walks down the streets are quiet and peaceful with little traffic. On beachcomber in almost all cases we can walk the entire street without even a car passing by and barely hearing a pin drop. That is what drew us to Morro Bay.

We feel that the measures noted are reasonable and fair.

Morro Bay's origins decades ago was based on Californians building vacation homes near the coast. These homes were often rented out to other people for family vacations throughout the decades.

Allowing property owners to share their homes with others through a controlled but not overly restrictive set of regulations is the outcome we petition you to pursue.

Sincerely,

James and Linda Rieger

Scot Graham

Subject: FW: A citizens opinion on the VR ordinance

Sent from my iPhone

On Aug 16, 2020, at 4:01 PM, [REDACTED] wrote:

Hello Mr. Collins,

I understand the ordinance for vacation Rentals is to be discussed at the City Counsel meeting August 18. I'd like to voice my opposition to Vacation Rentals in residential areas if homeowners of those rentals are not on the premise at the same time. I say this (perhaps erroneously), because ideally, they would keep their out-of-towners respectful of the MB citizens living on the same streets, and trying to live their day-to-day lives.

We had a vacation rental next door to us for about 7 years and the individuals coming over from out of the area were noisy far into the night...weekends and weeknights....when we had extremely intense and stressful work schedules the following days. We tried to work with them to no avail. They gave absolutely no thought to us because in their minds, they were "on vacation to party"! We even had to call Law Enforcement once, which was a major waste of city tax payer dollars, just to get them to keep the noise within their own 4 walls. It was terrible and I was very glad to see the home finally sell to a family who actually lived in the home and we could be neighbors with.

I'm also not at all sure encouraging out of towners at this point in time, during the Corona-19 Virus Pandemic is wise. It certainly puts us citizens in jeopardy! As it is now, my husband and I spend very little money in our city because our city has been extremely crowded with vacationers more than ever before. It is very stressful for us, and since I am a psychotherapist for individuals within our city, I can tell you it is very stressful for those who speak about it to me

For these reasons I have to oppose Vacation Rentals in our residential areas, especially during this Pandemic.

Thank you for your consideration,
Dr. Joanne Smith

Scot Graham

From: Judi Brown [REDACTED]
Sent: Friday, August 14, 2020 8:18 PM
To: Scot Graham; Scott Collins; Voad20
Subject: Residential VRs/No Megan's Law Screening

Dear Mr Graham,

Thank you for your quick response to my prior email.

A young family with small children in our neighborhood brought concerns about screening for Megan's Law Offenders to my attention. I made a post on Nextdoor asking VR operators if they screen for offenders. No one would answer the question (likely meaning they don't or may never have even considered it). The operators said they just turn it over to their management companies to figure out. The owner/operators with management did not jump in the conversation to say they screen out Megan's Law Offenders.

Megan's Law offenders often have trouble finding long-term housing. They may take advantage of less stringent VR screening to insert themselves in residential neighborhoods. As it is, Morro Bay has several sex offenders circulating around town in campers because they cannot secure housing. We don't need to roll out the red carpet to more sex offenders by giving them residential VR access. This is dangerous and a liability to our city's most precious asset: our resident families with children.

I request that Megan's Law screening be required in the new ordinance. We absolutely don't need to add more injury from sex offenders present in neighborhoods to our residents' already heavy VR burden.

Thank you for your consideration of this essential requirement.

Sincerely,

Judi Brown
[REDACTED]

Scot Graham

From: Judi Brown [REDACTED]
Sent: Sunday, August 16, 2020 2:45 PM
To: Scott Collins; Jeffrey Heller; Scot Graham
Subject: Unattended Pets In Residential STRs

Dear Mr. Graham,

Please include this letter as part of the STR packet being reviewed for our city council meeting on Aug 25. Thank you!

The issue of unattended pets, especially dogs, has created an intolerable situation in some STRs. Pet owners leave their animals alone in a strange place as they go about their vacation activities without them which makes them anxious. They bark and whine all day until the 'guests' return. This is animal neglect as well as an unconscionable aggravation for surrounding residences.

Short term rentals are NOT animal boarding kennels. Inconsiderate visitors to STRs can not be relied upon to do the right thing by their pets and their 'rented' neighborhood.

NO STRs IN RESIDENTIAL NEIGHBORHOODS, please!

Sincerely,

Judi Brown
[REDACTED]

STR: Morro Bay Planning Commission Letter

August 11, 2020

Morro Bay Planning Commission,

We want to thank you, the Morro Bay staff, and the STR Committee for all the hard work that that has gone into the STR Ordinance and hope it can be adopted soon. Our neighborhoods and our community are at stake without intelligent and realistic restrictions on STRs.

We support the STR Ordinance as proposed but ask that you consider the following comments during your review.

Regarding Section **17.41.040 parts A & D:**

- In our opinion, the caps should be as low as is workable, more in line with the committees opinions, **175** seems appropriate.
- In addition to the **3 lot** separation requirement, a distance separation of **250 feet** would help make this section more enforceable and protect the small lot neighborhoods.

Thank you,

Larry and Victoria Schmidt

[REDACTED]
[REDACTED]
[REDACTED]
[REDACTED]

Scot Graham

From: [REDACTED]
Sent: Sunday, August 16, 2020 3:51 PM
To: PlanningCommission
Subject: Comments on Short Term Vacation Rental ordinance

TO: Morro Bay Planning Commission:

RE: New proposed Short-Term Vacation Rental Ordinance for Morro Bay

My name is Maggie Juren and my husband and I own Beach-N-Bay Getaways and are half owners of URelax Vacation Rentals. These 2 companies currently manage 36 non-hosted STRs and 6 hotel units and we contribute 40% of the all the TOT collected by the city from STRs. I also had the privilege of serving on the committee that the city put together to come up with reasonable and fair new regulations. As you have read as part of the introduction and summary from the City Manager, our goals in coming up with these new regulations was to make sure they are enforceable, respectful of the local residents and neighborhoods but also protect homeowner property rights and ensure continued economic viability for the city whose number one industry is tourism.

Because of our large vested interest in this lodging segment, we took it upon ourselves to create a website to provide information and data related to STR regulations and to advocate for fair and reasonable regulations. On this website we provide a history of STRs in Morro Bay along with several articles and studies on STR impacts in coastal California. The website is ShareMorroBay.com and I strongly recommend that you visit it to read both sides of the story before making your decisions about these new regulations.

I am proud of what the committee produced and I feel these regulations establish several new regulations and requirements that will go a long way in controlling most of the issues that locals have had with STRs. With the increased permit fee recommended, this will also fund the enforcement of these regulations.

I and most of my colleagues (other property managers and STR owners) are strongly opposed to predisposing a lottery to bring non-compliant STRs into compliance at any time in the future. These homeowners have purchased and invested money in their home with the understanding that the city has granted them the right to operate their home as an STR indefinitely as long as they remain compliant with all regulations. As you know, in the past Morro Bay STR regulations have not been enforced, so many illegal rentals have been operating along with second homes where owners and their guests have cause disturbances. Unfortunately, the residents had no way to know if it was a vacation rental or who to call to report the problem. Now the city is going from "0 to 60" with this new proposed ordinance, imposing some very restrictive regulations on STRs, so please give these new regulations time to be implemented and hopefully have a positive effect on the situation before mandating punitive measures to eliminate long standing, compliant licenses.

I support the density requirements that the majority of the committee members voted on because this does ensure adequate spacing between STRs. There are a few proposed regulations included in this proposal that will move the STR properties toward meeting the density requirements over time. Those are:

1. STR license does not transfer with the property when sold nor does it pass to heirs upon death of the owner.
2. STR licensees that do not pay a minimum of \$500 in TOT (representing \$5000 in earnings) will not have their license renewed.
3. Implementation of the density rules for all new licenses after these new regulations are approved and implemented.

4. Normal attrition that happens as STR owners move to this area to live here full time, which is the plan for many STR owners.

During the committee meetings, we were told that there is about a 20% turnover of STR licenses per year so as you can see, this is an issue that will eventually resolve itself without causing harm and ill-will to the current STR operators that have been compliant for all these years. If the city were to decide to eliminate licenses by a lottery scheme, they must be prepared for multiple lawsuits or class action lawsuits from those owners. This has been the case in other cities up and down the California coast and in most cases, the homeowners have prevailed because the courts have seen this as “taking” of property rights. In the unincorporated areas of SLO County, the regulations “grandfathered” existing licenses when they implemented proximity/density rules for exactly this reason – they did not want to deal with the lawsuits. Attrition has taken care of this in Cayucos for example where there is a steady decline of STR licenses over the years.

In the fall of last year, the City Council considered and passed an ordinance bringing STRs into the Tourism Business Improvement District and as of January this year, we now pay 3% just as the hoteliers and other lodging types do. The intent of this move was to bring us into the advertising and promotion of Morro Bay in order to improve our results, so attempting to take away licenses through a lottery draw is contradictory and opposite of this and if the city should decide to go forward with the lottery or other means of taking licenses away from STRs, they should be prepared to reimburse these STRs for their contributions to the TBID. I respectfully ask that you approve these proposed regulations as written with the exception of mandating a lottery in a few years before the city has a chance to see if many of the issues of the local community will be resolved by the implementation and enforcement of these new regulations.

Sincerely,

Maggie Juren



Like us



Scot Graham

From: Meredith Bates [REDACTED]
Sent: Friday, August 14, 2020 8:49 AM
To: Scot Graham; Dana Swanson
Subject: Short Term Rentals

To be included in agenda correspondence

Dear Scot,

I was privileged to participate in the Short-Term Rental sub-committee, composed of a group of diverse citizens. I'm grateful to Scott Collins, Marlys McPherson and John Heading for their time and ability to both facilitate and educate as we worked together. Our goal was to strike a balance between considerations of both residents concerned about neighborhood quality and business owner's and the communities' economic needs. In several areas we achieved consensus after many mutually respectful discussions among our sub-committee members.

I've studied the draft ordinance that you will be reviewing on August 18. I'm in favor of many of the issues listed in the document. In particular, the Good Neighbor Brochure, which will be highly effective when it's distributed to neighbors surrounding any vacation rental. It will give neighbors peace of mind to know the rules about parking, noise and number of guests allowed as well as the hotline number.

Our sub-committee strove for consensus however, we didn't agree on every point. Although some residents want to ban vacation rentals entirely, I am in favor of a reasonable cap. I strongly urge you to lower the 250 cap in residential/mixed use neighborhoods. Most other communities of our size with caps have no more than 100 vacation rentals per 10,000 population.

Residents have been waiting to see changes in the current situation. They are told "there is a committee working on it. They want to see some change. Please consider shortening the roll out and transition time. Residents need to see that the city has listened to them.

Respectfully,

Meredith Bates, Morro Bay Resident

Dear Commissioner

I believe we have issues developing with the status of this city Short Term Vacation Rental guidelines. I feel that we are now at a crossroads of either due what is in the interest of our citizens that reside here all year or do we sway to real-estate stake holders? As is sits I believe it only generates approximately \$600,000 from bed tax revenue? Is this worth changing the makeup of our community? By allowing certain zoning within our neighborhoods for these short term rentals I have already seen changes within the very fabric of our community and the neighborhood that I live in. I am asking that you, as a member of the Planning Commission, consider correcting these deficits.

With respect to the total number of vacation rentals there was strong disagreement concerning total capitation. A vote by less than majority decided on a residential cap of 250. This number would result in an immediate increase in the number of rentals being added from those on the waiting list. I believe our citizens will be disappointed to find even more vacation rental businesses in their bedroom neighborhoods.

I ask you to consider reducing this total cap to 200, which is a number more representative of a compromise of the opposing viewpoints. Even this number is higher than most coastal California cities of our size.

The next item I ask for your consideration and review, is the spacing between vacation rentals. The committee and resultant ordinance in section 17.41.040 D cites a separation of three lots. It does not specify if these lots are on the same street, the street behind, or three lots front to back. Unless better defined, this method of spacing determination could lead to vacation rentals being **as close as fifty feet.**

I ask you to consider maintaining the present suggested spacing of 250 feet between vacation rentals. I believe this would be much easier for the city to determine and execute.

My last area of concern is for our citizens who are individually affected, by having two or three vacation rentals contiguous to their property. These citizens have had the quality of their home life significantly impacted in some cases.

The plan to correct this situation as outlined in the ordinance, will take up to four years before a nonconforming vacation rental is forced stop operation. I ask you to consider reducing this time period by 2 years.

With our pandemic and its resultant effect on community gatherings, I fear that the feelings and opinions of community members may be neglected. I believe it is our responsibility to act in their behalf.

Thank you for your consideration of my concerns and your continuing commitment to our city and its citizens.

Sincerely,

Michael Williams

Scot Graham

Subject: FW: Vacation rentals

From: Patricia Tokar-Hazlett [REDACTED]
Date: August 16, 2020 at 12:16:26 PM PDT
To: Scott Collins <scollins@morrobayca.gov>
Subject: Vacation rentals

We believe Morro Bay has too many short term vacation rentals. They have impacted the quality of neighborhoods. Parking, noise, trash and behavior have affected all of us. Code enforcement has been difficult because of the number of illegal rentals and transient nature of the renters. The city has tried to depend on people doing the right thing but owners do not care.

Rentals should be permitted in commercial areas only. More housing should be available to locals seeking long term leases. Robust fines should be given to owners illegally renting their houses for VRs.

Sincerely,
Larry and Patricia Hazlett

Sent from my iPad

Scot Graham

From: Sandra Santoianni [REDACTED]
Sent: Monday, August 17, 2020 7:49 AM
To: Scott Collins; Scot Graham
Cc: Gerald Luhr; Jesse Barron; Michael Lucas; Joseph Ingraffia; Susan Stewart
Subject: Cap of STRs

Good morning Scott and Scot,
cc: G. Luhr, J. Baron, M. Lucas, J. Ingraffia and S. Stewart

Placing 250 in the draft STR ordinance "as it received the highest number committee of votes," (four) is incorrect. Varying numbers 250 and below received an equal number of votes (four). The Planning Commission should select a number well below 250 which seems supported by the results of resident votes collected.

We applaud the "off street parking" requirement for STRs, and give a standing ovation to a "street visible STR sign" with legible contact information. Please use code enforcement to back up these requirements. Thanks also for not permitting STRs to be transferred upon change of current owner.

Your work in helping the City be profitable, while realizing that few of us would purposely opt to make our home next door to a motel, is greatly appreciated.

Bruce and Sandra Santoianni

Scot Graham

From: Walter Auerbach [REDACTED]
Sent: Thursday, August 13, 2020 5:16 PM
To: PlanningCommission
Subject: Proposed Vacation Rental Ordinance

Dear Planning Commission Members:

I am an owner of a residence on the north end of Beachcomber Drive. We have been vacation renting the property for 10 years as a way to defray costs of ownership. We use it ourselves about 20-30 days per year because we love Morro Bay and hope to spend half the year there when we retire. But when we purchased the property, we were on the edge financially, and it has been vacation rentals that have allowed us to think about retirement there.

Bravo to the City for taking on the challenge of developing real monitoring and enforcement of rules and regulations associated with STR's. We are completely in support of those provisions that generate funds for real enforcement, and penalties for repeat offenders. Your draft ordinance is hitting all the right topics, right up to the point where it picks winners and losers among the existing 250 permit holders. By declaring that there needs to be a certain spacing between STR's, we suddenly become non-conforming, and our permit will sunset in three years. We think this is overreach, and stepping out too far beyond solving the immediate problem.

Specific to our location, it also really does grate against our sensibilities to hear that our property will no longer be able to have visitors while the occupants of the campground directly below us are pretty much enabled to do whatever they want. They have no limitations as to how they affect the adjacent community. They park on the street, their campfires often stink up the neighborhood, among other things. I know that isn't on the table right now, but maybe the STR's on Beachcomber Drive deserve some additional consideration given the adjacency to another visitor-serving property. We, as a group, are some of the most highly sought-after vacation rental properties in Morro Bay because of the views and the proximity to the beaches. The only complaints I seem to get are about that campground.

Adaptive Management is a term that is used to describe how regulations can be implemented incrementally, allowing the agency to take in data over time to determine how those rules should be adapted in the future. We urge you to adopt all the provisions of the draft ordinance that deal with the nuisances and enforcement of those nuisances, but leave the density and transferability limitations out until the data is collected on how the nuisance enforcement is working. If it works really well, maybe the questions about how many STR's and where they are located will be resolved. If addressing the nuisances isn't working, and you decide later to

take more steps, so be it. Both Placer County and the Town of Truckee (in my home region) have taken (or are taking) similar steps, first by setting up true code enforcement that works for STR's, and allowing the discussion on longer term management to continue.

Small steps, properly planned, will lead to long term success and buy-in from everyone. Shotgun blasts hit everything in sight, and don't recognize the good players from the bad ones, or the unique qualities of any individual property. Policy-making with shotguns is just wrong, and hurtful. We hope you'll agree.

Thanks for the opportunity to comment.

Wally Auerbach





August 14, 2020

Chairperson Gerald Luhr and Commissioners
Morro Bay Planning Commission
City of Morro Bay
Morro Bay, CA 93442

RE: Short-Term Rental Proposed Ordinance, Agenda Item B1

Dear Chairperson Luhr and Commissioners,

Thank you for the opportunity to provide comment on the City of Morro Bay's efforts to regulate short-term rentals (STRs). Expedia Group is a family of brands that includes vacation rental leader Vrbo, and our experience working with communities in California and around the world gives us a unique understanding of the kinds of regulations that work for municipalities like Morro Bay.

Expedia Group supports regulations and oversight of the short-term rental (STR) industry. We welcome the responsible regulation of the industry, because we see STR's as an important part of the fabric of tourism. STRs provide an essential option within the visitor industry for travelers, such as families, and gives them an opportunity to enjoy your beautiful city in a more personal setting.

An often-unacknowledged casualty of onerous restrictions on STRs would be the community of small businesses and local homeowners who will be severely harmed. Morro Bay deserves a short-term rental ordinance that responsibly regulates the activity while also recognizing the important economic benefits STRs provide to the local economy and the families who benefit, not to mention the revenue generated for much needed municipal expenditures.

Expedia Group has learned that policies work best when governments and platforms work together. We offer platform tools to assist the City with compliance.

- Platforms will create a mandatory field for owners to enter their permit number, in the same format as issued by the City of Morro Bay;
- Platforms will display the permit numbers on all new and existing property listings;

- Platforms will remove any existing listing that does not display a permit number, and will prohibit any new listings that do not display a permit number;
- If the City determines that any permit numbers are invalid, either because the number is incorrect or has expired, it can notify the platform, and the platform will remove the listing from its platforms within 10 business days of receiving notice;
- To allow the City to determine the validity of the permit numbers supplied by the owners, platforms will send to the City, on a quarterly basis, a list that matches URLs of every vacation rental listing on its site together with the permit number for that listing;

We welcome the opportunity to work together in the direction of responsibly regulating STRs and look forward to working with you further to identify sustainable, workable, and legal ways to assist Morro Bay in increasing compliance with local regulations. Please feel free to contact me at [REDACTED] with any questions.

Sincerely,



Walter R. Gonzales
Government Affairs Manager
Expedia Group

CC: Morro Bay Mayor and City Councilmembers

From: Nancy Bast [REDACTED]
Sent: Monday, August 17, 2020 10:25 AM
To: PlanningCommission
Subject: Re: DRAFT STR ORDINANCE

Honorable Commissioners,

One of the biggest issues of our time is a lack of housing for a diverse and burgeoning population. Responding to the state's mandate to build more housing, we already see the effect on our community as permits are granted for high density three story units with inadequate on-site parking.

Yet there are **hundreds of vacant living units in Morro Bay** whose owners are seeking applications as short term vacation rentals - living units that could provide the needed housing instead of changing the face and feel of Morro Bay with new development.

In all likelihood much of this new development will be second home and/or investment purchases that will also submit applications for short term Vacation Rentals.

The City has NO OBLIGATION to ensure home buyers of profitable or even viable investments, especially if subordinating present residents quality of life to commercial greed.

These same homes can provide owners with profitable rentals for full time residents who would add revenue and civic value to our community.

Thank You to the members of the Committee for their time and thoughtful discussion on this important issue and it's affect on Morro Bay's residents quality of life and possible diminishment of their property's value.

The areas in which the Committee found consensus I believe are reasonable and appropriate.

Because there are so many STR applicants, it is reasonable and democratic to limit the permit to three years, at which time the operator can return to the waiting list.

I am opposed to transfer of STR permits for any reason.

Morro Bay has less than 6000 water/sewer connections, including businesses, a fact that gives a rough indication of the town's total number of living units. 250 short term vacation rentals is an **excessive** percentage of the town's homes and it's population.

The **commercial usage of STRs** interspersed among residences belies the basis of zoning for Residential areas. It is the exploitation of quiet neighborhoods made hospitable by residents through pride of ownership and long term renting residents.

The present excessive number of STRs fosters a deleterious effect on residents sense of belonging to their neighborhood and commitment to community.

There should be no more than 120 STRs, including in Commercial zones.
All of those within residential areas should be home sharing STR rentals with the host living on the property.

The full home STRs should be limited to Commercial areas and sited for the fewest effects on resident neighbors.

It would be helpful in considering home sharing rentals vs full home rentals to know how many of the total STR applicants do not reside in Morro Bay.
An added benefit of home sharing with property owner STRs keeps the money locally.

With a reduced number of STRs, the obvious difficulty of buffering becomes far less troublesome. The reduced number is also a more appropriate percentage of the total number of homes and population.

The discussion regarding non-conforming STRs is disturbing.
Investment return to STR owners is NOT A FUNCTION OR CONCERN OF THE CITY.
Full time rental is always an option for the owner and a benefit to the housing crisis.
The investment of STR owners has no more need for concessions or priority or **importance than the investment in the home of a full time resident** of Morro Bay.
One year seems adequate to phase out non-conforming STRs.

In the Definitions section of the Draft Ordinance, a number of definitions merely refer to a section of the Government Code or the Zoning Ordinance. For clarity of applicants complete understanding, these definitions should be fully defined in this ordinance without the necessity of referring to another document.

Out of town owners and their property managers form a vocal bloc that is highly motivated to influence the terms of this ordinance,
however, residents voices should carry more weight commensurate with their contribution to the community which is far more than personal monetary gain.

Your decision in this matter is not a usual planning or business decision - it is as much a moral decision that can adversely affect the every day quality of life of your friends and neighbors and the cohesiveness that has long characterized this friendly community.

Sincerely,
Nancy Bast
40 year resident of Morro Bay

Sent from my iPad

From: Sean Green [REDACTED]
Sent: Monday, August 17, 2020 11:57 AM
To: PlanningCommission; Scot Graham
Cc: Scott Collins
Subject: 8/18/20 PC Agenda - Simplify and make transparent the VR discussion

Planning Commission and Scot,

As a member of the VR committee responsible for much of what you see before you, there are two important points of clarification that I believe must be addressed during this week's PC and TBID meetings, as well as the eventual council meeting later this fall, for the sake of city transparency:

1. Effective date of compliance/non-compliance (for VR buffer, cap)

With VR attrition happening constantly, especially during Covid times, and with zoning changes looming in our future, the moving VR target we were aiming at back in December is no longer the target we are aiming at today, nor the one Council will be aiming at in September or Coastal Commission next year. This fluidity muddies the waters for everyone who seeks raw data to support major policy decisions, especially when it comes to location, zone, and number of allowable VRs. Creating a fixed "as of" date, likely in the past or present, would immediately set in stone (make static) the fluid numbers and locations of VRs, as well as eliminate the need to consider future zoning changes in your discussion. (If we could simply freeze new VR permits, that could help, but I believe that would take an emergency ordinance). Basically, all parties need to know the rules and players of the game in order to accurately advocate for their position or vote. This can't happen if PC, TBID, and Council push forward an ordinance that doesn't set an "as of" date until its passage in the distant, uncertain future.

While changes in planning and building codes only look forward, not back, and while we would never think of forcing a non-conforming structure previously approved by planning commission to be torn down, I do think there's value in selecting a date sometime in the recent past to determine some level of VR permanence and to prevent sudden surges of VR activity, property sales, and other gamesmanship that city staff may not be equipped to handle.

Suggestions for a fixed "as of" date include:

- **April 2018 - Council permanently approves the VR emergency ordinance (legitimizing compliant VRs and the 250 cap)**
- May 2018 - Planning Commission meeting re: VR draft ordinance
- **August 2019 - Council officially votes VRs into TBID (further legitimizing compliant VRs and increasing their tax rate from 11% to 14%)**
- June 2020 - end of fiscal year; final meeting of VR committee
- July 2020 - the date of most recent VR permit issuance

Whichever "as of" date you choose could potentially lower the 250 number of VR permit holders to, say, somewhere in the 175-225 range, all of which could be considered conforming as of that chosen date (similar to planning and building codes), or, at the very least, could be used to establish a fixed data point and agreeable basis upon which all relevant decisions by PC, TBID, Council, and the general public are made.

2. Expressly publishing the addresses of suddenly non-compliant VRs

Unlike the blanket inclusion of VRs into TBID, which the city properly noticed publicly and evenly via meetings, mailers, etc., the VR ordinance, as proposed, is to be applied unevenly in that the livelihood of 10, or 30, or 50, or more currently compliant VR owners with years, sometimes decades, of successful operation without a single infraction may be taken away. These VR owners (and their neighbors) deserve to know explicitly, by public notice through PC agenda, TBID agenda, Council agenda, and direct mailers, which specific addresses are at risk of becoming non-compliant in each scenario being discussed. Every buffer proposal to date presents unique confusion (even to those of us on the VR committee); there should be no confusion about which specific properties and owners may lose their license. City staff has already done much of this hard work. Planning Commission must direct them to complete and publish a list of property addresses or parcel numbers, perhaps color-coded to reflect the one, two, or three potential buffer systems being considered.

Respectfully submitted,

Sean Green
Morro Bay, CA

EXHIBIT D

Scot Graham

From: Judi Brown [REDACTED]
Sent: Monday, August 10, 2020 7:22 PM
To: Scot Graham; Jeffrey Heller; Scott Collins
Subject: Vacation Rental Zoning Request

Dear Mr. Graham,

I am a long-time resident since 1983. I have owned my property since 1997 and have watched our town change dramatically over the decades.

For the foreseeable future, Morro Bay will be dealing with the fallout from COVID. Because there are no longer geographical constraints now jobs and schools are online, it is a very real and frightening possibility that VRs will continue to be churned year-round bringing increased COVID exposure as well as typical horrendous and dangerous behavior to long-established residential neighborhoods.

I vote NOOOO vacation rentals be allowed to operate in residential neighborhoods. It is too much to ask of neighbors surrounding these covid nests to tolerate, especially year round as we seem to be headed. VRs should be located in business districts, not residential neighborhoods (even multi-use neighborhoods where residences are still present).

That said, I would like to encourage unlimited homestays in residential neighborhoods where the property owner is present and will supervise guests. All guest and owner parking would need to remain on property; no street parking.

Making these revisions will satisfy the Coastal Commission's requirement for affordable coastal access while not placing undue burden on long term residential neighborhoods.

The process of bringing an appropriate vacation rental ordinance to Morro Bay has become way too protracted and it's time to bring forth effective planning. There is an urgency now due to COVID that was not present before. You and your staff should use all means possible to expedite the process, streamline the ordinance, and bring it to the Planning Commission and the City Council as soon as possible.

It's also important with an election pending in November that these issues be brought forward now so they can be a part of the discussion among the candidates, with the expectation that a new council would take action as early as possible in the new term. Please delay no longer Mr. Graham; this ordinance is critical to the health, safety, and welfare of our Morro Bay citizens.

Sincerely,

Judi Brown
[REDACTED]

EXHIBIT D

Scot Graham

From: [REDACTED]
Sent: Thursday, August 13, 2020 1:29 PM
To: Scot Graham
Subject: VR Ordinance

Scott Graham,

I would like to voice my opinion on the short-term vacation rental ordinance. My husband and I are residents and homeowners in Morro Bay with two small children. We would like the opportunity to operate a short-term vacation rental legally on our property but have been unable to do so as there is a limit on permits.

Our property has two homes and is zoned as multifamily residential; we would like to occupy one of our houses while managing the other as a VR. We have designated parking on our property and would be on site to supervise our guests and ensure that they are not disrupting our neighbors. There are no other VRs in our vicinity that I am aware of. We would love to host visitors and travelers to our town and community with this type of rental but have not had the opportunity due to homeowners that do not even reside in Morro Bay taking up many current permits.

It is my opinion that the city should open up the number of permits available for homestays where the property owner is present. This opportunity would not only bring in revenue for the community, it would help ensure that families like mine can continue to afford to live here. Please continue to keep in mind both the hopes of our town's residents and our future visitors along with the times that we are currently living in when making a final decision on this ordinance.

Could you also please inform me on how we can get on the current permit waitlist?

Thank you,

Sara & Simon Hakker

EXHIBIT D

Dear Planning Commission Members:

City staff, officials and committee members are to be commended for the data collection, outreach, and consensus-building that was organized in order to draft a policy by which to manage vacation rentals. The process outlines the factors which shaped the draft ordinance, and it promotes broad community support.

Three items that did not garner clear consensus with the Vacation Rental Committee representatives call for clarifying language: 1) The cap on total number of STR's, 2) the timeline for bringing current STR's into compliance, and 3) density limitations. As community members we would like to offer suggestions.

1). Regarding the cap on total number of STR's allowed in residential areas, 250 does not reflect community representation. The choice of 250 because that number received four votes is arbitrary and capricious. Four votes were also proffered in opposition to that top number. A more reasoned approach would be to address the committee in total and reach a limit that represents their intent, i.e., greater separation. Fewer than the limit of 250, such as 180, is more desirable.

2). With reference to density, three lots separating STR's is, again, arbitrary and inconsistent. To promote more uniform separation, please consider separation that includes a standard distance. Our desire would be to use the greater of two distances: "...separation by three lots or by a radius of 250 feet, whichever is greater."

3). The timeline of three years for initiating compliance is extremely long. Conditions for compliance mandates are included by way of a lottery process and a one-year grace period. Since the conditions for compliance exist now, as measured by community demand, please enact an ordinance that meets this demand, as this ordinance does, and initiate it immediately upon enactment. STR owners will still have at least one full year to adjust their property use.

You have overseen a long and arduous process to get this near the finish line. Please make a few necessary adjustments to see this process to completion. Thank you.

Sincerely,

Robert and Carol Swain

EXHIBIT D

Scot Graham

From: Ric Deschler [REDACTED]
Sent: Wednesday, August 12, 2020 5:34 PM
To: Scot Graham
Subject: Additional STR item comment

Dear Members of the Planning Commission:

I have one additional comment concerning the SRT ordinance.

You are going to hear a lot of sob stories from vacation rental owners about their financial burdens. It is imperative that you place the concerns of the people that would love to be able to have just a primary residence over those of people that have two, three or more homes. Keep residential neighborhoods for residents, not commercial investments.

Thank you,

Ric Deschler
Morro Bay

EXHIBIT D

August 12, 2020 Vacation Rental Ordinance

Dear Members of the Planning Commission:

When a person moves into a residential neighborhood, they neither expect nor want to be in a commercial tourist area. That is why separate zones were formed in the first place.

I have several issues with the staff report and recommended ordinance. It's clear that these recommendations are only about increasing TOT and not about the welfare of the community.

Transferability of permits - I agree that permits should not be transferable. Also, a person or entity on the property title should not be allowed to hold more than one permit. I would include that permits may not be issued and renewed for more than 5 years.

Density of STRs - I disagree with the proposed miniscule buffer between STRs. The current proposal in Los Osos is 500 feet and ours should be no less. I understand why they often comment "We don't want our community to end up being like Morro Bay".

Total number (cap) of STRs - Four votes for 150 units or less and four votes for 250 units should not conclude that 250 units is the way to go. That exhibits very poor reasoning and is far from a consensus. It clearly indicates that the panel was far apart on this issue with three votes wanting as low as 120. The total number should include both commercial and residential zones. That would easily satisfy the Coastal Commission's concerns.

An even better solution would be to only have STRs in commercial zones and only Home-Stays in residential zones.

Grandfathering non-conforming STRs – Existing permits should be phased out in 2-3 years. The city is not responsible for the financial investment decisions of individuals. I have made both good and bad financial decisions in real estate and it is not up to the city to solve my issues. *The city's responsibility is to the welfare of the total community.* STR property owners would still have the option to recover their investments by traditional renting of their homes to residents. There is no loss of property rights by not letting them turn a residence into a commercial enterprise. After all, we are talking about already designated residential zones.

Accessory Dwelling Units – All existing STR ADUs should also be phased out.

I have lived in Morro Bay about 46 years. I have been a renter, home owner, and a landlord. I live across the street from a STR that has been there about 9 years. For the 20 years prior to that it had been lived in by the original builder then other permanent residents. I miss that neighborhood continuity.

EXHIBIT D

STRs diminish our residential housing stock significantly. This is doubly true when they are located in residential neighborhoods. We have adequate visitor serving opportunities to satisfy the Coastal Commission for a range of affordability with our motel and hotels, campgrounds, RV parks, and vacation rentals that are located in visitor serving zoned parts of the city.

Housing stock is critical and in very short supply in Morro Bay. STRs reduce the potential for full-time residents. Residents contribute significantly to the economy of Morro Bay. They utilize the shops and services of our local businesses daily throughout the year, not just sporadically like the STR users. Vacation rental businesses take the neighbor out of the neighborhood.

This ending statement by the Coastal Commission in their letter of 12/6/16 to Community Development Directors about STRs sums up a critical component. "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.*" (emphasis added)
That is what these proposals do.

Thank you for your time and I hope you will stand strong to focus on the needs and character of our community for our local residents.

Ric Deschler

[REDACTED]

Morro Bay

EXHIBIT D

Scot Graham

From: Dana Swanson
Sent: Wednesday, August 12, 2020 12:00 PM
To: Scot Graham
Subject: FW: Vacation rentals

-----Original Message-----

From: Pat Reed [REDACTED]
Sent: Wednesday, August 12, 2020 11:44 AM
To: Susan Stewart <sstewart@morrobayca.gov>
Cc: Jesse Barron <jbarron@morrobayca.gov>; Joseph Ingraffia <jingraffia@morrobayca.gov>; Michael Lucas <mlucas@morrobayca.gov>; Dana Swanson <dswanson@morrobayca.gov>
Subject: Vacation rentals

Dear Planning Commission Members,

Having written many letters to both the city council and the planning commission over several years on the subject of vacation rentals, we are happy to see that there is a proposed ordinance before the planning commission. That said, and having been an alternate member of the ad hoc committee, there are two issues that were never completely agreed upon, and that in our opinion need to be changed.

The total cap on rentals, currently set at 250, is well beyond what a city the size of Morro Bay should have. As I remember the views of the ad hoc committee varied widely from 125 to 300. Throw out the high number of 300, and the low number of 125, the number of licenses should really be about 175, although a compromise of 200 would be acceptable.

The other issue is spacing, and given the complexity as specified in the proposed ordinance it would be a nightmare to administer, with the streets in Morro Bay curving and crossing other streets at angles. The better method is by radius spacing between vacation rentals of 200 feet, although 250 feet would definitely be our preference.

Our only other major argument is with the length of time it will take to reduce the current overloading of some neighborhoods. The ordinance states 3 years, but surely what needs to be accomplished could be done in 2 years from the date of enactment.

Please give your consideration to these proposals, and the many others that you will receive from the citizens of Morro Bay, keeping in mind that we are residents who live here year around. Thank you.

Sincerely,

Pat and Jim Reed
[REDACTED]
Morro Bay.

Sent from my iPad

EXHIBIT D

Dear Commissioners,

As a community representative member of the ad hoc STRV committee, I am proud of much of the work that we achieved through consensus and compromise. However, I believe we were less than successful in some areas and I am asking that you as a member of the Planning Commission consider correcting these deficits.

With respect to the total number of vacation rentals there was strong disagreement concerning total capitation. A vote by less than majority decided on a residential cap of 250. This number would result in an immediate increase in the number of rentals being added from the those on the waiting list. I believe our citizens will be disappointed to find even more vacation rental businesses in their bedroom neighborhoods.

I ask you to consider reducing this total cap to 200, which is a number more representative of a compromise of the opposing viewpoints. Even this number is higher than most coastal California cities of our size.

The next item I ask for your consideration and review, is the spacing between vacation rentals. The committee and resultant ordinance in section 17.41.040 D cites a separation of three lots. It does not specify if these lots are on the same street, the street behind, or three lots front to back. Unless better defined, this method of spacing determination could lead to vacation rentals being as close as fifty feet. Please see the attached drawing.

I ask you to consider maintaining the present suggested spacing of 200-250 feet between vacation rentals. I believe this would be much easier for the city to determine and execute.

My last area of concern is for our citizens who are individually affected, by having two or three vacation rentals contiguous to their property. These citizens have had the quality of their home life significantly impacted in some cases.

The plan to correct this situation as outlined in the ordinance, will take up to four years before a nonconforming vacation rental is forced stop operation. I ask you to consider reducing this time period by some degree.

With our pandemic and its resultant affect on community gatherings, I fear that the feelings and opinions of of community members may be neglected. I believe it is our responsibility to act in their behalf.

Thank you for your consideration of my concerns and your continuing commitment to our city and its citizens.

Sincerely,

Patrick J Vaughan

Scot Graham

From: Beth Appel [REDACTED]
Sent: Monday, August 31, 2020 1:48 PM
To: PlanningCommission
Subject: Vacation Rental ordinance

Hello,

My family and I have lived full time in Morro Bay for the last 15 years, and we love the town and the community. For the last 5 years we have rented our house to Airbnb guests when we are away traveling, and it has worked out very well for us. We live on a street where we know our neighbors and we try especially hard to rent to people who will be respectful to the neighborhood. Whenever I check with my neighbors I get support, understanding, and encouragement from them.

I have read the new ordinance and I have a couple suggestions.

1. If vacation rentals are already licensed and functioning, it does not seem fair to take away a license just because the new ordinance now makes them too close to another VR. There should be a way for already existing VRs to continue. My neighborhood is supportive and fine with the VRs in the area, so they should be able to continue. Maybe the existing VRs could be grandfathered in, or could get a waiver in some way.
2. PLEASE collect the taxes through Airbnb or VRBO. I know this wouldn't bring in the taxes from the VRs not listed on these sites, but it would bring in much more revenue to Morro Bay, and it would actually help the Airbnb hosts make more money since the taxes wouldn't come out of the host's fees. San Luis Obispo County does this and it seems obvious Morro Bay should do it too. You would collect the taxes from every VR on those platforms, not just the ones being honest and paying voluntarily. It would add revenue to Morro Bay. (If there is a reason Morro Bay does not do this that I am not aware of, could you let me know? It is a mystery to me why MB doesn't have Airbnb collect the taxes).
3. VRs provide a service that is different from motels and hotels. VRs should be monitored and guests and hosts should be held accountable for their actions, but VRs generally operate without problems and are an excellent option for families and groups. They should be encouraged! They are a revenue generator for the city, which is great! I recommend increasing the number of VRs above 250. If there is a host who is negligent multiple times, action should be taken on this host, but if a VR is being run properly, then the city can accommodate more than 250 VRs.

Thank you for considering these suggestions.

Sincerely,
Beth Appel

Scot Graham

From: betty winholtz [REDACTED]
Sent: Friday, August 28, 2020 2:32 AM
To: Gerald Luhr; Michael Lucas; Joseph Ingraffia; Jesse Barron; Susan Stewart
Cc: Scot Graham
Subject: agenda item b-1

Dear Planning Commission:

Please review my comments and answer my questions during your hearing. I am sending this to you uncharacteristically early in hopes a map will be presented per #2.

Sincerely,
Betty Winholtz

1. Will there be public comment again specifically on B-1, or is public comment closed? If public comment is closed, I assume the public can make comment during general Public Comment at the beginning of the meeting?

2. Both the Planning Commission and the TBID agree on unlimited unhosted rentals in mixed use and commercial zones. (17.41.030C and 17.41.040A) Could you show us a readable map with the boundaries of the zones which will be unrestricted? How many legal short term rentals are currently in these zones?

3. I do not see TBID's recommendations reported in your Staff Report. One topic that the Planning Commission and the TBID seem to have different leanings is how to lower the cap. The discussion at the last Planning Commission meeting revolved around using a lottery. From a business angle, the TBID wants to use attrition. I would venture from a neighborhood's perspective, whichever method brings the number down the quickest is preferred.

4. It was noted in the TBID meeting that since apartments are not restricted from STRs like other stated exclusions in 17.41.030C-E, then they are allowed. Please restrict STRs from apartments and apartment buildings. The reasons for restricting them in these locations would be similar to restricting them in ADUs.

5. On page 11 under NEXT STEPS, the Staff Report states, "An STR ordinance will become part of the City's Local Coastal Program (Implementation Plan) once adopted by City Council but cannot take effect until the Coastal Commission reviews and approves it." Will it be your recommendation that the STR ordinance be sent to the CCC earlier and separately from the LCP or Zoning ordinance? Part of the reason I ask is on page 12 under CONCLUSION, the Staff Report states, "Due to delays experienced with draft zoning code, Council directed staff to move forward with the STR ordinance outside of the zoning code update process." It seems reasonable that if the STR ordinance is not separated out and sent ahead, it defeats the intent of the people and the publicly stated position of the City Council to get this implemented.

6. My impression is this ordinance, reducing the cap, and enforcement will not effectively take place for a minimum of 3 years, even longer depending on when the ordinance is sent to the CCC. This long lapse of time before neighborhoods experience relief from this commercial burden is way too long. This must be significantly shortened.
7. Are current, legal nonconforming units counted within the cap, or are they in addition to the cap? (17.41.050A) The same question applies to ADUs. (17.41.050C3)
8. The section on Inspections (17.41.060B) does not say who in the City is doing the inspection. Is it the Fire Marshall? I question whether self-inspections are appropriate.
9. Can the days in 17.41.060D and E be lowered? Just to clarify, every STR has to go through this process whether it is located in an unlimited zone or residential?
10. What department within the City currently revokes business licenses? Is there currently an appeal process for that? It seems inappropriate to burden the city manager with business licenses and processes. (17.41.080) There is no information about who or from where the Hearing Officer is recruited, even whether s/he are employees or not. This needs to be fleshed out.
11. Fine amounts need to be specified.

Scot Graham

From: Bob Lalor [REDACTED]
Sent: Sunday, August 30, 2020 2:21 PM
To: Council; Dan.Carl@coastal.ca.gov; PlanningCommission
Subject: Upcoming Short Term Rental Decision

To whom it may concern,

I'm writing to you regarding the upcoming meeting about Short Term Rentals in Morro Bay. My family has built a wonderful tradition of spending New Years in Morro Bay for 5 years straight in the same rental. We treat it as a peaceful getaway, filled with walks, beach time, golf, cooking, and more walks. It would be a shame to lose such a thing based off of the voices of a few disgruntled home owners. Instead of looking at a ban, why not focus on how you can make the system work FOR you. Sales Tax revenue from visitors (not like there are that many other options in Morro Bay), occupancy tax, etc. If the short term rentals go away in Morro Bay, it's not going to drive us to find a hotel in town - we simply would find a different beach town. The only people you are harming by banning STRs are yourselves!

Here are some facts I'd like to pass along:

Density of vacation rentals in Morro Bay

- The world today is quickly becoming a sharing economy in many different areas: home sharing, ride sharing, car sharing.
- Many larger urban areas are becoming overrun with hosted and non-hosted vacation rentals. This is not the case in Morro Bay.
- There are **6466 housing units in Morro Bay** and approximately 19% of them are second homes (approximately 1250 living units)
- Morro Bay has currently capped the number of **vacation rental licenses at 250** and per data collected from the city in summer of 2019, **only 153 of those homes were "active", defined as those paying more than \$500 in TOT** (indicating they collected \$5000 or more in rents in the previous year).
- This means that only 4% of all the housing units in Morro Bay hold STR business licenses and **only 2.5% of all housing units have an active vacation rental.**

Conclusion: **Morro Bay does not have too many licensed vacation rentals**, and the city of Morro Bay has been aware of the illegal rentals for 3+ years and only recently began efforts to regulate the illegal VRs

As for nuisances, I hate to be the one to inform you, but Morro Bay isn't exactly a party destination. There is little to no nightlife, absolutely nothing geared towards the 21-40 age group, and vast environmental restrictions on the beaches. Nuisances cannot be a driving factor in getting rid of STRs. I'd bet guests of primary residence homeowners cause far more disruptions than STRs.

In all, please look at other options to drive revenue instead of pushing it away.

Sincerely,

Bob Lalor
Oxnard, CA

Scot Graham

From: Carol Hoppert Hays [REDACTED]
Sent: Monday, August 31, 2020 2:24 PM
To: PlanningCommission; John Headding
Cc: Mark Hays; Terri Hicks; Robert Davis; Marlys McPherson; Dawn Addis; Jeffrey Heller; Scott Collins
Subject: Vacation Rentals

To Whom It May Concern:

We are the owners of a short term vacation rental in Morro Bay at 3273 Tide Avenue and we live in Visalia. We sunk our entire life savings into this house almost five years ago and intend to retire there within five years. The only way we can do that is to rent it out as a vacation rental (as per our original plan) until we move in. We see Morro Bay as our hometown the same as any one who lives there and we want to preserve it's character for ourselves too. We care about the quality of life for all residents. It is an affront to us to be characterized as anything other than members of that community (especially since we are there a large portion of the time).

We believe a vacation rental ordinance is needed. However, we also feel that it is unfair to existing STR owners to threaten the plans they made, in good faith, based on the current policy of the City.

We are adamant that the most essential point of a new policy be that the policy be enforceable and ENFORCED; that the vast majority of the City's effort be expended in the pursuit of illegally rented properties. Many of the complaints of full time residents could be alleviated through the act of enforcing the policies already in place. In our case, we are the only licensed rental for at least a city block in any direction. However, there are some within that circumference that operate as STRs and are NOT licensed (we confirmed this through our knowledge of our neighborhood and the obtaining of a list of all current licenses in the City). It is a waste of time and money to put a new ordinance in place when the existing ordinances are not being enforced and, frankly, an insult to those of us living by the rules.

To that end, for existing STRs:

1. We feel VERY strongly that all current vacation rental licenses must be grandfathered in with the provisions under which they were attained.
2. Our primary concern is that we be able to transfer the license with the house (whether to our children as inheritance or upon sale). We would, however, be amenable to limits on the transfer of existing licenses at a fair level; for example, we could get behind a proposal to allow unlimited **transfers of the license with ownership among family members (as in the case of an inheritance) and a limit of a one time transference of the license upon a sale.**
3. That all existing licenses only be eliminated through natural attrition.
4. That no existing licenses be subject to a lottery.

With regard to the new licenses being issued:

1. We support the limiting of new licenses to 200.
2. We support a limit on the number of licenses for Homestays (although we have no opinion on what that number should be).
3. We support a fair density requirement, however we are not affected by this as our home falls within all of the proposed boundary requirements.
4. We support a seniority provision that allows for the existing licenses to be given a first priority in renewing and not be subject to a lottery.
5. We only support home inspection on a one time basis when a license is acquired and that all existing licenses be exempt from this requirement.

6. We do NOT support the limit on the number of years a home may be licensed. That, once acquired, the license be renewable.
7. We support adequate signage and, ourselves, believe it would be advantageous to put this signage in a prominent spot on the edge of the property (on a fence or via a yard sign) stating who to call in case of emergency or violation of the Good Neighbor policy.
8. We support the requirement of a local contact for every STR.
9. We would propose that all STRs be required to be managed by a professional property manager with a local point contact.

All in all, we know that our home is an asset to our neighborhood and to the City as a whole. Our home is professionally managed, is kept clean and neat and maintained as to all systems, appearance and landscaping. We have, and continue to, improve the aesthetic of our home. We know our neighbors and enjoy neighborly relationships with all of them. Every neighbor has our property manager's contact information and our contact information as well so they can always reach someone with concerns. We have our own contacts within 20 minutes of our home who are available should the need arise. Through technology, we monitor the noise level in our home and advise the tenants when they pass an acceptable level. We have had our rental for almost five years and have had only one complaint and that was handled efficiently and quickly by our property manager (and that group was banned from subsequent visits to our home). We maintain an age requirement and we strictly enforce occupancy requirements to prevent our home from being used in an offensive manner (a party house).

Lastly, we have complied with all rules and requirements of the City. We have supported higher occupancy tax for STRs in fairness to the hotel/motel owners. We have contributed thousands of dollars in occupancy tax to the City. We are conscientious owners who want Morro Bay to continue to be the jewel of the Central Coast.

Sincerely,

Mark and Carol Hays

Scot Graham

From: Beachhouse [REDACTED]
Sent: Saturday, August 29, 2020 11:43 AM
To: PlanningCommission
Subject: Short Term Rental

To: Morro Bay Planning Commission

The current short term rental (STR) proposal uses distance to reduce the number of vacation rentals. A fairer system would be to establish an oversight process that allows complaints to be filed and would monitor the number and severity of complaints. Repeated violations of STR regulations would result in the revoking of their license.

All vacation rentals should not be penalized because of a few bad apples. Problem STRs should be monitored and managed on an individual basis. Using arbitrary distance rules and applying them to *all* vacation rentals, eliminates those STRs that help support our community through tourism dollars.

In addition, using distance rules may not insure that problem properties will be eliminated, in fact it is just as likely that a well managed, tax producing property would be excluded.

If Morro Bay wants to continue to be a tourism destination, it is important that they maintain and manage a significant and well managed supply of short term vacation rentals in today's competitive online, rental market.

Charles and Susan Klose

[REDACTED]

[REDACTED]

Scot Graham

From: Beachhouse [REDACTED]
Sent: Saturday, August 29, 2020 10:30 AM
To: PlanningCommission
Cc: Beachhouse
Subject: Short Term Vacation Rental

To: Morro Bay Planning Commission

We request that the density requirement for Beachcomber Drive and Toro Lane be adjusted to allow for more short term rentals (STR) than other residential neighborhoods in the city, taking into consideration:

- 1. Vacation rentals on Beachcomber Drive and Toro Lane provide a unique experience that attracts renters due to the proximity to the ocean and beach.**
- 2. Under the currently proposed regulations a number of these desirable rentals would be eliminated.**
- 3. Local, small businesses would be affected and tax revenue would be reduced.**
- 4. It conflicts with the Morro Bay Tourism Board's efforts to present Morro Bay as a tourist destination by reducing the number of beach front properties available.**

We have owned our home for over thirty years and been a vacation rental for 15 years, maintaining our property and paying our taxes. More than 50% of our renters return, year after year, due to the view and proximity to the beach. We are retired and income from the

beach house supplements our income. We are in danger of losing our rental income due to two other vacation rentals within the 3-lot minimum.

We are requesting that the proposed density rules be revised to allow current vacation rentals on Beachcomber Drive and Toro Lane, which are in compliance with all other STR regulations, be allowed to retain their licenses.

Susan and Charles Klose

[REDACTED]

[REDACTED]

[REDACTED]

-->

Scot Graham

Subject: FW: Former SLO alumni

From: Christine Temple-Wolfe [REDACTED]
Sent: Monday, August 31, 2020 12:29 PM
To: Council <council@morrobayca.gov>
Subject: Former SLO alumni

I wanted to express my concern that the city was limiting rentals in morro bay. I graduated in 1989 and try to return twice a year to visit friends and family.
My son graduated from call poly two years ago and we have family vacations in morro Bay. Please don't squash rentals... This is important. Many of us live to support your economy.
I have a good friend who owns a second home in Morro Bay and she survives of it this income.
Don't listen to the voices of a few when it will hurt the community at large

Christine Temple-Wolfe
Samsung Phone
[REDACTED]

Scot Graham

From: Christy Roush [REDACTED]
Sent: Sunday, August 30, 2020 11:06 AM
To: PlanningCommission
Subject: Morro Bay Vacation Rental - 3200 Beachcomber Drive

Dear Distinguished Planning Commission,

I am writing to you today because we are planning to visit Morro Bay from September 8-21, 2020; and hope your proposed regulations will not affect our plans. We've been looking forward to this vacation home in Morro Bay for many months. My husband and I were residents of Morro Bay and owned a home on 325 Arbutus from 2004-2008. My mother and both daughters currently live in Santa Maria and San Jose respectively, so we decided to return to Morro Bay which is centrally located, so we can visit and reminisce about spending time there in the past. It is so beautiful there. We miss it very much.

We are always aware of noise and disruption to a neighborhood, especially since we've been homeowners for 40+ years. We are mature adults and do not go there to "party". We plan to take long walks on the beach with our two little doggies and daughters. We'll be ordering from the local restaurants and having mostly everything delivered due to Covid-19 safety concerns, as we are in our late 60's.

Thanks for your consideration. I hope you find your way to reasonable policies & regulations that everyone can come to a consensus. I realize how difficult this must be for your commission to satisfy all concerned parties.

Sincerely,
Christine & David Roush
[REDACTED]

Scot Graham

From: Cynthia Mauch [REDACTED]
Sent: Friday, August 28, 2020 12:50 PM
To: PlanningCommission
Subject: Vacation Rentals in Morro Bay

Hello!

I am writing regarding the proposed ordinances to restrict and/or disable VRs in Morro Bay. I am a 22 year Morro Bay resident. I co-own, with my brother, a vacation rental here in Morro Bay. It was my parent's home, who are now deceased. Our VR is permitted and is managed by URelax.

We decided to vacation rental this home for many reasons, which include:

It allows us to utilize it for ourselves when needed for friends and family.

It allows us to keep the furniture, mementos, memories of our parents in the home.

It allows us to ensure the home is clean and fully functioning, as it is professionally cleaned between tenants, and any issues with appliances etc are immediately reported and fixed.

I understand that some proponents of the ordinances feel that VRs are a scourge to Morro Bay, bringing rude partiers who don't care about neighbors or about our town, and are loud all night and scatter trash and park illegally. I can firmly tell you that is not the case with my rental. We have had no such complaints, we house primarily families looking to spend some quiet time together in our beautiful seaside community. Moreover, I have had no issues in my own neighborhood (North MB) in terms of neighboring vacation rentals, noise, parking, etc.

I suspect most of the VRs that cause problems are not permitted, but that no longer seems to be a focal point with this issue - the direction has moved to a fight to eradicate all VRs, even the good, legal ones.

I am saddened and appalled that because some residents have had bad experiences in their neighborhood, they want to ban ALL VRs, or limit the number of permits without consideration of grandfathering existing VRs. To take away my permit is to take away supplemental income, and will likely result in having to sell my family's historic home. It is hurtful and unnecessary and I hope you consider individual VR owners like me who may be terribly impacted by unilateral, sweeping, misinformed decisions such as these.

Thank you,

Cynthia Mauch

Scot Graham

From: Daniel Halbert [REDACTED]
Sent: Monday, August 31, 2020 6:27 AM
To: Council; PlanningCommission; da.carl@coastal.ca.gov
Subject: Density of Vacation Rentals in Morro Bay

Please stop trying to prevent decent people from making a living!

Density of vacation rentals in Morro Bay

- The world today is quickly becoming a sharing economy in many different areas: home sharing, ride sharing, car sharing.
 - Many larger urban areas are becoming overrun with hosted and non-hosted vacation rentals. This is not the case in Morro Bay.
 - There are **6466 housing units in Morro Bay** and approximately 19% of them are second homes (approximately 1250 living units)
 - Morro Bay has currently capped the number of **vacation rental licenses at 250** and per data collected from the city in summer of 2019, **only 153 of those homes were “active”, defined as those paying more than \$500 in TOT** (indicating they collected \$5000 or more in rents in the previous year).
 - This means that only 4% of all the housing units in Morro Bay hold STR business licenses and **only 2.5% of all housing units have an active vacation rental.**
 - 120 of the licensed STRs are managed by professional property managers.
 - In the city urgency moratorium document from 2016 that implemented the 250 cap, it was stated that **the city believed there were as many as 100 illegal rentals already in operation!**
- Conclusion:** **Morro Bay does not have too many licensed vacation rentals**, and the city of Morro Bay has been aware of the illegal rentals for 3+ years and only recently began efforts to regulate the illegal VRs.

Nuisances caused by Vacation Rentals

- There are many anecdotal stories about wild parties and out-of-control VR guests, and many of them are probably true. Yet the city has not provided an easy way for neighbors to know who to report the problem to. The city has also never provided an easy way to check if a home is a licensed vacation rental.
- The city has recently hired a company, Host Compliance, to identify illegal vacation rentals (advertising a place for rent but does not have a VR license) and within 1 month, 30 were identified.
- **In Morro Bay city council meetings and community forums, when the question of how many nuisance complaints have been verified with the city and a citation issued, the response was zero.**
- Those arguing to ban short term rentals claim they create extra neighborhood nuisances, such as excessive noise and parking problems, but there’s no evidence to back this up. In fact, a research study conducted by The California Economic Forecast, analyzing nuisance reports across the counties of Santa Barbara, Ventura and San Luis Obispo, said:
“We found no statistically significant difference between the nuisance complaint rate for short term rentals and all other homes.”
- The report also concludes:
“The negative allegations aimed at short term rentals could not be substantiated by the statistical evidence.”

Vacation Rentals Negatively Impact Long Term Housing inventory

- The nay-sayers also claim that short term vacation rentals affect long term housing supplies, but this is also false. Another research study, analyzing short term rentals across Santa Barbara county, said:

“We did not find that the supply of housing was significantly affected by the incidence of short-term rentals.”

- This study also stated:

“Very few homes are used as short term rentals full-time and would not be converted to long-term housing under any short term rental ban.”

- The large majority of homes/condos offered as vacation rentals in Morro Bay are owned by owners that spend part of the year here or visit the area frequently and many of those owners plan to eventually retire here. Therefore, even if they could not operate it as a STR, they would not make it available as a long-term rental.
- Many of the STRs in Morro Bay are worth over a million dollars and if offered as a long-term rental, would rent for a price that most people in the county could not afford because of the low incomes earned here.
- Many cities who have outlawed STRs completely now have large numbers of illegal rentals being advertised on VRBO, Homeaway, Airbnb and other OTAs. Yet without regulations to govern these rentals, there is no enforcement mechanism in place to deal with them. These homes did not get converted to long-term rentals – they just operate illegally as STRs

Scot Graham

Subject: FW: STR voice of concern

From: Dina Krull [REDACTED]
Sent: Monday, August 31, 2020 3:04 PM
To: Council <council@morrobayca.gov>
Subject: Fwd: STR voice of concern

Dear Morro Bay City Council,

I have been a Short Term Rental owner in Morro Bay since 2016. Our family has seen 4 children make their way through the Morro Bay school system and each have gone off to study at a university. It has been hard to live in the area but my husband and I both work full time to make it work. I am a local of SLO county and moving back to raise my family was a dream come true. Raising 4 children in Morro Bay is financially challenging enough, and when we were hit hard with the prices of higher education we began to rent out our home while we were traveling in the summers. This added income from renting our residence for a few weeks out of the year helped us get our first child through college. Presently, we have 3 attending university and the short term rental income is very significant for us.

It would crush us to lose this extra income especially since our investments forecasted the possibility to rent in the near future. We refinanced our home last year so that we could make improvements on our home (which we use as a STR). We have done everything legally and in order to get proper permits to remodel our home we had to comply to city guidelines. We paid over \$40,000 for asphalt and concrete work for driveway approaches for us and our neighbor as well as a 40 ft sidewalk because we live on a gathering street. The cost to improve the city property (street and sidewalk) was us as much as the actual house remodel. We did all this because we wanted to improve the property, live in it and be able to leverage its worth by short term renting when we travel for work.

I believe that one big problem is that if there is a nuisance report it is not substantiated in any way. We have a neighbor who lives on the back side of our house who is not an owner. He ramps up the complaints that are not legitimate. We have no way of defending ourselves. For 10 years he has complained about everything and anything. If the police were to come they would see there is no problem whatsoever. We have never been cited or had a visit from law enforcement on any issue. We have no way of defending ourselves because we do not know he is making complaints. The complaining neighbor on Pico does not comply with city ordinances and keeps chickens and grows things in the public right away. It has been unfortunate that his one voice seems like 10. At any given point he has tried to stop us from improving our home and opposes improvements when we seek a permit for them. These type of people are miserable and spend all their time trying to tear others down. Thankfully we have been able to go forward with our permitted improvements but the complaining neighbor made a 1 year process turn into 3!

We have substantially improved the neighborhood and have excellent relationships with all other neighbors.

I believe the best way and most fair way to go about keeping Morro Bay within limits with STR's would be to allow natural attrition to happen, which has been approximately 20% annual turnover. In 2016 the city believed there were as many as 100 illegal rentals already in operation. It would be wise to put time and energy towards shutting down the illegal operations.

And if there is a complaint the city should have a system of receiving them. The California Economic Forecast analyzed nuisance reports across the county of San Luis Obispo and stated,

“We found no statistically significant difference between the nuisance complaint rate for short term rentals and all other homes. The negative allegations aimed at shoring term rentals could not be substantiate by the statistical evidence.”

It is not right to take away the livelihood of so many that depend on the income they have been able to generate from their STR. We pay our rent taxes faithfully and have been able to pour back into our community. Our salary is low to middle class and the opportunity to generate a bit more income every year allows us to go out to local restaurants and take part in local events. The next four years for us will be difficult with college students, being able to rent our home at different points will make all the difference and we rely on it greatly.

Please hear our voice! This is our community too and though the complaints are loud, they are coming from a minority group and not the majority. The majority of people have things to do and do not have time to make relentless negative claims about others.

Thank you for your time,
Dan and Dina Krull

[Redacted signature area]



Scot Graham

Subject: FW: STVR in Morro Bay

From: DJK [REDACTED]
Sent: Sunday, August 30, 2020 3:15 PM
To: Council <council@morrobayca.gov>
Subject: STVR in Morro Bay

I recently learned you are thinking of reducing the number of short term rentals in Morro Bay. Morro Bay is a favorite vacation spot for me and my husband. We have been going ever since we moved to CA 3 years ago and heard about this wonderful community, its restaurants, boat tours and shops from so many of our friends who are regular visitors there. We do often find it difficult to find housing and if more restrictions were passed allowing even fewer rentals, I believe it would mean having to stop our vacations here altogether. Please, don't allow a few bad renters to ruin things for the rest of us. Thank you for your time.

Scot Graham

From: Ellen [REDACTED]
Sent: Sunday, August 30, 2020 8:21 PM
To: PlanningCommission
Subject: STRs in morro bay

Hi folks!

I am an owner of a STR in morro bay. I love the community and love to share it with family and friends, who enjoy spending their time and money in the community.

I am concerned about the current discussions regarding the changes for STR.

Seems that lots of voices have your attention, i understand that, and i hope you have done your homework to understand The Who, what, where and when they complain. Are these properties licensed? Are they professionally managed?

Those are important questions to ask and get answers to before making sweeping changes.

I recognize that the city has hired an independent vendor to look into those who fly under the radar and that is money well spent. Thank you!

Maybe all STRs should be professionally managed....maybe that could be a mandate, rather than punish those who already do that.....just a thought...

Respectfully

Ellen Fetterolf

Ouray Colorado ,

I understand STRs....they are in my backyard

Sent from my iPad

Scot Graham

From: Alt, Eric [REDACTED]
Sent: Monday, August 31, 2020 10:50 AM
To: PlanningCommission
Subject: Vacation Rental Policy

To Whom it May Concern,

We rented a single family home in Morro Bay earlier this year. Our family needed a change in scenery, and Morro Bay delivered exactly what we were looking for. We were not comfortable staying in a hotel given the circumstances, but felt OK in a residence. While we spent nearly all of our time at the property or walking on the beach/in the surf, we were able to visit several local restaurants for take-out (which was delicious) and a handful of local businesses for food and recreation. I hope the city council will continue to make Morro Bay available to visitors like us.

Best,
Eric

Eric Alt
[REDACTED]

DISCLAIMER

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Scot Graham

From: Gail Stoneburg [REDACTED]
Sent: Monday, August 31, 2020 4:13 PM
To: PlanningCommission
Cc: Dan.Carl@coastal.ca.gov
Subject: Fwd: Morro Bay vacation rentals

From: Gail Stoneburg [REDACTED]
Date: August 31, 2020 at 4:04:47 PM PDT
To: Council@morrobayca.gov
Subject: Morro Bay vacation rentals

My family from Fresno vacations in Morro Bay for a week every summer. They share a vacation rental, they eat out, shop and enjoy the quaintness of Morro Bay. If a rental is not available they would stay in one of the other coastal communities where they would spend their vacation dollars. I believe if Morro Bay restricted the number of rentals, the overall financial impact would be significant. Please don't make that mistake.

Gail Stoneburg
[REDACTED]

August 29, 2020

TO: Morro Bay Planning Commission

I thank the Planning Commission, the STR Committee and all others that have participated in the discussion of concerns and solutions around STRs. I appreciate the diligent, thoughtful and open process taking place.

After a careful reading of the draft ordinance and the many thoughtful correspondences from residents and stakeholders, I support mostly all of what is proposed. Following are some thoughts which I respectfully offer.

Incremental Change Based on Data

The best decisions are made with data that backs up claims and anecdotal stories. The data is lacking. Therefore, I encourage a set of policies, fees and enforcement that incorporate and enable data collection. Policies that nearly everyone is in clear agreement on should move forward. Policies that are controversial and potentially litigious should not. Set policies most people agree on, collect data to see how those changes did and did not make improvement, and repeat the process. One such contentious proposed policy is to use a lottery to take away permits. I strongly disagree with the use of a lottery to take away permits granted to compliant and lawful STRs which are truly active STRs.

Policies In Alignment with City & Coastal Commission Goals

The city needs tourism, has policies and programs to encourage tourism, and STRs are an important housing option that supports those goals. The coastal commission wants to ensure affordable access to the coast. STRs (in particular non-hosted complete homes) allow families an affordable option to visit our beautiful coast not available from hotels. Because there will be a small number of non-hosted STR permits, then there should be policies that ensure that permits are only issued to STRs which are substantially contributing to these goals (i.e. only active STRs should have permits renewed). In contrast, there are permits being held with the sole purpose of creating a radius around that home to prevent or eliminate actual operating STRs nearby, and also some are held to reserve the future option. **Severely restricting the number of non-hosted STRs should be accompanied by policies that maximize the contribution toward city and CC goals.**

In the spirit of the above, I offer the following specific ideas:

1. Hosted STRs should have a different permit identifier that is easy to distinguish from non-hosted STRs.
2. Upon adoption of the new ordinance, any non-hosted STR permit which did not rent and remit TOT for 150 nights the prior year or an average of 150 nights the prior two years, shall not have the permit renewed. This removes the permits already being held for reasons not in alignment with city and CC goals. Nights rented can be verified by tax return.

3. Upon adoption of the new ordinance, any STR permits for ADUs shall not be eligible to renew in accordance with state law.
4. Upon adoption of the new ordinance, non-hosted STR permits should have a one time large license fee. This will encourage permit applications by STRs that will substantially contribute to the goals. This will also help immediate funding of enforcement and data collection.
5. After adoption, non-hosted STR permit holders must rent and remit TOT for 150 nights each year to be eligible for renewal. This will additionally help maximize the contribution toward the goals.
6. **The above policies will substantially reduce the number of non-hosted STRs, such that a lottery (which likely will result in expensive class action law suit) should not be needed.** What few distance nonconformances that still exist will resolve fairly by attrition, like has occurred in Cayucos. Furthermore, the ideas above maximize city and CC goal attainment.
7. Should there be a lottery, those permits taken should go to the top of the waiting list.

Regarding the distance between non-hosted STRs, I am in favor of the same distance requirements imposed by Cayucos: *(1) 100 linear feet of a parcel and on the same side of the street as the vacation rental; (2) 100 linear feet of the parcel on the opposite side of the street from the vacation rental; and (3) 50 foot radius around the vacation rental.* This is a proven enforceable method embraced by our community next door.

Sincerely,
Jack Randall

Scot Graham

From: Janet Bean [REDACTED]
Sent: Sunday, August 30, 2020 12:00 PM
To: PlanningCommission
Subject: Proposed Changes to Vacation Rentals

To Whom It May Concern,

I recently became aware of the proposed changes to vacation rentals in Morro Bay. I wanted to voice my opinion that these changes should not be put into place, the voices of a few should not out shadow the wonderful rental properties that we have enjoyed in Morro Bay for many years.

I have been a repeat visitor to Morro Bay yearly on an average of 3 to 4 times a year. We meet friends from other states and bring friends and family an annual getaways. We return to Morro Bay each year because of the availability of rental properties. Our favorites are on Beachcomber drive, but there are others that we enjoy as well. We spend quite a fair amount of money on each visit on groceries, dinners out, taxes to the community on the properties we rent, rental costs, gas, shopping for gifts and enjoying misc. annual events such as the car show and the avocado festival.

If these changes were made to the rental properties, we would no longer visit Morro Bay and that saddens me. It makes me sad that people move to a place, get theirs and then ask for changes to be made so that no one else can enjoy the area. Kind of like people buying near an airport, knowing the noise exists but wanting changes made for them. Please do not let the vocal minority ruin the availability for those of us who love Morro Bay but could never afford to live there. I would never ever come to Morro Bay and stay in a hotel, we would take our vacation expenditures to areas who do not have these restrictions.

Please do not ruin this for us. Please do not penalize those who have saved and scraped money together to buy homes and rent them so they can afford these homes, only to have the voices of those who bought knowing the rental situation spoil this for all.

I live in a beach community so I understand that tourism can be a pain, but without the tourism, our beach town would be pretty defunct. Without the visitors that come to our community, many small Mom and Pop shops would not survive. With the pandemic ruining the economy so badly, the decision to make rentals not available to tourists, would surely bring devastation to many of your local businesses. Please do not add further economic pains to them as well as the property owners.

**Thank you,
Janet Bean**
[REDACTED]

Scot Graham

From: JAMES ALFIERI [REDACTED]
Sent: Monday, August 31, 2020 12:25 PM
To: PlanningCommission
Subject: Limiting Vacation Rentals

Greetings:

It is our understanding that, again, local residents are trying to limit the number of vacation rentals in Morro Bay. We have been coming to this area for 50 years and very much enjoy the community. In fact, we just returned home after a week. We are scheduled to return over the Thanksgiving holiday, a family tradition.

When we come, we visit your stores on the Embarcadero, buy goods, visit the grocery store and also go wine tasting. We feel our excursions provide needed tax revenue to the community. We recycle as requested and always leave a rental clean. In other words, we respect the property and the businesses.

We hope this insight will give the planning commission something to think about.

Sincerely,

Jim & Colleen Alfieri

Scot Graham

From: John Madrid [REDACTED]
Sent: Friday, August 28, 2020 5:27 PM
To: PlanningCommission; John Madrid; Rudy MADRID
Subject: STR's and Zoning
Attachments: USC resume REAL ESTATE.rtf; REVIEW 2 JUDGE BOURNE.docx; MEDIATION REVIEWS web.docx; MEDIATION CERTIFICATE CDC 20200826_091520.jpg; MEDIATION CERTIFICATE COVID 19 20200826_091419 (1).jpg

Dear Morro Bay Planning Committee,

Thank you for the article about "STR Rentals".

The crux of the matter is that some homeowners have circumvented zoning laws. Converting a SFR to a commercial "hotel/VRBO" has set a precedent for anyone wishing to use their property avoiding zoning regulations as per city zoning maps.

To resolve this issue, any VRBO/STR type rental properties should cease and desist. A reasonable time frame would be 12 months in the event that people have made reservations. Any SFR wanting commercial use should simply apply for a zoning change from SFR to Commercial Zoning.

If Morro Bay does not enforce the zoning regulations, then it should be published that the Zoning Ordinances are no longer in effect and anyone can use their personal real estate property for whatever they choose. An example might be using a SFR as a liquor store or "Weed Shop" next door to the elementary and high schools.

Some property owners have enjoyed "STR/VRBO" income, please save our neighborhoods. Failure to not enforce zoning regulations will provide opportunities to use property not in the best interest of the community.

Either way, let me know so that I can invest appropriately, even if it ruins the neighborhood that I don't live in.

If I can be of assistance, please contact me at your convenience.

John TH Madrid
USC Gould School of Law
MDR & ADR

*Resume attached

Scot Graham

From: [REDACTED]
Sent: Sunday, August 30, 2020 7:44 PM
To: PlanningCommission
Subject: Proposed vacation rental ordinance Morro Bay

Dear Planning Commission,

My family and I are residents of Redondo Beach and love to visit Morro Bay. When we go up there we always rent a house. We were informed of the proposed changes to the short term rental property rules by a home owner from whom we have rented. We are worried that we wouldn't be able to rent from him in the future because his house is close to other short term rentals. His house is right by the beach and so is an easy walk for a family with all the beach gear needed when you have kids. We picked his house with this in mind, knowing with all the different nap times we have to balance right now that that was the only way we could visit the beach each day.

I'm also worried about the decrease in home rentals available in Morro Bay. A hotel room stay is not feasible for us. Our kids' bedtimes are 7:30-8 and once they are asleep we need a separate room to relax in. If we shared a hotel room my husband and I would have to quietly read our phones in the dark until we go to sleep around 10pm. A house also allows us to have a kitchen to make meals and snacks. We eat out in Morro Bay a lot while we visit to get oysters and French fries for the kids, but we have 3 kids under 3. So constant eating out would be a bit crazy for us and our kids would just live in French fries.

I can understand the complaints about rentals. We have some rental homes by us in Redondo Beach. Luckily they are used by families and retirees from colder areas of the country in the winter so have never really bothered us. But I can imagine issues with party houses and noisy guests. So I completely understand any rules to cut down on those issues.

Morro Bay is such a great town for families to visit. And I hope to continue to come up there as our kids grow up.

If you have any questions for me please feel free to contact me.

Karin

Scot Graham

From: Laura Ellis [REDACTED]
Sent: Monday, August 31, 2020 1:22 PM
To: PlanningCommission
Subject: Morro Bay vacation rentals

Dear Council Leaders,

My name is Laura Ellis, I have been a Resident in the Morro Bay area for 10 years and I am writing to you regarding the city's proposal to reduce the number of vacation rentals. I am the co-owner of a small cleaning business, servicing vacation rentals in Morro Bay. Since opening the business in 2013, my partner and I have worked tirelessly and incredibly long hours to ensure it's success. We have also employed over 20 local people at various times to help us manage the workload. All of these employees rely on this income in order to support their families and live in this area. We pride ourselves on the quality of our work and have sacrificed a great deal in terms of time, energy and family relationships to keep our business going strong. The proposal to reduce the number of vacation rentals will effectively close our business.

I would urge you to consider the impact on the towns tourist income. The occupancy rate of vacation rentals brings significant income into the town. If holiday makers have no alternative but to stay in a hotel at a significant premium to vacation rentals, tourists will seriously reconsider our town as a viable destination. 3 years ago I got married and both mine and my husbands families visited from out of state to attend. Without access to these rentals this simply would have been unaffordable. In the event many stayed for 2 weeks and spent their time and money exclusively in this area. I sincerely believe from my own anecdotal experience that our business will not be the only one affected. There is a danger that the proposal could create a significant downturn in business leading to closures.

In summary, any decision to reduce the number of vacation rentals will mean that on a personal level my family and I will be unable to continue living in the town we have called home for over a decade. As the main source of income for our household this will mean removing my children from their school with the disruption possibly affecting their social life and academic achievement, I will also be forced to sell my home. My business partner and I will need to find alternative employment at a time when jobs are scarce. This proposal will significantly affect our future and the life chances of our children. Please consider the impact of this decision on my life and that of the many residents who depend on the vacation rental business for their livelihood.

Sincerely,

Laura Ellis.
[REDACTED]

Scot Graham

From: Lynda Struckmeyer [REDACTED]
Sent: Friday, August 28, 2020 4:35 PM
To: PlanningCommission
Subject: Short-Term Rental Ordinance

Dear Planning Commission Members,

We have owned a licensed short term vacation rental in the beach track of Morro Bay since 2016. We bought this house with our retirement savings after carefully investigating the procedures to follow to operate as a STR. We have always had a license and have used a property management team to vet and supervise our guests.

We live directly across the street from our STR property and we can observe three other STR properties from our front yard. There has never been a complaint lodged against our property and our STR has a yard at or above our neighborhood standards. Our neighbors have never complained about our STR.

We feel that it is unfair to punish us for non-specific complaints that come from other areas of Morro Bay. You are proposing to change the rules under which we've made a huge financial investment and this threatens our financial future! We've done nothing wrong to deserve this attack.

Please- we ask you to leave the current permit holders free to operate under the scrutiny of a compliance officer and let natural attrition eventually bring compliance with the proposed density parameters. (Grandfather us in!)

Sincerely,
Tedd and Lynda Struckmeyer

Scot Graham

From: [REDACTED]
Sent: Saturday, August 29, 2020 6:18 PM
To: Council; Scott Collins; Scot Graham; Chris Neumeyer
Cc: brian.O'Neill@coastal.ca.gov; susan.craig@coastal.ca.gov; dan.carl@coastal.ca.gov
Subject: Re: Urgency Ordinance 637 adopted by Morro Bay City Council

To: City Council members, City Attorney, City Manager, Community Development Director and California Coastal Commission members:

I was shocked to find out that at the August 25th, 2020 Morro Bay City Council meeting the Council adopted an Urgency Ordinance to stop the issuance of any more short-term vacation rental (STR) permits. I have signed up with the city to be notified of any board meetings related to STR regulations and I did not receive any notice of this topic being discussed. After the fact, I have read the ordinance and listened to the City Council meeting. I do not feel this ordinance was legal based on the criteria that is stipulated in Government Code 65858, section c) which states "The legislative body shall not adopt or extend any interim ordinance pursuant to this section unless the ordinance contains **legislative findings that there is a current and immediate threat to the public health, safety, or welfare** and that the approval of additional subdivisions, use permits, permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public health, safety, or welfare."

As I read the Staff Report for this item, it appears that what the staff is passing off as "legislative findings" to justify this urgency ordinance is:

"Meanwhile, the City continues to grapple with the COVID-19 pandemic and the continuing threat of infection of its residents with a potentially deadly disease that has no vaccine. COVID-19 has an incubation period of up to 14 days, and researchers are finding that a number of people can carry the disease and be asymptomatic, but still pass it on to other individuals. Individuals who travel on vacation without the proper social distancing and adherence to health and safety measures can contribute to the spread of the disease."

How does this even begin to fulfill the definition of legislative findings? Where is the evidence of threats to public health and safety? This is just a thinly disguised effort to implement new STR regulations in advance of due process of the current proposed ordinance. The urgency ordinance presents this justification:

"New facts and circumstances justify the Interim Urgency Ordinance including that in the last couple of years, the popularity of short-term vacation rentals has exponentially increased, thus bringing a much greater number of visitors to the City. Since March of 2020, the State of California has been under varying degrees of shut-downs and stay-at-home orders to limit the spread and impact of COVID-19, as further articulated below, while visitors continue to come to the City for recreation and tourism."

So, if I interpret this correctly and boil it down to what the real driver for this urgency ordinance is, it comes down to the fact that **visitors continue to come to the City for recreation and tourism during this COVID pandemic**. If that is the real driver, then I suggest that the urgency ordinance should have instead funded gates at all entries to the city! There is also the insinuation in the Staff report and ordinance that the new proposed STR ordinance will definitely set density and cap requirements that the issuance of new permits is in conflict with and that this "will reduce the future complication in implementing the new draft ordinance". But you cannot presume that the final ordinance will specify any of this until it is passed and approved by the Coastal Commission.

I am appalled that, after all the work that the committee did to create a comprehensive set of STR regulations to go through the government processes to get approved, the City Council, and specifically Councilperson McPhearson are so impatient that you have circumvented this process with this unfounded Urgency

Ordinance. Show me where COVID cases in Morro Bay can be traced back to a guests staying in an STR. Visitors staying in hotels and day visitors who are out in the public spaces and the local businesses much more are most likely the source of any community spread that Morro Bay has experienced and yet I do not see an urgency ordinance to restrict the issuance of business licenses to new retail shops that might attract tourists. In light of this, I certainly hope that the city stops any further planning or approval efforts for any new hotel projects, for instance the one planned near the high school.

You have homeowners who have purchased homes and have compliantly put their names on the waiting list for an STR license who now have no hope of ever getting one since you are the same governing body that will be ultimately approving the new STR regulations and I am quite sure that you will see to it that the cap is reduced and the density requirements are extreme. I doubt that all of those people who are on the waiting list were notified about this Urgency Ordinance which I believe is your way of suppressing any community pushback. When listening to the proceedings after the fact (again since I was not noticed that this was being discussed) I was very surprised that there was only one public comment on this topic and you all know as well as I do, that had the effected parties been informed, you would have had a large number of public comments against the adoption of this ordinance.

I now realize that all the time I and others spent working on the committee to craft these new regulations was a total waste of time because the City Council is going to modify those rules to be what they wanted them to be anyway. Mayor Headding and Councilperson McPhearson participated in those meetings along with Scott Collins, the city manager. So why are you three not standing up for allowing the proper due course of these regulations to go forward instead of bypassing this work with this urgency ordinance?

The City Attorney confirmed during the session that this Urgency Ordinance also blocks the transfer of an STR license upon sale, which is specifically allowed under the current STR regulations. This is taking of property rights and is yet another move to implement certain regulations in advance of allowing the new proposed ordinance to take its course. We will be working with the local real estate association to determine if there is legal action that should be brought against the city with regards to the legality of this Urgency Ordinance. By excluding the transfer of license upon sale of the property, you have interfered with real estate purchase contracts that were in process which constitutes a Tortious Interference Claim.

Finally, I respectfully ask that the Tourism Business Improvement District be immediately dissolved and all collected monies since March, 2020 be returned to the constituents since, as stated so clearly in this urgency ordinance, you don't want visitors/tourists coming to our city because of the threat they pose to public health and safety!

Maggie Juren

[REDACTED]

[REDACTED]

[REDACTED]

Scot Graham

From: mark graham [REDACTED]
Sent: Friday, August 28, 2020 7:46 AM
To: PlanningCommission
Subject: Concerned Owner Proposed changes STRs

My wife and I are planning on retiring to our home in Morro Bay in the next few years. That's why we purchased when we did and spent the time and additional expense on revamping the old run down termite infested property. I'm not a wealthy man but I know how to work hard and save. While we wait and plan our future the property taxes march on.

I would like to know if the people that are complaining about the STRs are paying \$1,500 -\$2,000 per month for taxes and utilities not to mention mortgage payments of another \$,2,000. per month to have their property sit empty waiting for our opportunity to go over and visit or place, to do maintenance, hopefully once a month maybe more until the day we are permanent residents.

That's a Lot of money every month.

It seems you are considering if we and others have the right to share our dream home with folks that are less fortunate than you and I. Because we can enjoy the beach life any day we want.

Now if that helps me cover the expenses associated with having our dream home and keep the property until we get there permanently or you get property taxes cut down to something reasonable ? Ya that makes good sense.

Unless you've already got your's and your set . Then you can block others from obtaining the same!

Thank you Mark Graham

Scot Graham

From: Mark Wijsen [REDACTED]
Sent: Monday, August 31, 2020 11:23 AM
To: PlanningCommission
Subject: Vacation rental ordinance hearings

To whom it may concern,

I am writing to register my support for vacation rentals in Morro Bay and surrounding communities. Please consider the local cost in jobs and business revenues if local vacation rentals are reduced. Many people including my friends and peers, myself included rely on the income from cleaning and maintaining these residences. As a former vacation rental permit holder I understand how the flexibility to create income from my home can be crucial to ones finances. The City receives direct remittances each time a unit is rented. In this time of reduced revenues by forces we cannot control it would be foolish to limit or restrict our communities incomes and tax base.

Thank you for you consideration
Mark Wijsen
Morro Bay

Scot Graham

Subject: FW: Short term rentals

From: Mike Morillo [REDACTED]
Sent: Sunday, August 30, 2020 10:21 PM
To: Council <council@morrobayca.gov>
Subject: Short term rentals

My name is Mike. My family and I live in Fresno, and years ago my daughter graduated from Cal Poly. We have spent many years enjoying your city, and have memories of birthdays, anniversaries, weddings, graduations and escapes from the valleys heat. And as a cyclist I have seen some of the worlds best bike riders flashing through the streets of Morro Bay. Everytime we have stayed in a rental we have been very careful to follow all of the posted rules. It is sad to think that our stays in your city may be restricted by new regulations. If this does happen we will truly miss our stays there. We know that you will carefully consider all of your options and that ultimately you have an obligation to your citizens. The people of your community have always been kind and polite to my family and I. Good luck with your decision, and our best to your beautiful city. Sincerely, The Morillos - Emily, M'Lissa and Mike

Scot Graham

From: Nancy Reel [REDACTED]
Sent: Sunday, August 30, 2020 1:10 PM
To: PlanningCommission
Subject: Vacation Rentals in Morro Bay Area

Dear planning Comission,

My husband and I are retired. Four years ago we moved back to the Midwest. One condition we set was to get back to Morro Bay at least once a year for an extended stay especially during the winter.

I love the vibe of Morro Bay. It's relaxed and low key but has many nice people living there. While there we eat in your restaurants, and join in the singing group Rockin Ukes at the wine bar. I love to shop in your shops and very often buy gifts there for friends and grands. We love to walk the peaceful Morro strand beach , the Rock and also walk at Montana de Oro! The other pass time of mine is watching and identifying migratory birds as well as Monarchs. I have had relatives golf at your.golf course.

We are very clean and quiet people. We are looking forward to our winter stay at Beachcomber Beauty. Just wanted you all to know how much we love being able to enjoy your town for respite!

Thank you,

Nancy Reel

Sent from my iPhone

Scot Graham

From: Dianne Buquet [REDACTED]
Sent: Sunday, August 30, 2020 12:16 PM
To: Scot Graham; Dana Swanson
Subject: Comments on Short Term Vacation Rental Ordinance

To: Morro Bay Planning Commission

Re: Short Term Vacation Rental Ordinance

*We fully support allowing unlimited hosted VR's, and not including them in the license cap. Guests know when reserving this type of home that the owner is onsite and will enforce parking rules, number of guests and not allow events or parties. They are really the jewel of VR's in Morro Bay.

*Reducing the # of VR licenses will have a financial impact on the City at a time that we need every dollar. If you should choose to reduce the # of VR's we suggest the following method:

1. Allow current licensed vacation rental owners in good standing to continue operating. They have been paying TOT, and now TBID, for years with the understanding from the City that they would have the right to operate their home as a STR as long as they remain compliant with all regulations.
2. Raise the minimum annual TOT contribution per license to \$1,000-2,000 per year. This allows the more active licensees to contribute more into TOT/TBID offsetting any financial impact caused by any reduction in total VR's allowed.
3. We understand there is about a 20% attrition rate in licenses per year. Selecting the attrition method would make it possible for reputable long standing VR owners to remain in business. These remaining VR's would be the ones that currently contribute the largest portion of TOT/TBID per license.

In summary, **we strongly oppose a lottery.** Using attrition to reduce the total # of VR's would achieve the same goal of reducing the max # of VR's at the same time to ensure an optimum flow of TOT/TBID income to the City.

Rich & Dianne Buquet

Scot Graham

Subject: FW: Vacation Rentals

From: Theresa Wall [REDACTED]
Sent: Sunday, August 30, 2020 4:02 PM
To: Council <council@morrobayca.gov>
Subject: Vacation Rentals

We are a very quiet family of five who rent a home in Morro Bay every year for the Andre/Fratus Family Reunion in SLO. The Andre family founder was one of the first settlers of the community, establishing the first grocery and bakery in the 1900s. The Andre Ranch in See Canyon is still used as a cattle ranch since 1919. Many in our large family are still actively involved in the area.

All of us look forward to our stay every year. I'm afraid we can't afford renting hotel rooms for the week, and they would not work for our family. Most of our relatives count on these homes to stay, too! We are extremely considerate of the neighbors, and are very quiet seniors who don't like loud parties!

Please continue to help your voters rent out their property if they need to, and help us spend money in Morro Bay! Please keep open these rentals!

Rick and Therri Wall

Scot Graham

From: Rigmor Samuelsen [REDACTED]
Sent: Monday, August 31, 2020 9:30 AM
To: PlanningCommission
Subject: Fwd: Vacation rentals.

----- Forwarded message -----

From: Rigmor Samuelsen [REDACTED]
Date: Sun, Aug 30, 2020 at 9:32 PM
Subject: Vacation rentals.
To: <council@morrobayca.gov>, <planningcommision@morrobayca.gov>, <mleininger@morrobayca.gov>

My name is Rigmor, close to 80 yrs. old, have paid vac.bus.lic for 2 years, rented a room @\$ 50.00 pr. night a few times, and I am still in the red, but others in the city made some \$ like the restaurants & retailers like Poppys etc.(however I got to enjoy the guests). Morro Bay has different communities, locations and different residents. In my neighborhood, we all like the vacationers. I have a mobile park in front of my house, rental houses on either side, Commercial across the street and most residences are R2. The Beach tract, the heights etc. are different than downtown or properties close to Commercial. The oppositions are quite different. I think hosted should be allowed by anyone who would want it. It is no peace of cake to be a host and I think lots will fizzle out by itself. The non-hosted has put improvements and \$ into their endeavor and should not loose their lic. because lic.holder dies. You call them a business, so my ? is, does the lic. Siren has expire when that person dies ,so that Siren can make space for other bars to get an entertainment license ? I think NOT. We have enough rules , codes and regulations in this small city. Take some time to make it more pleasant. You have the brains. Figure it out. Thanks, rigmor

Scot Graham

From: [REDACTED]
Sent: Monday, August 31, 2020 11:04 AM
To: PlanningCommission
Cc: [REDACTED]
Subject: Comments for Planning Commission meeting 1 Sep 2020

Dear Planning Commission,

I am a part owner of URelax Vacation Rentals, we manage 22 vacation rentals in the city of Morro Bay. I'm writing today to ask you to modify the draft vacation rental ordinance to grandfather all existing licensed vacation rentals, so no owner's license be taken away by a lotter or other means. I believe the other measures in the draft ordinance along with some of the steps taken in the last planning commission will result in a significant improvement in the vacation rental situation without the harsh action of taking licenses away from owners, most of whom have never had a single complaint, always paid TOT and always operated within the rules.

If the current draft plan goes forward as is or with additional restrictions, there will be a loss of 50 to 100 licensed vacation rentals, a dramatic action that would have severe negative effects on all those home owners and the dozens of workers in the vacation rental community, including housekeepers, maintenance personnel, employees of vacation rental management companies, and others. The loss of TOT to the city would mean that the city, already under financial stress, would be in less of a position to return laid off and furloughed employees to work. These city employees provide critical services to the citizens of Morro Bay. It's not an exaggeration to say that dozens of jobs could be lost or severely impacted by this action.

My question to you: has there been enough demonstrated harm to the city and neighborhoods to justify this harsh action? The city has repeatedly stated that there have been very few complaints about vacation rentals and to my knowledge there have not been any verified complaints against a licensed vacation rental. Opponents of vacation rentals will state that this is because neighbors don't know where to file complaints, I don't find that argument particularly valid as many complaints of all different types easily find their way to the city staff and the police. Is it possible that the negative impact to vacation rentals has been exaggerated? Shouldn't we require more evidence of harm before we take action that would result in severe consequences to so many people?

The city has over 1200 second homes and at the last planning commission meeting we were told there were around 34 illegal rentals, along with about 175 active licensed vacation rentals. Is it possible that some of these negative effects come from second homes and illegal rentals? These homes could very well appear to be vacation rentals from the outside, but they do not operate under the same rules as licensed vacation rentals. Is it fair to take action against licensed vacation rentals when we can't say for certain that they are causing the small number of issues that have been brought to the city's attention?

The idea of sunseting vacation rental licenses may sound like a reasonable way to share the ability to operate a vacation rental, but in practice would make it so difficult to operate or manage a vacation rental it becomes almost as severe as the lottery system. It can take up to a year to set up a vacation rental, with equipping, advertising, and many other factors that go into operating a vacation rental along with having to wind down at the conclusion of the time period. It would add so much complexity into the process that it would be effectively impossible to manage and would have similar negative effects to other harsher action. I ask the planning commission to not introduce a sunseting provision into the ordinance.

Considering that there are only around 175 active licensed rentals in residential areas, we understand that the city may want to reduce the 250 cap to something they feel is more reasonable for a city of our size. With a lower cap

and some kind of buffer zone, there would be guarantees to residents that the number and density of vacation rentals will not become overwhelming. Even with the buffer zone in the draft ordinance, about a third of the homes in the beach track area would be non-conforming and it would prevent the introduction of new vacation rentals into that area in almost all cases. With the larger buffer zones, 50% or more of the homes would be non-compliant, we feel that is very severe and unfair to VRs that have been operating under the rules for all these years.

The city stated at the last meeting that they see about 20 licenses per year relinquished voluntarily, a natural attrition rate of over 10% per year compared to active vacation rentals. Some of these are low activity rentals, but many are highly active rentals as many of our owners intend to retire into their vacation home and it is not uncommon for this to happen each year. We have 2 active vacation rentals under management in the beach track that will almost certainly transition this year with owners moving in or selling and both homes will not be vacation rentals going forward. Why not allow this natural attrition to reduce the numbers of vacation rentals instead of forcing people out?

Morro Bay is a coastal tourist town and always has been. Residents of tourist towns will always have some level of resentment towards tourists, even though the city's economy and local business are very dependent on it. We have an obligation to allow a reasonable level of access to the coast for people who don't get to enjoy it on a daily basis like we do and having an attitude of exclusion is unreasonable. It was sad to hear some comments disparaging visitors to the area as valley people or similar negative labels. I am very familiar with our guests; the vast majority are families with children looking to enjoy the coast and don't do any harm to our city. For these guests, their visit to the area might be the highlight of their summer and something they look forward to all year. Vacation rentals are critical to their enjoyment of the coast, a hotel is not going to meet the needs of a family with children and grandparents who want to spend time together.

Again, I have to ask if there's enough evidence to show that licensed vacation rentals cause enough harm to justify the harm to many dozens of home owners, workers, city staff and guests? The money that the vacation rental community provides is more than just money, it provides for dozens of workers and their families, helps people achieve their dreams of having a home by the coast and helps the city provide critical services to the residents of Morro Bay. We also support the local business community; our guests enjoy the restaurants and shops in town and are a critical part of supporting our local community.

I respectfully ask the commission to consider the following:

1. Eliminate the lottery and use natural attrition to reduce the number of vacation rentals.
2. Keep the current buffer zone in the draft ordinance, perhaps with some minimum distance separation for homes on the same street that have very small lots.
3. Do not add in a sunset provision.
4. Consider allowing transfer on sale, or at least to a family member as an inheritance.
5. Cap licensed vacation rentals at a reasonable number not including home shares or rentals in commercial zones. Remove home shares from the density/distance requirement.
6. Do not add in other restrictions that would severely impact existing licensed vacation rentals.

Thank you for your time and consideration. Let's give the increased restrictions and limitations in the draft ordinance a chance to work before we try more severe action, the incremental approach is the correct and fair method.

Robert Elzer





Scot Graham

From: Robert Stiffler [REDACTED]
Sent: Sunday, August 30, 2020 5:19 PM
To: PlanningCommission
Subject: No to the lottery.

I believe that restricting the short term rentals will only exasperate your illegal STRs issue. I find it ironic that your local businesses support the tourist industry with outside dollars yet prefer they go home after they have spent their money. 😞 My wife and I have stayed at a monthly rental in July the past five years. It'll be a shame if we have to take our dollars to another coastal town. We love the Morro Bay community.
Robert Stiffler

Sent from my iPad

Scot Graham

From: Roberta Colmer [REDACTED]
Sent: Sunday, August 30, 2020 3:36 PM
To: PlanningCommission
Cc: [REDACTED]
Subject: FW: Tuesday's Vacation Rental Discussions

Dear Commission:

As a citizen of Morro Bay and a business in Morro Bay, I am concerned with your ideas for drastic restrictions to private home vacation rentals. We need tourists in this town. We have experienced a tremendous hit to our economy due to the Pandemic and this is not the time to discourage tourism and reduce income to the City and its businesses. We need to be seeking ways to open our Community (safely) to more visitors and their dollars. Having reasonable rules for the private rentals is fine; cutting their numbers so severely only hurts our City, the business owners and the residents. Taking away renewal registrations from existing owners of permits is not right. Those who have paid for their permits, followed the rules and paid the TOT should be allowed to continue to renew without interruption; they should be grandfathered in. We are all looking at ways to hold on to our homes and some find that renting out their homes for a short term vacationer helps with this goal. While many renters have received some relief from their rent, mortgage companies are not waiving due dates for the mortgagees'. Please rethink this item on the agenda and allow for this income while it is so badly needed. It will also really help our City financially at this time. This Pandemic is going to last a long time and needs to be a big consideration in all factors at this time.

Roberta Colmer
[REDACTED]

Scot Graham

From: Sean Green [REDACTED]
Sent: Monday, August 31, 2020 1:16 PM
To: PlanningCommission
Cc: Council; TBID; Scott Collins; Scot Graham
Subject: 9/1/20 Planning Agenda Item B-1: VR Draft Ordinance

Planning Commission,

I recently read Commissioner Susan Stewart's thoughtful public comment regarding her interest in purchasing a home and not only wish her the best in her pursuit, but also wish to offer a counterpoint for your consideration: my vacation rental permit is the only thing that allows me, a 39-year-old educator, to own a home in Morro Bay.

Here's my circumstance (and I'm not alone):

Back in 2016, knowing that my full-time Cal Poly salary was unlikely enough to buy a home in Morro Bay, I diligently researched the vacation rental permitting policies in place and began doing some math. Given the starter home price points I was looking at, I calculated that I could possibly afford the cheapest home in Morro Bay (literally) if—and only if—I was willing and able to rent it out all summer long and possibly 1-2 weekends per month during the academic year. Fast forward to 2020 and I've done exactly that: vacate my primary residence for roughly 1/3 of the calendar year (each of the last four years), stay with friends and family or travel on a shoestring budget (out of necessity), and consistently remit TOT payments per city guidelines, all without receiving a single complaint.

It's easy and understandable for some folks in our community to think of vacation rentals as huge beachfront businesses, but that's not the norm. Most of us are individuals trying to make ends meet. Further, most of us are individuals who made thoughtful, intentional decisions based on guidelines that you provided us. For Planning Commission and Council to now consider sweeping policy changes based on a handful of bad actors and overlapping lines in neighborhoods that aren't even ours, and to have those changes then be enforced retroactively city-wide against responsible folks whose pre-purchase diligence led us to believe our personal budgets were sustainable, feels not only punitive but inconsistent with the forward-thinking nature of city planning decisions. I mean, what else could I personally have done to protect myself other than become 100% familiar with prevailing city code prior to purchase, 100% compliant with said code along the way, and 100% participatory as a civic voice in every single vacation rental policy discussion since?

As a relatively young, active stakeholder in the Morro Bay community, I don't really want to sell my home and move elsewhere, but the draft ordinance you have before you may leave me no choice. I've fought and fought these past few years—as a public commenter, as a letter writer, as a TBID board member, and as a member of the STVR committee—to protect my ability to safely and responsibly rent my home for part of each year in order to remain a full-time resident of Morro Bay. Perhaps this was a battle I was meant to lose.

I really hope not,

Sean Green
Morro Bay, CA

Scot Graham

From: Shawn Halbert [REDACTED]
Sent: Monday, August 31, 2020 6:29 AM
To: PlanningCommission
Subject: Fwd: Density of Vacation Rentals in Morro Bay

----- Forwarded message -----

From: **Shawn Halbert** [REDACTED]
Date: Mon, Aug 31, 2020, 8:10 AM
Subject: Density of Vacation Rentals in Morro Bay
To: <Council@morrobayca.gov>

Please stop trying to prevent decent people from making a living!

Density of vacation rentals in Morro Bay

- The world today is quickly becoming a sharing economy in many different areas: home sharing, ride sharing, car sharing.
 - Many larger urban areas are becoming overrun with hosted and non-hosted vacation rentals. This is not the case in Morro Bay.
 - There are **6466 housing units in Morro Bay** and approximately 19% of them are second homes (approximately 1250 living units)
 - Morro Bay has currently capped the number of **vacation rental licenses at 250** and per data collected from the city in summer of 2019, **only 153 of those homes were “active”, defined as those paying more than \$500 in TOT** (indicating they collected \$5000 or more in rents in the previous year).
 - This means that only 4% of all the housing units in Morro Bay hold STR business licenses and **only 2.5% of all housing units have an active vacation rental.**
 - 120 of the licensed STRs are managed by professional property managers.
 - In the city urgency moratorium document from 2016 that implemented the 250 cap, it was stated that **the city believed there were as many as 100 illegal rentals already in operation!**
- Conclusion:** **Morro Bay does not have too many licensed vacation rentals**, and the city of Morro Bay has been aware of the illegal rentals for 3+ years and only recently began efforts to regulate the illegal VRs.

Nuisances caused by Vacation Rentals

- There are many anecdotal stories about wild parties and out-of-control VR guests, and many of them are probably true. Yet the city has not provided an easy way for neighbors to know who to report the problem to. The city has also never provided an easy way to check if a home is a licensed vacation rental.
- The city has recently hired a company, Host Compliance, to identify illegal vacation rentals (advertising a place for rent but does not have a VR license) and within 1 month, 30 were identified.
- **In Morro Bay city council meetings and community forums, when the question of how many nuisance complaints have been verified with the city and a citation issued, the response was zero.**
- Those arguing to ban short term rentals claim they create extra neighborhood nuisances, such as excessive noise and parking problems, but there’s no evidence to back this up. In fact, a research

study conducted by The California Economic Forecast, analyzing nuisance reports across the counties of Santa Barbara, Ventura and San Luis Obispo, said:

“We found no statistically significant difference between the nuisance complaint rate for short term rentals and all other homes.”

The report also concludes:

“The negative allegations aimed at short term rentals could not be substantiated by the statistical evidence.”

Vacation Rentals Negatively Impact Long Term Housing inventory

- The nay-sayers also claim that short term vacation rentals affect long term housing supplies, but this is also false. Another research study, analyzing short term rentals across Santa Barbara county, said:

“We did not find that the supply of housing was significantly affected by the incidence of short-term rentals.”

- This study also stated:

“Very few homes are used as short term rentals full-time and would not be converted to long-term housing under any short term rental ban.”

- The large majority of homes/condos offered as vacation rentals in Morro Bay are owned by owners that spend part of the year here or visit the area frequently and many of those owners plan to eventually retire here. Therefore, even if they could not operate it as a STR, they would not make it available as a long-term rental.
- Many of the STRs in Morro Bay are worth over a million dollars and if offered as a long-term rental, would rent for a price that most people in the county could not afford because of the low incomes earned here.
- Many cities who have outlawed STRs completely now have large numbers of illegal rentals being advertised on VRBO, Homeaway, Airbnb and other OTAs. Yet without regulations to govern these rentals, there is no enforcement mechanism in place to deal with them. These homes did not get converted to long-term rentals – they just operate illegally as STRs

Scot Graham

From: Susan Hamman [REDACTED]
Sent: Monday, August 31, 2020 7:14 AM
To: PlanningCommission
Subject: Changes to Vacation Rental Ordinance

We were just made aware of Morro Bay's Planning Commission's intent to review/make changes to the vacation rental ordinance, that will impact the number of homes being allowed permits to be used as vacation rentals. As Washingtonians who have visited and stayed in a Morro Bay VRBO in January for the previous four years, we are deeply concerned that our VRBO may no longer be available to rent under these potential restrictions.

We have always been considerate guests in Morro Bay; we like a quiet lifestyle, always pick up after our dog on our walks, and contribute to the local economy through restaurants, the gym (we get a temporary membership while there), grocery stores, etc. We love being in Morro Bay, which is the reason we've continued to return there. Our VRBO location is ideal, right across from the state park. What has not been ideal has been the cars lined up on the street, all from the overflow of the state park (RV owners who take their cars up on the street to avoid paying additional fees for their cars at the state park). Why not place restrictions on that overflow?!?!?!?

I can understand the concerns of year-round residents (and some owners who are not year-round residents, but still object to rentals). But why go after all VRBOs as a solution? It isn't fair to the VRBO owners who bought these places with intent to rent. I'm sure that most of them, like the owner we rent from, are diligent about making sure their guests understand the rules of the neighborhood. There are always going to be a few rotten apples in the barrel; again, go after those few instead of punishing the many good vacation rental owners.

Since we stay for two weeks (and have considered extending that to stay a month in the future), we would not stay in a hotel at Morro Bay. It is great to be able to come, unpack in a fully furnished house, and be "at home" during our stay in Morro Bay.

If the Planning Commission goes ahead with these restrictions, we may consider finding another community that is more hospitable to spend our time and money in.

Susan and Tom Hamman
Sequim, Washington

Scot Graham

From: Suzie [REDACTED]
Sent: Sunday, August 30, 2020 12:16 PM
To: PlanningCommission
Subject: short term rentals

Hello,

My name is Leaza Ferreria and I own a home at 245 Gilbert in Morror Bay. I was fortunate to find Beachnbay rentals when I decided 6 years ago to use my home as a short time rental. I had purchased the home in hopes that when I retire, I will be able to move to paradise! The only way that I can survive is to rent it out part time until I can retire. I love Morro Bay and hope to make it my home someday. For many years, my family vacationed there and it has always been a dream to live there. I feel that we are very responsible to the community and that Beachnbay is on top of anything if there is a problem. Please do not take this dream away.

Sincerely,

Susie Ferreria

Scot Graham

From: Tami Graham [REDACTED]
Sent: Monday, August 31, 2020 8:14 AM
To: PlanningCommission
Subject: Morro Bay Beach House Rental

To the Morro Bay Planning Commission,

I was made aware of the drastic changes being sought to be put into place for short term vacation rental properties. As the owner of a Morro Bay rental property I want to make sure my voice is heard too. When we were looking for a beach house, for us to eventually move to after retirement, we deliberately looked in Morro Bay because we love this city. We purchased and remodeled the home with the intention of being able to use it as a vacation rental to cover our cost until we were ready to move there full time. With the ordinance that is being proposed, and the possibility of losing our vacation rental license is something we had never considered could happen since we were able to purchase our house, spend money in the community when we remolded our house, and met all of the requirements to obtain a vacation property rental license.

With the financial devastation that many are suffering through, due to the pandemic, I am very surprised that the Planning Commission, would overlook the fact that taking away the opportunity for allowing the current short term vacation rental property license holders to keep their license will add to the financial devastation for many, many people who rely on that income. Enough financial suffering is happening at this time, with no clear end in sight, and I would propose that allowing the current short-term vacation rental property license holders to be allowed to keep their license, thus continue to financially support all involved. Limiting the available amount of future short-term vacation rental property licenses and natural attrition with the current short-term vacation rental property license owners will eventually achieve the outcome sought by the Planning Commission without causing further financial devastation to the home owner and all who rely on these properties for income.

I appreciate you taking the time to hear my concerns. Tami Graham

Scot Graham

From: Tom Link [REDACTED]
Sent: Thursday, August 27, 2020 5:09 PM
To: PlanningCommission
Subject: Short term vacation rental

I purchased a condominium in Morro Bay six years ago and it is managed by a property management company. I am retired and on a fixed income and rely on the income from this rental property for my living expenses. Please do not do away with short term rentals in Morro Bay. I would appreciate you supporting me on this issue. Thank you. Tom Link
1184 Main St., Morro Bay, CA.

Sent from my iPhone

Scot Graham

From: Toni LeGras [REDACTED]
Sent: Monday, August 31, 2020 2:59 PM
To: Marlys McPherson; John Headding; Dawn Addis; Jeffrey Heller; Robert Davis
Cc: Scott Collins; brian.O'Neill@coastal.ca.gov; susan.craig@coastal.ca.gov; dan.carl@coastal.ca.gov; Scot Graham
Subject: STR Urgency Ordinance 637 adopted

Dear City of Morro Bay:

Your passage of this Urgency Ordinance last Tuesday is a blatant abuse of intent of the law.

The Law states:

...the criteria for use of this Law (Government Code 65858, section c) states *“The legislative body shall not adopt or extend any interim ordinance pursuant to this section unless the ordinance contains **legislative findings that there is a current and immediate threat to the public health, safety, or welfare** and that the approval of additional subdivisions, use permits, permits, variances, building permits, or any other applicable entitlement for use which is required in order to comply with a zoning ordinance would result in that threat to public health, safety, or welfare.”*

Your council has not provided any legislative evidence that STRs are an immediate threat to anyone. No code violations. No data tracing Covid to STR travelers, no data period.

It concerns me that your Council could abuse the intent of this law for virtually any situation in which you prefer to circumvent the legal due process for changing existing laws.

In 2016, I objected to the passage of Urgency Ordinance 604 when you used it the first time to place a cap of 250 STRs. No evidence of threats or injuries or public health crisis either were provided then either.

You have had many years since the passing of the first Urgency Ordinance 604 to create a program for collection of relevant code enforcement data and create reasonable viable regulation for STRs in Morro Bay. You have wasted valuable time and are now trying to circumvent the normal legal process by imposing restrictions that should be going through the public and coastal commission review process.

Had you been collecting relevant data in those past years, you would have found that most complaints and issues that are reported, have to do with “unlicensed “ rentals, not properly managed, legally licensed homes. This has been the case at all the community workshops I have attended in San Luis Obispo County.

The quick sort of “under the radar” Passage of this Urgency Ordinance 637 is cowardly and underhanded, especially in light of the great progress and challenging work the STR Committee has done over the past several months. Trust has been compromised.

Intentionally trying to cripple a relevant, long standing industry (STR Holders of legal licenses) with little to no record that they are the source of any real harm is careless.

Short Term Rentals provide unique family access to our coastal regions that are not duplicated with hotels. In addition, they have been blessings for evacuation victims during the annual fires that happen in California.

If you are concerned about the number of Visitors to Morro Bay, you should apply this to all lodging facilities (stop Hotel development, for example) and perhaps invest in barriers at your entrances to monitor those entering the city. Any small amount of research will reveal to you that the % of guests staying in STRs compared to those staying in Hotels, other lodging facilities, or visiting for the day is small. There is no legitimate justification for the passage of this Urgency Ordinance.

Finally, in regards to your intention to use a lottery to eliminate legitimate STR operators with no record of misconduct, you will be shutting down a significant percentage of viable, beneficial income for Morro Bay, and at the same time Morro Bay will continue to have unlicensed activity that will be expensive to chase down. Once you shut down the legal operators or make it impossible to stay in business, you will find diminished TOT and little funding for further code enforcement programs.

I sincerely hope you rethink this and move forward following proper legal protocol.

Urgently,

Toni LeGras



Scot Graham

From: Viktoria Handley [REDACTED]
Sent: Sunday, August 30, 2020 2:09 PM
To: PlanningCommission; Dan.Carl@coastal.ca.gov
Subject: Short Term Vacation Rentals in Morro Bay

To whom it may concern,

My family and I are seasoned vacation rental travelers in California coastal regions spending on average well over \$10,000 annually during our trips to various places. Part if these funds is directly paid into the various jurisdiction's transient occupancy tax revenue as well as the sales tax revenue.

Morro Bay is one of our vacation destinations and we truly enjoy our stays there, but if our family is not able to locate our preferred vacation rentals to enjoy your beautiful city, we will no longer visit Morro Bay.

This has happened in Santa Barbara as well, a place where we truly enjoyed spending our vacations, but we will no longer visit due to their enacted ban on short term rentals.

We are an older family with most of us retired and we always bring our family pets with us. We refuse to stay at local hotels or resorts as that is not the vacation experience we seek. We enjoy a home away from home in a quiet neighborhood, blending in with the locals. All of our hosts have had strict noise and street parking policies in place to respect the local neighborhood which we've always adhered to. Most hosts also will not rent to parties of younger adults and specifically prohibit events that could pose a nuisance to the local residents.

If Morro Bay joins the misguided ordinance to ban or limit short term vacation rentals, it will likely suffer the consequences of reduced tourist revenue. Other jurisdictions which enacted such ordinances have been predominantly driven by hotel union pressure due to perceived loss of tourist income to them. However, as most vacation rental travelers agree with me, if we can't stay in a short term vacation rental then we will stay and spend our money elsewhere.

I hope that the leaders of Morro Bay make a wiser decision and not give into the pressures of unions and the vocal minority to limit short term vacation rentals as other jurisdictions have done.

Sincerely,
Viktoria Handley

Scot Graham

From: Walter Auerbach [REDACTED]
Sent: Sunday, August 30, 2020 12:34 PM
To: PlanningCommission
Subject: Vacation rental ordinance

Dear Planning Commission:

I'm sorry in advance, but this letter is a bit more pointed than my first one.

I listened to the last Planning Commission meeting online. After the public comments, it was disappointing to hear the Commissioners place all their emphasis on the concerns of few vocal critics, and how little you seem to value those of us who operate non-hosted VR's responsibly. You publicly scoffed at the economic benefit that VR owners are providing to the City. You ignored the recommendations of the "community committee", as biased as they already were, to go further into draconian regulation than they had recommended. There was no discussion about going more slowly to make sure you do it without stepping on people's rights, because you believe that the VR permit holders (all tax-paying property owners) have no rights which can't be taken away with a stroke of your pen. You didn't even ask the question about the impacts to people who make their living supporting vacation rentals in so many ways.

You seem ready to take punitive actions against many of us because of a few bad actors. And that the City has ignored those bad actors for so long has made everything worse. I am stunned by the apparent lack of real data about exactly where the alleged offenders are located and what their offenses are. If you accept the recent letters from certain very vocal and persistent critics, some people are living next to properties that are consistently making their lives a living hell. Are they all VR's? Are they all non-hosted VR's? Are any of them second homes being used by their owners or owners friends? Or are any of them long term renters? I have full-time neighbors that often push my boundaries, both in Morro Bay, and in Lake Tahoe. What is the actual nature, frequency and location of the bad actors in Morro Bay? How can you move forward with such extreme actions towards the vast majority of responsible VR operators and property management companies without fully understanding the scope and nature of the problem? Please ask these questions at your next meeting, and please get answers.

There will be much more discussion to come about the direct economic fallout to the City, the sheer randomness of the density discussions and the number of permits that should be issued in total, and how your problems are only the result of non-hosted VR's. These matters need data, not emotion, in order to enact successful policy.

Thank you for your time.

Wally Auerbach



Walter R. Auerbach



TO: Morro Bay General Plan Advisory Committee

CC: Morro Bay Planning Commission

Morro Bay City Council

RE: Vacation Rentals

Date: May 24, 2018

Our property on Beachcomber Drive has been a vacation rental since we bought it in January 2010. We rent it when we are not there because we have to, in order to keep our dream alive of someday living there in the winter months. The house is small, only 1,400 square feet with 2 bedrooms and 2 baths. Although it is dated and in need of significant investment, people who stay there absolutely love it. Historically, our average rental is a family of two adults and two children, often travelling with one pet, and it is a very affordable way for them to enjoy the California coast.

Since we have owned the property, we have hosted over 1,000 guests who have enjoyed Morro Bay using our house as their base camp. We have collected and paid over \$38,000 in TOT taxes during that time. Our guests often stay for less than a week, and spend significantly on restaurants, shopping, and other activities. We do as well, when we are fortunate enough to take time off and visit our coastal home.

We take care of our property to make it attractive to our guests, and to encourage them to return and stay with us. Over the years, we have made significant improvements to the property in terms of landscaping, and are currently planning a larger investment in an interior remodel. None of that would be possible without the rental income.

Lastly, we take it very seriously when there is even a hint of one of our guests disrupting our neighbors. Just because we aren't there doesn't mean we don't care. We care deeply about our neighborhood. We do not allow our guests to have parties, or gatherings of any kind larger than the sleeping capacity of the house plus two people. In the eight years we have owned the property, we had exactly two rentals that I wish I had not made for these reasons, and both of those were in our first year of ownership. Out of a total of over 2,100 days where the property was rented, we had challenging guests for only seven. That's less than one half of one percent.

With the above in mind, it is with real sadness that we have been reading the proposed code and listening to the discussion of the Planning Commission related to VR's. Here are our two primary takeaways from what we are seeing and reading:

- 1) Vacation rentals are detrimental to the community and must be throttled in numerous ways.
- 2) The input of absentee property owners is less meaningful than anyone else who lives in the City whether they own, or rent.

We don't have an issue with common sense regulations and those that are needed to solve a problem. But thus far, we aren't convinced that you have established a problem exists that requires new regulations. We believe that before further regulations on VR's are adopted, the City should conduct (and present to all stakeholders) meaningful analysis of how Morro Bay compares to other communities in terms of their housing stock, percentage of VR's, regulations currently in place, and other related metrics. We'd like data, not emotions, to shape these decisions.

For instance, does the City know how many complaints they have received about VR's? Are there repeat offenders? Are there repeat complainers? How does this compare to other areas with or without regulations? Have there been more problems with VR's that don't have a local property manager? Do you know how many don't have a local property manager?

As we read the minutes and watch the video of the GPAC and Planning Commission meetings leading up to this point, it is very clear there is a negative bias in those groups not only towards VR's, but out-of-town property owners generally. If you treat us like we are second class citizens, how can you advertise that you are welcoming to anyone else?

Is it the City's interpretation of comments from the public that full time residents would rather see a house stay empty than see it used as a responsibly operated VR? And if so, is a policy that promotes more empty homes a policy that the City believes is good for the community long term?

There are many ways in which the character of a residential area is influenced. For instance, the character of the community along Beachcomber Drive north of Java is arguably as much commercial and recreational as it is residential. The presence of the Morro Strand Campground is the largest influence, and their use of the neighborhood streets for parking is the most obvious impact. But let's not forget the public who walk or drive down to Beachcomber to watch sunsets or just gaze at the beach, the surfers who use Beachcomber to scout waves and change into and out of their wetsuits, the designated bike lanes all along the front of the homes which carry people from up and down the coast on their bike rides. All these things define the character of that neighborhood, and at least along Beachcomber Drive, it will never have the purely "residential" qualities that some people feel are being threatened by VR's.

You are certainly aware that some areas in our City, even a few in our neighborhood, have homes with beat up vehicles that don't move, or boats parked in ways that block neighborhood views. Some homes have residents with many more cars than parking spots, or they simply choose to clutter the street with their cars when they have onsite parking. Some homes have nuisances of all kinds associated with them. But by and large these are not vacation rentals.

So in an effort to be clear about what we support and what we can't support, I'll try to wrap this up.

WE SUPPORT:

1. Good behavior rules for EVERYONE (not just VR's) related to parking, number of people at one time, noise, and any other typical nuisances. Just because someone lives in a house doesn't give them rights to create a nuisance that VR's will be penalized for. So let's start with code enforcement for everyone, before we single out VR's.
2. Going slowly with any regulations, whatever they are. Unintended consequences are rampant in this area of planning.

WE DO NOT SUPPORT:

1. Penalizing VR's for making improvements to their properties, like taking away their permit if they expand the habitable area of their house. That is guaranteed to arrest investments in those properties. It certainly will in our case.
2. Terminating permits when properties are sold or transferred or inherited. This will immediately devalue VR's and is patently unfair to those of us who have made investments on the reliance of the current regulations.
3. Putting any existing VR property in a situation of non-conformity through these new regulations. That is also unfair, especially to those of us who have bent over backwards to be good neighbors.
4. Dictating how a VR property is managed and by whom. I have a local property manager, but I am the primary contact for any issues with the house because I own it. The property manager does not.

It is surprising to us that the City chose to move forward with such draconian suggestions without having real data to guide the process and the decision-makers. We suggest the City conduct *facilitated* sessions with ALL stakeholder groups to get the information on the table that is needed to make a decision. No lasting solutions can be possible if the only input received is from like-minded people. Lasting solutions take input and compromise from *unlike*-minded people.

Thank you for your time,



Walter Auerbach

Scot Graham

From: Barbara Kiltz [REDACTED]
Sent: Monday, August 31, 2020 6:57 PM
To: PlanningCommission; Council; Dan.Carl@coastal.ca.gov
Cc: Barbara Kiltz
Subject: Morro Bay Vacation Rentals.

To whom it may concern,

My partner, Shawn, and I love renting vacation rental houses instead of staying in a hotel as we always bring our 2 Boston Terrier dogs with us. We are in our 60's and 70's and appreciate having a home away from home.

We particularly love the Central California coastal regions and travel there at least twice a year where we always stay at our favorite rental house in Morro Bay which is in a very quiet neighborhood and near the ocean.

The fees that we pay to the owner include the occupancy tax for Morro Bay. Additionally, we eat meals out and enjoying shopping in the local stores which generates Sales Tax revenue for the city of Morro Bay. I personally feel that Morro Bay is being very short-sighted in their plan for limiting the number of vacation rentals as it will affect the revenue for not only the City of Morro Bay but also for the restaurants, bars, and shops.

If Shawn and I are not able to stay at our favorite rental house in Morro Bay, we will take our dollars and stay in a nearby town where the tourist revenue is appreciated.

I hope that the leaders of Morro Bay will re-consider their decision to limit short term vacation rentals.

Sincerely,

Barbara Kiltz

Scot Graham

From: Betty [REDACTED]
Sent: Tuesday, September 01, 2020 9:00 AM
To: PlanningCommission
Subject: Short term rentals in Morro Bay

I'd like to encourage you to do all you can to keep this vital program going. I live in SLO and two years ago rented a beautiful home in Morro Bay to celebrate my 80th birthday. My husband and I brought our family out (4 youngish adults) and we had a wonderful time. Each morning the "kids" would wander down to the Esplanade and spend the morning watching the seals, eating and shopping. We'd go out to dinner to a different restaurant each evening and never had a bad meal. I know we contributed a lot to the economy of Morro Bay and were happy to do so.

Please keep this program going!

Thank you.

Betty Bretting

Scot Graham

From: Carolina Garcia [REDACTED]
Sent: Monday, August 31, 2020 6:19 PM
To: PlanningCommission
Subject: vacation rentals family income

I hope this message is read, I am one more person who works hard for the well-being of my family and although I know that you have very strong reasons for wanting to revoke vacation home licenses, I would like you to please think of us families who depend on them income from vacation rentals, I am a mom with 3 children who does not have a babysitter, and this job gives me time to care for my children. I hope and you will work together to find a solution that does not impact our families. Beforehand thank you very much

[Sent from Yahoo Mail for iPhone](#)

Scot Graham

From: Cindy Downey [REDACTED]
Sent: Monday, August 31, 2020 4:22 PM
To: PlanningCommission
Subject: Morro bay vacation rentals

To whom it may concern:

We travel annually to Morro Bay and spend typically 2-3 weeks and sometimes up to a month during the quiet off season. We spend approximately \$10,000 during our visit and obviously a portion of this money goes towards the transient occupancy tax revenue as well as the sales tax revenue. Additionally, a large portion is spent at local restaurants and shops.

We are a retired couple who travel in our vehicle with our dog. We have no desire to go to a hotel, motel or resort and specifically book our favourite vacation home, one that we have a relationship with the owner. We want to be in our favourite vacation home so as to be as comfortable as if we were in our own home and one that will allow our dog to accompany us. It sounds like the lottery system could possibly take away our favorite home and that would break our heart. The owners have spent time and money to create a home that suits us perfectly. If the number of vacation homes is reduced chances are likely the cost of staying there would also increase, simple supply and demand, which would make us consider staying in a different town. Staying in a hotel or motel is also not an option that we would choose. If there are not enough vacation homes available in Morro Bay we will have to find another coastal community that is more welcoming and who would love to have us spend our tourist dollars there.

We are quiet, thoughtful people who appreciate that our host has very strict limitations on the number of people who visit, noise, and parking policies in place and we respect the peaceful neighborhoods we stay in. We have genuinely enjoyed meeting the neighbors who have been friendly and welcoming to both of us.

In Morro Bay, we spend money at the local restaurants, the grocery stores, the farmers market, the fish markets, the local artisan shops, the pet store, the gas stations, and even the barbershop. We can imagine that the local shops and restaurants sincerely appreciate the dollars we are spending particularly in the offseason.

Please keep the vacation homes in Morro Bay available because we want to continue to spend time in your wonderful community.

Regards,
Mike and Cindy Downey

Scot Graham

From: [REDACTED]
Sent: Tuesday, September 01, 2020 7:59 AM
To: PlanningCommission
Subject: Vacation rentals,

I don't like the vacation rental, unless the owner is the host. I live in a residential zone. I think these rentals take away much needed year round rentals.

David Nelson
Morro Bay

K
Sent from Samsung tablet.

Scot Graham

From: Dana Swanson
Sent: Tuesday, September 01, 2020 8:13 AM
To: Scot Graham
Cc: Scott Collins
Subject: FW: Please reconsider your plans to limit short term rentals in Morro Bay

-----Original Message-----

From: Greta Schnetzler [REDACTED]
Sent: Monday, August 31, 2020 8:46 PM
To: Council <council@morrobayca.gov>
Cc: Emmanuel Schnetzler [REDACTED]
Subject: Please reconsider your plans to limit short term rentals in Morro Bay

Dear Council,

We are a California family who has vacationed in Morro Bay for over 10 years. While we have stayed in a variety of accommodations, we have truly enjoyed renting houses and feeling a part of your wonderful beachside town. We come to Morro Bay 2-3 times each year. We are responsible, quiet, and considerate. We always support local small businesses which we have enjoyed discovering. We shop and dine locally. We rent kayaks and paddle boards, buy jewelry and plants and clothing and home decorations.

We truly love Morro Bay and we may be able to live there full time one day, but in the meantime, we would hope that there is room for short term rentals and local residents to co-exist. We believe that this is good for the local economy and that Morro Bay can thrive with reasonable regulation of those visitors and renters who do not play by the rules and who become a negative aspect for locals and responsible visitors alike. Please consider this viewpoint when you consider the current measures before you which go much to far in setting unreasonable limits beyond what is necessary to address the issues.

Best Regards,
the Schnetzler family

Scot Graham

From: Jamie Irons [REDACTED]
Sent: Tuesday, September 01, 2020 10:30 AM
To: Michael Lucas; Jesse Barron; Gerald Luhr; Joseph Ingrassia; Susan Stewart
Cc: Scot Graham
Subject: short term vacation rental ordinance comments
Attachments: Short term Vacation rental definitions.doc

Dear Commissioner,

Thank you for your work on this important document. I have attached definitions that I would ask that you include in this document. The definitions are from the City's zoning ordinance and the California Government Code. The listed definitions in the current draft ordinance are not described but referenced to a certain code number which requires navigating back and forth to understand the intent of the document. I just ask that we make it simple by including every definition.

In addition, as I understand the draft document "Guest Houses" are not allowed as a short term vacation rental. Under the zoning code a "Guest House" cannot have cooking facilities or food preparation or storage and cannot receive compensation for use. Many of the (if not all) "home share rental" are bedrooms in a residence being converted with private access and private bathrooms less cooking or food storage facilities. Its really no different than a guest house. In other words we can apply to have a bedroom in our house as a short term vacation rental but a bedroom that is designated and permitted as a guest house is not allowed to be rented as a short term rental. I ask that the Planning Commission amend the "guest house" ordinance as proposed below, and allow the use of Guest Houses in short term vacation rental ordinance under the "home share rental" clause.

Below are definitions for your reference.

Sincerely,
Jamie and Monica Irons

17.12.300 - Guesthouse (Current)

"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principal residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities or food preparation or storage facilities, **and where no compensation in any form is received or paid for use thereof.**

(Proposed)

"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principal residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities or food preparation or storage facilities. **Rental of a Guest House is allowed by permit only under Zoning Ordinance (insert adopted short term vacation rental ordinance number here).**

Government Code 65852.2

"Accessory dwelling unit" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same

parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit also includes the following:

Scot Graham

From: Janet Arroyo [REDACTED]
Sent: Monday, August 31, 2020 10:30 PM
To: PlanningCommission
Subject: We Shine Cleaning Letter

To the Morro Bay Planning Commission and City Council:

I recently found out that the city of Morro Bay is in the process of creating new regulations for vacation rentals and from what I understand, this is being done at the request of local residents who don't want these in their neighborhoods. I understand that you are obliged to address these issues but I want to make sure you are serving ALL the local people, not just those that are opposed to vacation rentals.

I own a housecleaning service, We Shine Cleaning, and I employ seven people. The large majority of my business is cleaning vacation rentals for multiple clients and companies in Morro Bay and Cayucos. Along the Coast of Morro Bay and Cayucos I clean over 40 vacation homes that allow me to employ. All my employees are family including my husband, my mother, 3 sister-laws, and cousins. Any significant reduction in the number of vacation rentals would have a major impact on my business and would result in lost jobs for my employees and myself. All of us live in the county and some live in Morro Bay and we spend our hard-earned money here and it is this employment opportunity that allows all of us to continue to live in this area. At the beginning of the Covid-19 pandemic my girls were panicked because they believed they would lose their job. I have commented on this situation and they have started to question themselves what they would do if I am obliged to shorten staff and with a situation with not enough job options we all know that it will be very hard to sustain their families. The vacation home was my salvation because I was able to keep all my employees including myself during these hard times of Covid-19, of course following the guidelines with 6-foot distance using mask, goggles, gloves, and using disinfectants. I couldn't leave families without a salary. I provided deep cleaning at the vacation rentals, organizing housekeeping closets, laundry, and upgrading quality in each home. Of course my job is to go into these vacation homes after the guests have left and in almost all cases, I find the guests have been very respectful of the property and they frequently leave comments about how much they have enjoyed their visit in Morro Bay and how grateful they are to have had the opportunity to stay in a home where they could easily gather with their family and friends. On many occasions we have had conversations with guests and they show excitement of how beautiful Morro Bay and Cayucos is. These guests are the ones that contribute the most to the City in many aspects. Many of them express a desire to return to the area and to the specific home they have stayed in. I am concerned that if many of these homes are no longer available, it will have a big impact on our city and the business owners who operate here.

Vacation rentals are important to our city and to my business. Please consider those you would hurt with any significant reduction in this type of rental. Thank you for your time in reading and considering my position in your decision. Below I provide an important guest, a reporter from LA TIMES that stayed recently in a vacation home with Beach-N-Getaways giving a great review of the cleaning at the property, locating and experience.

<https://www.latimes.com/travel/story/2020-08-31/airbnb-precautions-made-possible-a-summer-trip-to-morro-bay>

Janet Arroyo
[REDACTED]



Virus-free. www.avast.com

Scot Graham

From: Karen Croley [REDACTED]
Sent: Tuesday, September 01, 2020 8:25 AM
To: Jeffrey Heller; Scot Graham; Dawn Addis; John Heading; PlanningCommission
Subject: Meeting tonight/VR ordinance

QUESTIONS:

With a three lot separation - how would you implement this new ordinance with two already in place within three houses of each other? Or is this for future VRs?

How will you enforce this ordinance and with what resources? I thought the city was under staffed at this point?

How will you compensate for the money lost from the vacation rentals who pay their taxes but who would be banned to continue to operate?

I thought the cap was already in place- so why is this on the list for new ordinances?

Why not rather, implement ordinances on a case by case matter - for VRs that don't receive neighborhood complaints and pay their taxes and are in other ways in good standing? This would be a win-win - city continues to get paid the hundreds of dollars collected each month and the VRs continue to sustain their cost of living here.

One big reason Airbnbs are a business here is because the cost of living is so high in combination with high mortgage payments. Why are Airbnbs being considered the same as vacation rentals when it's an entirely different scenario with hosts/business owner (same thing), is home and in charge of a thriving business that's in good standing with his/her community? Having an Airbnb business makes continuing to live here, affordable for the home owner. Have you considered the differences between Airbnb home owners and other VRs?

Thank you for taking my questions. I'll be listening to the meeting tonight.

Karen Croley

--

Karen C

Scot Graham

From: Lani Colhouer [REDACTED]
Sent: Monday, August 31, 2020 5:02 PM
To: PlanningCommission; Council; Dan.Carl@coastal.ca.gov
Subject: Vacation Term Rental

To whom this may concern,

I wanted to express my concern to the city council considering reducing the number of short term licenses in the city of Morro Bay.

I have been renting our home in Morro Bay for three years now off and on and recently started doing it more often. I have been paying TOT tax the entire time as well as my license fee to make sure I was doing everything the way that we should be. The people that are renting our home are families with grandparents, parents and grandchildren who are eating in the restaurants, horseback riding, golfing etc..

I have neighbors that complain about the visitors and then I have neighbors who say that we have a great group of people that rent and everybody is super respectful.

I also find that the neighbors that tend to complain about the visitors are renters in the area and not home owners so they do not understand the cost of owning a home and paying property taxes in our county.

I would like to see our city council and city government protect those of us that have licenses and pay taxes-we are contributing to you much more than these loud complainers.

--

Lani Colhouer
[REDACTED]

Scot Graham

From: Linda Quach [REDACTED]
Sent: Tuesday, September 01, 2020 11:00 AM
To: PlanningCommission
Subject: Share Morro Bay

Dear Planning Commission for Morro Bay,

My family and I - two kids, two dogs, and grandparents, will be visiting Morro Bay at the end of September. During our trip, we plan to visit Mission San Luis Obispo de Tolosa for our 4th grader and Cal Poly for our middle schooler.

We are excited about our trip to Morro Bay - likely our only vacation this year. My husband's parents will be joining us on our trip. They are excited about the trip to Morro Bay. They're looking forward to visiting the area where my husband's uncle lived and worked for so many years as a Diablo Canyon Power Plant planner.

Because of COVID, we will be keeping to ourselves during our trip. We specifically picked Morro Bay because we will be able to keep our distance from others but still enjoy the area. This trip would not be possible if we didn't have STR options available to us. We considered a resort stay, but with two dogs and seniors traveling with us, a resort would be too costly and restrictive. We want to be able to move freely in our living space without the worry of others.

We are the people that you would be keeping away with the new policy changes for STR.

Illegal rentals are the true issue. Limiting licensed rentals will not solve your residents' problems. It may even exacerbate the issues by increasing the number of illegal rentals. It is unfair for you to punish and adversely affect the livelihood of those who are following the rules because of the issues created by those who are operating rentals illegally.

Do what is right by the people who are contributing to Morro Bay's economy and do the hard work of addressing the true issue of illegal rentals. The changes that are being considered will do nothing to change the problems/complaints of your residents.

Please keep this in your consideration.

Linda Quach
[REDACTED]

Scot Graham

From: Meg Baker [REDACTED]
Sent: Tuesday, September 01, 2020 8:34 AM
To: PlanningCommission
Subject: Ordinance prohibiting short term rentals

I object to this ordinance. My family uses short term rentals to come visit me and would only move to a less convenient town to visit if you pass this ordinance.

Scot Graham

From: [REDACTED]
Sent: Monday, August 31, 2020 4:26 PM
To: PlanningCommission
Subject: Comments for Planning Commission Meeting, September 1, 2020

To: Morro Bay Planning Commission

Re: Proposed Short Term Rental Regulations

My name is Meghan Hamill and I am the Operations Manager for Beach-N-Bay Getaways and URelax Vacation Rentals- operating the most vacation rentals over any other professional manager in Morro Bay. I am also an Estero Bay native. My parents raised me in Baywood Park and I attended Baywood Elementary, LOMS and Morro Bay High School. As an adult I have lived in Los Osos, Morro Bay and Cayucos. I am no stranger to these towns and I could not fit the “small town native” cliché more: I went to high school with the men that you hire to paint your homes and who catch your local fish, I volunteered with family friends and helped build walking trails around our estuary and my father likely took you on a tour of Hearst Castle during his 20+ years as a tour guide there. I have watched our beloved towns and beautiful coastal areas become filled with tourists every single summer of my life. I echo other residents’ frustrations and concerns that their neighborhoods, at times, no longer feel like their own; strangers coming and going at a high rate in the peak seasons and not always treating this place as their own- because it just isn’t. So to accompany those concerns I also agree that there must be fair regulations in place to protect our home and protect the comfort and livelihood for those of us who live here.

However much I am passionate about preserving our home I also deeply value the privilege we have with sharing our home. I learned to embrace the crazy influx of strangers and have made a career out of it. And not only did I embrace it, I ENJOY it- mostly because I love this place and believe that when people who are not fortunate enough to have been raised here, wish to spend their hard-earned money to visit we should welcome them. For 13 years I managed at local hotels and 2.5 years ago switched gears and left the hotel life and entered into STR management. I have learned so much about this exciting and growing industry, but I feel the most valuable and exciting change is that I now work for approximately 45 different home owners as opposed to just the one hotel owner.

While I was lucky enough to be born into a life of the central coast, so many are not. Each home owner whose property we represent brings a different story, a different reason for having a home on the central coast that they do not or can not occupy full time. Some homes have been inherited from loved ones that have passed, others homes have been purchased with their life savings with the goal to retire here and some have been purchased to pass down to their children in the future. Many homes are owner occupied for at least some portion of the year and almost all have something far greater than just a second home to lose if their vacation license is revoked. And all of them have operated under our professional management, compliant with local rules and guidelines and they all operate as best they can with the community’s best interest in mind. This is why I strongly oppose enacting any sort of lottery system that would eliminate current STR licenses, and any other radical change from what the STR subcommittee had worked for months to develop and agree to. I believe that if we allow the other new proposed regulations (increased license fees, minimum annual TOT contributions, new licenses subject to fair density requirements, regulation/penalties against illegal rentals) to take effect and I am certain this agreeable and fair solution will bring many of the changes that the locals are seeking.

There is no doubt that my employers, Nick and Maggie Juren and Robert Elzer, have provided you with the hard facts regarding the irreplaceable TOT that our rentals contribute to the city. I also know that you are aware that STR's were just recently voted to, and now contribute to, the same 3% contribution as hotels to the cities TBID. I'm also sure you are aware of the legal ramifications that the city may face from home owners should their licenses be revoked for no reason other than losing a lottery- that completely law abiding, regulation following, respectful license holders face losing their home that they have worked so hard to financially maintain thanks to their STR license due to a stroke of bad luck. So instead I have used this opportunity to plea to your heart strings. I kindly and respectfully request that you grandfather all existing licenses and that you enact fair changes to the regulations which will allow time for them really create the changes in the city that the affected locals need, but that also maintain and support the homeowners whose homes contribute so much to the city.

My Best,
Meghan Hamill

Meghan Hamill
Operations Manager

A large black rectangular redaction box covers the contact information, including a phone number and an email address, located below the sender's name and title.

Scot Graham

From: Dana Swanson
Sent: Monday, August 31, 2020 4:28 PM
To: Scot Graham
Cc: Scott Collins
Subject: FW: Morro bay vacation rentals

From: Cindy Downey [REDACTED]
Sent: Monday, August 31, 2020 4:23 PM
To: Council <council@morrobayca.gov>
Subject: Morro bay vacation rentals

To whom it may concern:

We travel annually to Morro Bay and spend typically 2-3 weeks and sometimes up to a month during the quiet off season. We spend approximately \$10,000 during our visit and obviously a portion of this money goes towards the transient occupancy tax revenue as well as the sales tax revenue. Additionally, a large portion is spent at local restaurants and shops.

We are a retired couple who travel in our vehicle with our dog. We have no desire to go to a hotel, motel or resort and specifically book our favourite vacation home, one that we have a relationship with the owner. We want to be in our favourite vacation home so as to be as comfortable as if we were in our own home and one that will allow our dog to accompany us. It sounds like the lottery system could possibly take away our favorite home and that would break our heart. The owners have spent time and money to create a home that suits us perfectly. If the number of vacation homes is reduced chances are likely the cost of staying there would also increase, simple supply and demand, which would make us consider staying in a different town. Staying in a hotel or motel is also not an option that we would choose. If there are not enough vacation homes available in Morro Bay we will have to find another coastal community that is more welcoming and who would love to have us spend our tourist dollars there.

We are quiet, thoughtful people who appreciate that our host has very strict limitations on the number of people who visit, noise, and parking policies in place and we respect the peaceful neighborhoods we stay in. We have genuinely enjoyed meeting the neighbors who have been friendly and welcoming to both of us.

In Morro Bay, we spend money at the local restaurants, the grocery stores, the farmers market, the fish markets, the local artisan shops, the pet store, the gas stations, and even the barbershop. We can imagine that the local shops and restaurants sincerely appreciate the dollars we are spending particularly in the offseason.

Please keep the vacation homes in Morro Bay available because we want to continue to spend time in your wonderful community.

Regards,
Mike and Cindy Downey

Morro Bay Planning Commission 9-1-20 Item B-1

Dear Commissioners:

I urge you to focus on the quality and character of the neighborhoods in Residential Zones rather than trying to maximize and placate STR businesses. In every community that they have infected they threaten to sue over restrictions as “takings” and have lost. Their property investment is no greater than the property investment of a neighboring resident. They can still rent their property to long-term renters which would be a much greater value to our community.

At the last meeting a commissioner wondered on hosted STRs about would you want to bring some stranger into your home. Well, that is how it has nearly always been done in Europe. That concept has migrated to the US. The bnb of Airbnb means Bed and Breakfast, vacationing in a hosted house. The expansion of taking over entire properties has become a plague on our neighborhoods.

In the staff report items 2&3, hosted STRs should be counted in the overall total of STR cap.

Item 4, every STR is a commercial operation and should be included in the 150 cap.

No vacation rental business should be grandfathered. All existing permits should expire in one year and allow everyone a fair chance at a lottery that will allow the city to effectively utilize a buffer, ideally of 250 feet.

Permits should have a maximum life of 5 years. Don't inflict these businesses on neighbors indefinitely. Residential zones should be for residents, not commercial investors.

Please, listen to the overwhelming concerns of your community.

Ric Deschler

Scot Graham

From: Samantha Mason [REDACTED]
Sent: Monday, August 31, 2020 5:19 PM
To: PlanningCommission
Subject: Upcoming Planning Commission Meeting 9/1/20

Good Evening,

I heard about the discussion of short term rentals in the Morro Bay community and wanted to quickly offer my opinion as a long standing visitor to the community. Please don't reverse the number of STR in Morro Bay. It would make such a huge negative impact not only on people like myself, who enjoy responsibly visiting beloved Morro Bay, but it would negatively effect responsible upstanding STR property owners. Why would you punish the good/responsible property owners by revoking their STR status? It's would impact the local economy with a major decrease in tourism. Instead, why don't you focus your attention on reprimanding the irresponsible STR owners not paying attention to what is happening during the duration of their negligent renters stay. Set property management requirements/standards. Enforce significant fines to those being irresponsible and disruptive to the community. Please don't punish the good guys.

Thank you for your consideration,
Sam Mason

Scot Graham

From: Christopher Neumeyer [REDACTED]
Sent: Sunday, September 13, 2020 5:37 PM
To: Scot Graham
Subject: FW: A vote for tighter restrictions or ELIMINATIONS of short-term vacation rentals

FYI

Chris F. Neumeyer | Partner
Aleshire & Wynder, LLP | 18881 Von Karman Ave., Suite 1700, Irvine, CA 92612
Tel: (949) 223-1170 | Dir: (949) 250-5406 | Fax: (949) 223-1180 | cneumeyer@awattorneys.com | awattorneys.com

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From: Bill Salopek [REDACTED]
Sent: Sunday, September 13, 2020 2:38 PM
To: SCollins@morrobayca.gov; council@morrobayca.gov
Subject: A vote for tighter restrictions or ELIMINATIONS of short-term vacation rentals

**** EXTERNAL SENDER ****

Hi folks,

Please restrict or ELIMINATE short term vacation rentals, and also, do not let short-term rental permits to be passed down to new owners thru real-estate sales.

My wife and I currently rent a 1-bedroom condo in Morro Bay. We've been here for almost 5 years. We have good solid middle-class income.

But...

Because of vacation rentals and their influence on driving both sales and rental prices WAY up, we cannot afford a home, and indeed are looking to move away, as much as that pains us to do so.

We have been long-time users of Airbnb - both as hosts (back in New Mexico for several years), and as travelers. We enjoy using it, but the fact is, esp in places where the housing market is very tight, **Airbnb RUINS TOWNS AND CITIES** by driving the cost of real estate WAY up, which then means that for many folks, the only way to afford to live in a given city is to ALSO have an Airbnb, which perpetuates the cycle, or, they can't afford to live there at all.

Please restrict or ELIMINATE vacation rentals.

Did you notice when Covid-19 started in the spring, all of a sudden there were quite a few "affordable" rentals on Craigslist as Airbnb hosts realized they might not be able to do short-term rentals for a while? My wife and I were amazed...it was like, "wow, Morro Bay (and surrounding communities) are not so expensive anymore."

At the VERY least, please pass a law that says short-term rental permits can NOT be transferred with real estate sales. This alone drives the price of real estate WAY up as the buyer sees huge income potential (and those looking for reasonably-priced real estate are priced out of the market).

Thanks very much.

Bill and Lisa Salopek
Morro Bay, CA



September 1 ,2020

To the Morro Bay Planning Commission

We have had a short term vacation rental license since 2006. My husband and I are retired, with a limited income, and the renting of our home allows us to pay our property taxes and insurance, maintain and make improvements to our home and yard and also allows us to use it.

We use local agents and merchants whenever possible, supporting the economy of Morro Bay. We make multiple daily trips to Miner's Hardware on each of our visits; our house cleaner, electrician, plumber, gardener, roofer, painter and carpet cleaner are all members of the community. We shop at the local farmers markets and eat in Morro Bay's restaurants.

We bought our house in 1999 from my aunt, a long-time resident. My grandparents, an uncle and two aunts moved to Morro Bay right after World War II. We have a deep connection to Morro Bay and want to leave our home to our sons, who also have a love of the community. In the current economy, they will need to supplement their incomes to get by.

We have never had a complaint about our renters from our neighbors. Almost all our renters have come back year after year because they love the quiet and uniqueness of Morro Bay; they recommend Morro Bay to their friends, who also rent with us. Renters benefit the economy.

We, as short term rental owners, help support the community, so the community should support us.

Yes, put a limit on the number of rental licenses, don't force out current licensed rentals, but allow for attrition to take place. It is a lot of work to maintain a rental. **Go after the illegal rentals.**

Please continue to allow the transfer of rental licenses on the sale or inheritance to family members. A home is more than a house, it's a connection to family history.

Thank you for your consideration.

Brenda and Bob Avery

██████████
██████████
██████████

Scot Graham

From: Caroline Woods [REDACTED]
Sent: Tuesday, September 01, 2020 1:04 PM
To: PlanningCommission
Subject: Comment on the Morro Bay Proposed vacation Rental Changes

Dear Morro Bay Planning Commission,

It has come to my attention that the Commission is considering a change to the Short Term Rentals in the area to reduce the number of those available. Morro Bay is my family's favorite coastal town to visit as its less crowded with friendlier people than most cities we have visited. We live in Ridgecrest, in the high desert, so its wonderful that its only about 4 hours from us. We try to visit as often as we can. There is so much to do and has sea life abounding including my favorite sea otters (I am a Federal Govt. Wildlife Biologist, so this is what we come to see every time). We rent a boat to explore the bay ourselves, or go out on a Whale Watching tour. We normally stay for about a week and we love to try all the different restaurants the area has to offer. We spend upwards of \$2000 regularly on dining and recreation while we are there. We make sure to buy local wines and love visiting the wineries in the area.

We do not normally stay in hotels. We love the vacation rentals for many reasons and that has become the main way we vacation now. We love the privacy that renting a home affords us. Also, we have two pups that travel with us and a pet-friendly home is so much easier than a hotel. That being said, we take the responsibility of renting someone else's home, in a neighborhood, very seriously. We never leave our pups outside unattended and always pick up after them. We are very quiet and make sure we follow all of the rules that are posted for the rental. We would never use the house as a party house and treat it as if it were our own. We know we have to be responsible renters, or it could be taken away. Please, I implore you, give much thought before you reduce

the number of short term rentals in that wonderful area of yours. Thank you for your time and consideration,

Caroline and Jason Woods

Scot Graham

Subject: FW: Meeting Sept, 22, STR ordinance

From: Dorothy Cutter [REDACTED]
Sent: Tuesday, September 15, 2020 10:50 AM
To: Council@morrobayca.gov
Subject: Meeting Sept, 22, STR ordinance

*** EXTERNAL SENDER ***

To the council:

I notice you are getting a lot of organized correspondence from the Vacation Rental owners and Management of these rentals. They have an very big vested interest in getting as few regulations so they can continue earning money from their investments.

You must keep in mind that these STR's are a commercial venture in mostly residential neighborhoods and must be regulated to protect these neighborhoods!!

The planning commission had come up with a fairly reasonable compromise and whatever you do you should regulate more not less!! The owners would like to see their investment continue on forever by selling the license or having their children inherit it. This is totally unacceptable.

Many communities do not allow STR's at all and the owners should be glad that Morro Bay is allowing some. Please do not let greed sway your decision and consider the rights of all the residents not just the ones that are in business.

Dorothy Cutter
[REDACTED]

Scot Graham

From: fredrickbuckman [REDACTED]
Sent: Tuesday, September 01, 2020 5:15 PM
To: PlanningCommission
Subject: Short term vacation rental ordinance

I fully support allowing unlimited vacation rentals in Morro Bay. I've been a resident of Morro Bay for 21 years and vacation rental owner for more than 3 years.

Reducing the number of licenses will have a financial impact on the City at a time when we need every dollar.

If you should choose to reduce the number of vacation rentals I would suggest letting current vacation rental owners in good standing continue to operate.

Maybe raise the current TOT minimum allowing more active licences to contribute more revenue to the city.

Let attrition help reduce the number of vacation rentals would be another solution if you were to reduce the number of vacation rentals.

We strongly oppose using a lottery especially.

Fred and Olga Buckman

Sent from my Verizon, Samsung Galaxy smartphone

Scot Graham

From: Grant Morris [REDACTED]
Sent: Thursday, September 10, 2020 2:08 PM
To: PlanningCommission
Subject: proposed vacation rental ordinance

I am writing to express my concern about the vacation rental ordinance that is currently under consideration. My wife and I purchased our house 20 years ago. It is located at 3370 Beachcomber Drive, directly across the street from the entrance to the Morro Bay campgrounds. We live in this house half the year from November until April. We really enjoy the time we have to spend there. The rest of the year we return to our house in San Diego to spend time with our family including our grandchildren. When we are not in Morro Bay we use a professional rental service to rent our Morro Bay house to vacation renters. Our ability to do this enables us to afford the two homes that we own. Our Morro Bay house is directly off the highway and not in a neighborhood. We are not aware of any other vacation rental houses within a two block radius of our house. I hope that we will be able to continue with our current arrangement and that you do not enact a law that would preclude us from doing so.

Thank you for your consideration.

Grant Morris

Scot Graham

From: Jamie Irons [REDACTED]
Sent: Wednesday, September 02, 2020 8:48 AM
To: Michael Lucas; Jesse Barron; Gerald Luhr; Joseph Ingrassia; Susan Stewart
Cc: Scot Graham
Subject: Fwd: short term vacation rental ordinance comments
Attachments: Short term Vacation rental definitions.doc

Dear Commissioners and Scot,

That was a lot of work last night, thank you! Very impressive on how you all worked through all the details.

For clarification on my original email below regarding "Guest House". I had to read it again based on PC discussion last night. Though I did not make a distinction between a detached or attached "guest house" the discussion as I heard it, the discussion was about detached guest houses, perhaps because some of you are familiar with our project. I also received responses about how many guest houses I know of in town that are detached. At the time of writing my email to you all it wasn't meant to be specific to detached or detached guest houses.

I am familiar with 6 guest houses. Four are attached and two are detached. The two that are detached, one was built in the 80's and one was built in the early 90's. One of the two was built specifically for family stays and they used it regularly that way as family came for visit's. Knowing the family and given the opportunity they would not consider renting as a short term vacation rental. The other one was less used by family but more like a working studio, and again given the opportunity I would not expect them to rent it out as a STVR. The other four that are attached, and as I know it were built specifically for family. Two of them for a parent and two for their kids. The two for parents are now vacant as they have lost their parents that they cared for. One of these two guest houses is now used for their adult children on visits the other is now a working studio, again neither of these people would entertain a STVR. The other two attached guest houses (units) were also built for family. As I understand it the daughter is now living in one full time. She is a college student. This family would definitely entertain a STVR for their guest house. The other was built for family as well and is very well used by family. They too would definitely participate in a STVR.

I understand the need for housing but we have to realize that there is still a demand and desire to have secondary (be it a guest house, granny house or quarters, what ever the name) housing for family. COVID has showed us that. We have family up in the bay area that bought a house with their kids for their kids to occupy the main house and they added an attached "granny unit. This was an affordability decision. Given the opportunity they would consider a STVR for the granny unit while they took short trips or come stay with us. Those are real circumstances that I know of and are housing opportunities and needs. I appreciate the discussion and consideration given to allowing (hosted) STVR for "guest houses (units)".

Thanks again for your work.

Best,
Jamie Irons

Begin forwarded message:

From: Jamie Irons [REDACTED]
Subject: short term vacation rental ordinance comments
Date: September 1, 2020 at 10:29:48 AM PDT

To: mlucas@morrobayca.gov, jbarron@morrobayca.gov, gluhr@morrobayca.gov,
jingraffia@morrobayca.gov, sstewart@morrobayca.gov
Cc: Scot Graham <sgraham@morrobayca.gov>

Dear Commissioner,

Thank you for your work on this important document. I have attached definitions that I would ask that you include in this document. The definitions are from the City's zoning ordinance and the California Government Code. The listed definitions in the current draft ordinance are not described but referenced to a certain code number which requires navigating back and forth to understand the intent of the document. I just ask that we make it simple by including every definition.

In addition, as I understand the draft document "Guest Houses" are not allowed as a short term vacation rental. Under the zoning code a "Guest House" cannot have cooking facilities or food preparation or storage and cannot receive compensation for use. Many of the (if not all) "home share rental" are bedrooms in a residence being converted with private access and private bathrooms less cooking or food storage facilities. Its really no different than a guest house. In other words we can apply to have a bedroom in our house as a short term vacation rental but a bedroom that is designated and permitted as a guest house is not allowed to be rented as a short term rental. I ask that the Planning Commission amend the "guest house" ordinance as proposed below, and allow the use of Guest Houses in short term vacation rental ordinance under the "home share rental" clause.

Below are definitions for your reference.

Sincerely,
Jamie and Monica Irons

17.12.300 - Guesthouse (Current)

"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principal residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities or food preparation or storage facilities, **and where no compensation in any form is received or paid for use thereof.**

(Proposed)

"Guesthouse" means any attached or detached accessory building which does not have enclosed access directly to the interior of the principal residence, which has any bathroom facility and which does not contain a kitchen, cooking facilities or food preparation or storage facilities. **Rental of a Guest House is allowed by permit only under Zoning Ordinance (insert adopted short term vacation rental ordinance number here).**

Government Code 65852.2

"Accessory dwelling unit" means an attached or a detached residential dwelling unit that provides complete independent living facilities for one or more persons and is located on a lot with a proposed or existing primary residence. It shall include permanent provisions for living, sleeping, eating, cooking, and sanitation on the same parcel as the single-family or multifamily dwelling is or will be situated. An accessory dwelling unit also includes the following:

Scot Graham

Subject: FW: Vacation Rental Ordinance

From: Jan Smith <[REDACTED]>
Sent: Monday, September 14, 2020 3:48 PM
To: SCollins@morrobayca.gov; council@morrobayca.gov
Subject: Vacation Rental Ordinance

*** EXTERNAL SENDER ***

Dear Mayor and Council Members,
We are 100% for limiting the number of vacation rentals in residential areas. We have a vacation rental just below our house and while most of the time the people have been courteous, more times this summer than ever before the management company has rented to twenty-somethings who party all night, drinking, smoking weed and playing loud music. When the house is rented to twenty-somethings they seem to think that the occupancy number is not just limited to them, but all their friends too. Every time this year the place has had over 10 people at a time when it is to be a max of 5. They may tell the rental company there will only be 5, but they always show up with many, many more.

Loud obnoxious people in vacation rentals are unfortunately becoming more of a norm than not. This is not conducive with family-oriented, working-people, full-time resident neighborhoods!

PLEASE limit the number of licenses and keep the moratorium on them until the ordinance is in effect. It would be a disaster if a huge surge in licenses are issued and then the number restricted; it defeats the purpose.

Jan and Ron Smith
[REDACTED]

Scot Graham

From: JC V [REDACTED]
Sent: Thursday, September 10, 2020 10:49 PM
To: PlanningCommission
Subject: Str

Hello,

Please consider tourist as myself who travels regularly to Morro Bay yearly.

Why take away homes where me and my family can vacation on?

Please think about the effects on tourism.

My family loves visiting Morro Bay. In fact, I graduated from radiology school in San Luis obispo and stayed in Morro bay routinely.

Thank you and please don't do this to the public.

Respectfully,

JC Virgen

Scot Graham

From: Kate Stulberg [REDACTED]
Sent: Sunday, September 13, 2020 4:39 PM
To: Council
Subject: Short term vacation rentals- 261 Shasta

Dear Sir/Madam- I am opposed to the lottery idea because it would mean that I could lose my license to rent my Airbnb that has been in compliance with all the rules for many years now. This would upset my many repeat visitors as well as my retirement income. We provide affordable access to the coast for families and retirees and limiting the supply would negatively affect people's ability to see Morro Bay.

My guests are extremely respectful of the quiet neighborhood and I've never had a noise complaint.

Sincerely

Kate Stulberg
Sent from my iPhone

Dear Planning Commission Members,

I am in a unique position in that I am both a resident who resides at my home, while I work as an Occupational Therapist for approximately 6 months a year and I offer my home as a STR during the time I am not living there. Therefore I have the opportunity to observe Morro Bay from a resident's standpoint. Contrary to the complaints I have heard aimed at the legitimate STRs, the only times I have ever had a problems with cars parked on my street was during covid. I did see an increase of vehicles parked on the street, but parking at the nearby beach parking lot was closed. I have a 2 car garage and a 2 car driveway for vehicle parking. As for noise, other than the occasional barking dogs and the weekly sound of the trash roll out to the street my neighborhood is incredibly quiet. I take a lot of walks at various times of the day and night. Both residents and renters sometimes play music or talk on their patios; otherwise it is a very quiet place.

I have spoken with people renting STRs, who have stopped me for directions to the beach path or just in passing. They have always been polite and congenial. Had I not asked them where they lived I would have taken them for a fellow resident of Morro Bay. They like me and my neighbors, relish the tranquility of such a picturesque town. Like me and many other STR owners they did not inherit a home in Morro Bay and are grateful to have such an incredible place to escape to. One gentleman who has rented our home repeatedly told me he can feel his blood pressure beginning to lower as he pulls into Morro Bay. Knowing he can escape to such a peaceful place with his family and enjoy the amenities of a home has given him a new lease on life.

Morro Bay grew out of a community of vacation homes. People have had second homes that they rented through word of mouth, newspapers, and other periodicals for decades before a permit was required. We rent to families who are looking for a home in a quiet neighborhood where their children can safely ride bikes and walk to the beach. We rent to grandparents who need a place where they can rest and enjoy their children and grandchildren. We rent to small groups, no more than 8 people, attending activities such as visiting wineries or cycling and surfing. We do not rent to people who wish to use the home for parties or large gatherings. We do not allow pets (that might disturb the neighbors) or smoking. We have invested

thousands of dollars in our home and we would never rent to someone who would not appreciate and respect our home and community.

We spent 8 months preparing the house as a short term rental and we invested in a security system that has video cameras to keep a close eye on things. Since we started renting 5 years ago we have never had a problem. We pay a management company to screen potential renters, eliminating any potential problems and we call people when they arrive to review the terms of the rental. Furthermore, our neighbors have our cell phone numbers and they know they can call me if they ever have a problem with the renters.

We contribute to Morro Bay residents by being good neighbors, complying with the local laws and paying special taxes that allow us to operate a STR. We employ a number of local people including window washers, housekeepers, landscapers, painters, appliance technicians and others to maintain our home. We support the local business both through the people we rent to and when we are in Morro Bay.

My husband and I fell in love with Morro Bay years ago, when Jim was a Navy Commander in Northern California. After years of saving money we were finally able to afford a Morro Bay home in 2015 but only if we were able to rent it as a short term rental. We had hoped to relocate to Morro Bay permanently but only my job afforded us a local opportunity.

We are heavily vested in Morro Bay. We cherish our home as much as we cherish Morro Bay. We don't want anything to happen to our home or Morro Bay and we work very hard to ensure that. We will continue to do our part to keep Morro Bay clean, quiet and safe. That is why we believe the STRs that have demonstrated compliance to the law and a good neighbor policy should all be allowed to continue as STRs. We support enforcement of stopping illegal STRs. We do not advocate the growth of rentals. We do believe some of the suggested regulations would be catastrophic; not only for owners, but for the people they employ the visitors and the businesses that rely on the visitors' dollars. A lottery, for instance has significant potential for abuse. For example if a group opposing STRs enters the lottery but never really uses the license or minimally uses it just to keep it frozen.

Everyone has a right to enjoy the beaches on the coast; this is one of the goals of the coastal commission. We agree with the community committee ordinance draft proposal recommendations on density spacing between houses and parking. We support limiting the number of guests per house. We think it's wise to have only two guests per bedroom and suggest a maximum cap of 8 guests no matter the size of a home. We also advocate the idea that people who bought their home with the understanding that it could be used as a vacation rental, should be allowed to continue if they had it licensed as a vacation rental. Otherwise this could lead to financial devastation and lawsuits. At this point you have a group of owners and property managers that are doing a really good job as the city has noted no verified problems at all.

Thank you for your time and consideration.

Linda Rieger

Scot Graham

From: Boston Terriers [REDACTED]
Sent: Tuesday, September 01, 2020 6:08 PM
To: PlanningCommission
Subject: Homestays

We currently have a license for our main property and plan to live in our rear guest unit in the rear when renting our STR. Will we be considered homestay renters? We know of other couples utilizing their STR for this purpose. And as healthcare practitioners, our ability to live and work in this expensive county depends upon the additional income.

We have put all of our savings into our property in order to be able to retire here without the constant threat of financial insecurity. It's unfair to be worried about losing something so important when we've never had a complaint about our STR. We believe each legitimate complaint regarding STR noise and other issues should be dealt with on a case by case basis according to county guidelines.

Our experience as travel healthcare workers includes use of STRs in many different counties across the country. We have always felt the peer review system helps to eliminate much of the riff raff that you can't get from most other short term rental arrangements, mostly in commercial areas.

The license holders we know in the area either live here full or part time and demonstrate full compliance and courtesy. After all, we live here too and care about our community.

Warm regards and thank you for your service to the citizens of Morro Bay, we recognize you've been tech savvy, communicative, relevant, and unwilling to be bullied!

Michael & Jennifer Hudson
[REDACTED]



Rather than comment and repeat what other vacation rental advocates are saying to counter the misinformation being cast on what is mostly a professional industry in Morro Bay I want to make my comments known from a personal point of view.

My professional and vacation rental centric operations in the city with my 2 partners likely represent the largest lodging provider in the city today. We host about 10,000 guests annually which spend over 3 million in the city and county each year. My partners and I started over 10 years ago to establish a quality and professional operation to the highest degree and most of all be good neighbors. If you directly interview the majority of our neighbors they would agree. Of course, you can never please everyone even with an effort that exceeds all reasonable expectations legally and morally if those individuals have an agenda against my existence.

Today we directly operate over 40% of the total vacation rental segment in Morro Bay as measured by the TOT we remit to the city. We are good neighbors with our 36 managed properties in Morro Bay, we also operate a hotel that we pay TOT in addition to this amount. We inject about 1 million annually into the Morro Bay economy with our 7 full time employees and well over \$600,000.00 each year in vendor payments (Housekeepers and Contractors). These are not faceless guests benefiting in our city by our work, they in most cases are your less fortunate neighbors who still have to work for a living and don't happen to live in the North Morro Bay Tract on the Ocean side of highway one.

My company's direct local contribution turns many times in our city, to your neighbors providing a benefit in our local economy of 3 to 5 Million dollars. This is just my business or my 40% of the total LEGAL operations in the city. Make no mistake the Vacation Rental segment in Morro Bay is an important part of our local economy and a benefit to many stakeholders, lets learn to live together and solve the real issues. Let's protect each other's property rights for the future.

Today I will write checks totaling almost \$55,000.00 in TOT and TBID payments to the city and county and only for the month of Aug.

So why don't I feel good today about surviving in very difficult times, providing jobs and being a major contributor to the Morro Bay economy each and every month;

Because some of the city's residents don't want tourists and will do anything to turn back the hands of time to the sleepy fishing village of the 70's.

These residents have positioned themselves with lies and lobbying to inflict a devastating blow to my business and damage to the residents as a whole with loss of jobs and income to their fellow citizens.

The city has also decided to totally ignore the facts, take no accountability for its decade of mismanagement of illegal vacation rentals and unreasonable use of second homes. And in fact cannot provide a history of any enforcement of its current regulations or nuisance mitigation for its residents. Why, the city just does not have the money to manage the use of the large population of second homes in the city (25%), control illegal vacations

and home share operations along with many other items of its current code. It has failed its residents and has selected vacation rental operations as a scapegoat as a solution to quiet the noise. Don't be fooled!

Vacation rental operations were recently assessed a tax increase of 31% this year to "improve our business", the city by vote included Vacation rentals in its lodging segment by inclusion in the hoteliers TBID. With this action by the city we suggest that the consideration of a lottery for these TBID assessed operations is at very least unfair and likely in violation of the rules of the TBID if any existing Vacation rentals should be forcibly eliminated. Of course, our view of our inclusion into the TBID was punitive by the city and the result of our hoteliers lobbying with the city based on their lack luster results of late.

As an industry we are ready to accept new far reaching regulations, permit fee increases of about 700% and a lack of any growth of our business for years to come. We accept all of this this to help fund some compliance enforcement by the city and a crackdown on illegal and unreasonable second home use. These new regulations will ease any burden on its residents and reduce the number and density of VRs over time in a fair way if Grandfathering is part of the new rules.

As the major operator we have spent countless hours leading the way for all operators to be better neighbors but in spite of all our efforts and civic participation there are still unreasonable calls from our vocal locals and some of our city representatives to deny the basis principal of "GRANDFATHERING" of existing operations with any new regulations. The only reason to deny this basic normal and customary arrangement which would protect and allow for an orderly transition to new density and total number rules is to **ONLY SERVE SPECIAL INTERESTS AND A FEW KEY INDIVIDUALS.**

The 150 to 200-Million-dollar investment made by the top 100 vacation rentals producing 85% the total benefit to the city needs to be protected. And YES, the majority of these rentals are in the North Morro Bay Tract, providing direct ocean access. These are the homes the public wishes to stay in and the public's access to the ocean in Morro Bay should be protected at the highest level. Personally, I would like the North Morro Bay Tract deemed visitor serving by the California Coastal Commission allowing a high density of vacation rentals by the Coastal Commission.

Forcing compliance to any of the density rules with a lottery or a scheme other than attrition is just NOT FAIR and a violation of property rights. By my careful calculations new density suggestions may eliminate up to 80% of the current successful operations to the delight of some of the Hoteliers in the city (another special interest group). Just like hotels guests, our guests return year after year to a special vacation rental. These homes are not generic, they are special and we have made many of the homes unique and Iconic. The effort of our company and the owners of these special lodging establishments should not be minimized as they are not easily replaced and a result of many years of effort to build a business and clientele.

Let me be clear about one more thing **HOSTED STAYS**, the voices calling for elimination of vacation rentals and unlimited home shares is only their attempt to STEAL a portion of these guest visits from current professional operators. The city will have no mechanism to control these operations and will only greatly amplify the disturbance in the city. Many of these, if allowed will become vacation rentals as the city will not have any way of insuring compliance and the presence of the operator. They will directly compete with the Hotels in our city

and will have a far-reaching negative effect. The city should expect a very large compliance task to regulate these many new operations that are not centralized like VR operations are today. If unlimited Hosted Stays are allowed they will become a very large uncontrolled nuisance in the city.

[REDACTED]

As a service to the city and its residents we welcome you all to our new website for the sharing of 3rd party information, get informed. **Of interest to many will be the posting of the list of vacation rentals in the city so we can all help the city is casting light on the much larger issue of illegal operations and unreasonable use of second homes. Please report these situations to the city as soon as you identify them.**

We will do our best to keep the list up to date, if your VR is listed and you wish us to publish your contact information so there is a way for any concerns to reach you directly please email us.
Info@sharemorrobay.com

LET'S CAST A LIGHT ON THE REAL ISSUE.

Our economy is dependent on tourism for the health of our city. Let's work together and be reasonable to all stakeholders. We all live in a special place and the vast majority of people who visit are our not the enemy but our fellow Californians. This is a time for togetherness and compassion, not exclusion.

As the city works this long awaited, hotly contested, frequently procrastinated, proposed regulation though the various steps we promise a full publication of these proceedings on our [REDACTED] site and let's not forget the guest. We will be reaching out to our more than 10,000 legacy guests, mostly fellow Californians asking them to weight in and share their thoughts on how they feel about anyone depriving them of access to the coast in Morro Bay and their favorite lodging establishment that provides that easy access. There are not enough hotel rooms in Morro Bay to replace the vacation rental accommodations we provide and they have told us that they have no interest in staying in a hotel anyway. They are just like you; they prefer to stay in a vacation rental when they are away with family on vacation. It's a much better experience.

Nicholas J Juren

President Beach-N-Bay Getaways

Scot Graham

From: penni daugherty [REDACTED]
Sent: Monday, September 14, 2020 11:57 AM
To: Council
Subject: Short term rentals

I am very much opposed to the lottery for maintaining one's license for the rentals . I waited in line for almost a year and have been paying for the license and not renting the house . I have been waiting for my twins to go to college which should be happening now . They are doing virtual collage now . If I am not grandfathered in I may never get to rent my house out . I have made many improvements to my house with vacation rental in mind . Thank you . Penni Daugherty

Sent from my iPhone

Scot Graham

From: Sandee Sasaki [REDACTED]
Sent: Sunday, September 13, 2020 3:28 PM
To: PlanningCommission; council@morrobay.gov
Subject: SHORT TERM RENTAL PROPOSALS-SEPT 1st Meeting

Dear Morro Bay Planning Commission,

I had previously sent an email on Sept 1, 2020-just prior to your meeting that took place on that same day. I only heard of the meeting that same day from an email that Airbnb sent its hosts.

I wanted to apologize for the short-sightedness of that email due to the time constraint. I was unable to formulate a comprehensive email to voice concerns regarding the meeting and its content.

Since then, my husband (Satoshi) and I have had time to review past MB Planning Commission meetings and hopefully understand the actions that are now on the table regarding Short-Term Rentals in Morro Bay.

I'd like to give you a little bit of background on us, as STR owners. We are both in our late 50's, and I am originally from Sacramento and my husband is from Reedley, California. We are both hospital pharmacists who live in Fresno, CA.

My husbands family farmed and also owned an appliance business in Reedley. Every year since he was born-his family took the only vacation they had each year to go to Morro Bay. They would stay at the Point Motel, which I'm sure that many of you long-time residents remember. Then, after several years-they started renting from friends in Reedley, whose family owns a home in Cayucos.

My husbands dream was to someday own a home in Morro Bay. His brother now lives full-time on the Central Coast and works in Santa Maria. We also have several relatives and long-time friends that live full-time in Morro Bay.

We found our home in Morro Bay about 5 years ago, and we met the previous home owners that had been renting their home as an STR. They were licensed with the city of MB, and encouraged us to also get licensed as an STR. We had two kids in college at the time, but we thought if we could start an STR--then we could hopefully swing paying for the home. Our goal is to eventually retire in Morro Bay if we can.

Soon after getting the home, we made sure to apply for the STR permit. We were granted the permit, and we have since been renting out our home part-time while enjoying it ourselves. We have been diligent owners, that always think about our neighbors and neighborhood.

We have made many improvements to the house over the years, and our neighbors always comment on how they love the fact that we're always working on our house, thus increasing their property values..

We love hosting families from other areas, and our neighbors have told us that they love interacting with different people from different areas of the world. We also provide a warm, reasonably priced option for many families to gather.

We, as Conscientious Owners:

- **We Do Not Accept "Instant Bookings"**-We screen each guest prior to accepting their request to book (We ensure our guests know that loud parties are not allowed, No more than 3 cars in front of our house are allowed, No parking in front of our neighbors, A city Noise Ordinance is enforced, and that our neighbors have been instructed to contact us with any concerns).
- Our cleaning ladies are local residents. One is our neighbor, and the other two live within 5minutes of our house.
- We list on our House Rules that all of our surrounding neighbors have our contact #'s to call us as soon as their is any disturbance and/or issues related to any guests staying at our home.
- We have a very good relationship with our neighbors and we know mostly all of them on our block because we are at the house anytime we can get time off from work.
- We also have ongoing conversations with our neighbors and constantly ask if any guests we have hosted have been okay, and no one has ever complained. Many of them also pitch in to take our trash/recycle bins on and off the curb.
- My husband is very diligent about paying the City of MB the TOT- Occupancy taxes and fees each month and he stays in touch periodically on the phone with the office of the City of MB.
- We also post our permit # on our posting site, and have a physical copy of the permit on the premises.

Our Concerns:

- We agree that the issues regarding STR's have become a large concern due the the "growing" numbers of STR's, especially the non-permitted ones. **If there had been control and enforcement to shut down the non-permitted properties in the first place-we probably wouldn't be at the point we are now.**
- We dont dispute that there are probably STR's that have hosted loud, disruptive groups in their homes, **BUT we feel that just because of a selected few STR properties-the city is bowing down to pressure to regulate "all" STR's.**
- If these properties are not permitted,why couldn't the City warn, fine, and order them to shut down as an unpermitted STR?
- **We're not sure how other "permitted" STR owners feel, but after seeing posted letters from residents, and seeing what has been discussed; we personally feel as though everyone is looking at STR owners as "criminals". It's almost like a "witch-hunt".**
- Are Morro Bay residents that short-sighted to outsiders from all parts of our country and other countries as well, that we can't be open to others visiting our area? **Is it not better to be inclusive and share Morro Bay with others?**
- If anything should initially be done-**The properties that are "not" permitted should be addressed first before any decision to institute any regulatory effects on those that are legally permitted and abiding by the city's rules and regulations.**
- And if permitted STR properties are not abiding by existing rules and regulations-then they should be warned, fined, etc...by the City.
-

- **We are against the following in the proposals that were decided in the Sept 1st, 2020 meeting:**
- **We are against abolishing grandfathering STR's.** We would like to keep the option to keep this for our family and the grandfathering clause was an important reason for us purchasing our home. We have always complied with the city's rules, and we don't feel that we should be punished because other STR owners are not abiding with already set rules/regulations
- **We are also against the "added" density rule of 3 properties or 175ft (whichever is greater) between each permitted STR.** We see that there a very few STR's in our are on Sicily St-We have 3 houses between the next STR, therefore we would not fall into being automatically allowed to keep our STR based on this "added" density rule. There are very few STR's in our neighborhood off Sicily and Tide.
- **Could we make a suggestion that in areas with only a few STR's-be exempted from this density rule OR could the density rule be changed for areas with less STR's in their neighborhood?**
-

I apologize for getting too lengthy in my email. I just wanted the Planning Commission to hear from a STR property owner as well. We see all the letters posted from residents, but the permitted STR owners need a voice as well.

Thank you so very much for the work you have done thus far. This is not an easy task that you all have been assigned. Our hearts go out to you and we hope that you will take into consideration "all" views and not just a few.

Appreciate your time and efforts.

Sincerely,

Sandee and Satoshi Sasaki



Scot Graham

From: Sandy Rowe [REDACTED]
Sent: Tuesday, September 01, 2020 1:28 PM
To: PlanningCommission
Subject: Short Term Vacation Rental Ordinance

Dear Committee Members,

I believe this short term rental ordinance is short sighted. The health of Morro Bay depends upon tourism.

My husband and I recently picked up a book at Phoenix Bookstore in SLO entitled, "The Idler book of Crap Towns, The 50 Worst Places to Live in the UK". Although it is tongue in cheek, one thing stands out. Several of these towns are located on the coast. Poor decisions and planning had devastating consequences.

Do not make decisions based on a very vocal minority. Think long term.

My husband's input:

Keep the short term rentals that exist active without adding any more.

Strictly regulate these rentals. Complaints from neighbors should be investigated. Violators need to be warned. After one warning owners should be notified they are in danger of losing their license. Fines should be applied to those who ignore the warning and should be severe, \$1000. per day.

--

Sandy Rowe

--

Sandy Rowe
Broker Associate



BETTER HOMES AND GARDENS REAL ESTATE | HAVEN PROPERTIES



Scot Graham

From: Steve Williams [REDACTED]
Sent: Tuesday, September 01, 2020 1:06 PM
To: [REDACTED]
Subject: Today LA Times: AirBnB to actively strip out ILLEGAL STR Vacation Rentals: Vote NO to Lottery and VOTE NO to STR Ownership Time Limitations
Attachments: Los Angeles Times -AirBnB to strip out illegal STR Vacation Rentals.pdf; Amid COVID-19, we visited Morro Bay with Airbnb precautions - Los Angeles Times.pdf

Morro Bay Planning Commission, Morro Bay City Council, Coastal Commission,

There are different reasons and varying experiences when vacationing and staying at a hotel, a bed and breakfast, a homestay or a standalone vacation rental.

Small groups and shorter stays for hotels, bed and breakfast for host interaction, homestay for couch or bedroom surfing and short term vacation rentals for the whole family under one roof, one kitchen, one yard interaction.

We have all experienced the quality differences between a good hotel and a bad hotel, a poorly prepared vacation rental and a great vacation rental with memories that evolve into an annual ritual for the family.

Please VOTE NO to the Lottery. Please VOTE NO to limiting STR Owner license renewals. Please VOTE NO to random density limitations.

The attached two articles from the LA Times illustrate how important STR's are to Morro Bay and how the STR industry is beginning to self regulate the abuses that have occurred. Beach rentals have been a successful part of the Morro Bay experience for 40 years. The relatively recent shared-economy models which included VRBO, AirBAB, HomeAway, UBER, Lyft have all realized their abuses and they must self regulate to the benefit of their proprietors and customers to survive. Give the industry some time to moderate.

Please allow the top 100 to 150 STR who pay their TOT, who run tight professional businesses, who are invested in the Morro Bay neighborhoods, who regulate, enforce and financially penalize improper rental activity to organically remain STR without density legislation, random lottery choices and limiting license renewals. These existing 100-150 properties are the best of vacation rentals that promote Morro Bay uniqueness and enforce parking restrictions, enforce the number of people renting, enforce noise restrictions and have constant conversations with their Morro Bay neighbor to keep everyone happy.

[REDACTED]

Scot Graham

From: Taylor Ann Eisemann [REDACTED]
Sent: Tuesday, September 08, 2020 1:34 PM
To: Council
Subject: STR-Morro Bay City Council

Dear Morro Bay City,

On Tuesday night, Aug 25th, the Morro Bay City Council passed an emergency ordinance prohibiting the issuance of any new Short Term Rental (STR) licenses effective immediately. This includes any transfer of a license upon sale of a home currently holding a license. **HOW DID THIS QUALIFY AS AN EMERGENCY? You are using COVID-19 to your advantage, none of the proposed regulations are considered an emergency and should be given the proper time to discuss fair, reasonable and agreeable STR regulations. Your council has not provided any legislative evidence that STRs are an immediate threat to anyone. No code violations. No data tracing Covid to STR travelers, no data period.**

I am not only a local employee of a Property Management Company, but also a resident of Morro Bay. Morro Bay already has one of the strictest ordinances in our country with a cap of 250 STR licenses. Now you want to possibly eliminate 70-100 existing and **complaint** STRs to place **EVEN** denser restrictions? You have not even discussed this with the **PROFESSIONALS** (property managers) who are regularly involved with the STR properties. We as Property Managers come together regularly and discuss all items concerned with STRs including communication to guests on the local laws and ordinances. When a guest is misbehaving **WE TAKE CARE OF IT**, because first off we all know code enforcement is not and because We LIVE HERE TOO and most importantly because we want to be able to offer a **LEGAL** space for guests to come and enjoy year after year! We want you to get your tax paying dollars, we want the guests to enjoy the beautiful place we call home and spend their dollars at your cities shops, restaurants and tourist businesses. We (the professionals) are your **BEST RESOURCE** to work with, and you continue to look past us and deliver misinformation to the public and come up with outlandish restrictions. We take pride in our hard work to keep the peace, but beyond that we implement so many extra procedures that none of you even inquire about. We have routine home safety inspections twice a year, neighborhood pamphlets, guest rules and regulations all to prevent any unwanted behaviors. We obey the ordinances and rent legally. Many illegal Airbnbs/ homeaway properties are the problem rentals and that is on you for not enforcing.

STR's offer families a place to stay, and Morro Bay is a tourist area and has been for years. You have provided **NO EVIDENCE** to prove STRs are harming the public. You are destroying an industry based off of mere **MISUNDERSTANDING** and misconception. **COME TO OUR OFFICE**, I want you to answer the phone of Jane looking to live her last breathing days in a **FAMILY** beach home before leaving the world (stage 4 cancer patient) **A HOTEL WILL NOT OFFER THAT TYPE OF BLISS AND SEND OFF**. I want you to see how happy the kids are to have been able to escape the world's heavy media loaded days and get lost in the sand building sand castles and playing in the waves.

YOU ARE NOT DOING THIS LEGALLY, you are ripping people's dreams from them, with no consideration, you have no facts, no logic to make such impactful regulations.

Had you been collecting relevant data in the past years, you would have found that most complaints and issues that are reported, have to do with "unlicensed " rentals, not properly managed, legally licensed homes.

You really need to rethink this. This will impact your pockets too, STR brings in Millions in TOT taxes to you community. Your TOT collections will decrease your income by 40%. You can see a bigger issue when you force us PROFESSIONAL out, which let me tell you, you will see a VERY high increase in complaints when we PROFESSIONALS ARE GONE!

I would really like to know what your motive is behind this? And it's best to rethink it.

With Regards,
Taylor

--

Taylor Eisemann



From: [A Whitney](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:58:56 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am in favour of limiting the vacation rentals. I travel to Morro Bay often and have a lot of friends and clients in the town. They ALL complain about the deterioration of their peaceful environment with the onslaught of loud and disrespectful short-term renters. The garbage, the public intoxication, the disregard for the residents and the entitlement.

There are sufficient hotels and motels to accomodate out of town visitors. Please leave the neighbourhoods the way they were meant to be, family-friendly and safe.

Thank you

Anila Whitney

From: azlynnb@aol.com
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:26:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

From: [BILL I* I BARBARA](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:28:00 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Short term rentals are our mode of vacation time. Besides their homey ambience, they quite often are multi family appropriate. I support cities having regulations and the STR owner must promote them on their website.

STR's are also a necessary income for your residents.

Maybe baby steps are a way to begin. We graduated from Cal Poly '72-73 and have returned often, 2016 being the last time.

Good luck,

Barbara and Bill Packard
[REDACTED]
Peoria, Az. 85383

Sent from my iPad

From: [Barbara Howell](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:58:53 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I make multiple trips each year and enjoy being able to rent a home. It is more comfortable and works well when traveling with my grandkids. I believe this will hurt the number of visitors staying in Morro Bay. I know we will go to another city where home rentals are available. Our first choice is always Morro Bay, but it probably won't be if rental options change.

Barbara Howell
Fresno CA
[REDACTED]

From: [Beth Feaver](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:22:18 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Living in the Central Valley in Fowler, we have been blessed to have many family vacations in Morro Bay over the years. Our lodging of choice has always been a vacation home as we truly enjoy getting away as a family, and a home helps us have that intimate fun family time, especially as our sons are grown and married. This time together is precious.

As you are considering changing your regulations with vacation homes, please please consider that if there are less homes available in Morro Bay, we simply would be forced to seek vacation rentals elsewhere...we don't WANT to do that as we enjoy Morro so much, know the restaurants and stores, and frequent the businesses there. Please consider the economic affect these changes would have on your wonderful community if families such as ours would have to vacation elsewhere.

Sincerely,
Beth Feaver
Fowler, CA

Sent from my iPhone

From: [Cara Ayala](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:52:59 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Thanks for your consideration,
Cara

From: [Cheryl Colwell](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:00:30 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please let us continue to rent home's in Morro Bay! We love it there and always enjoy our time spent there. We are retired ranchers and need the relaxation that your beautiful Morro Bay provides us!

Thank you for your consideration ,
Cheryl and George Colwell

Sent from my iPhone

From: [CYNDY THOMAS](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:40:40 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Every July, we vacation in Morro Bay in the same rental house. Our daughter, son-in-law and 3 grandkids join us for at least a week. We shop local and eat local. This year the kids baked cookies for the police and firefighters and delivered them to their stations.

Although we are merely visitors, our family thinks of your community as "ours". Hopefully, your town will allow us to continue being a part of yours.

Cynthia Thomas

"Our perfect companions never have fewer than four feet."

From: [Dale Dodd](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:25:48 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We live in Fresno. Renting a home on the coast (Morro Bay) is the only way we will be ever to spend more than one day at the ocean. We can't afford to buy a home OR rent a hotel rooms for my family of 10. Please allow rental homes in Morro Bay
Sincerely,
Dale & Debra Dodd

Sent from my iPhone

From: [Hessemer, David](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:15:47 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Ii am a photography teacher at Oaks Christian High School in Westlake Village CA. Every year I have been able to bring my students to Morro Bay and have our students get to know your community. The images they have taken have been spectacular. Check out this video they did with still images that are on Amazon Prime.

https://www.amazon.com/Hidden-Gem-David-Hessemer/dp/B07FNCPD55/ref=sr_1_1?dchild=1&keywords=central+california&qid=1600207711&s=instant-video&sr=1-1

I would like to let you know how special your part of the world is and that I would not want to deny my students the chance they have each year to visit your wonderful part of the California Coast. Please make sure you leave this part of the coast open for responsible people. Having students stay in Hotel rooms is not possible for us. Having small groups of students being able to stay in a home and bond together and be able to share their experience with others is something I hope we do not need to give up. Keep sort term rental an option for us.

Thanks
David Hessemer
Photography Department Oaks Christian High School
act3photo.com

From: [David Levenson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:18:57 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We are a family of four that have been traveling to Morro Bay for the past several years. Our kids have grown up and learned to love the ocean there. We are even considering relocating and purchasing a home there, and/or possibly relocating our business based on the times we have spent. We certainly would like to continue to visit once or twice a year. As long time beach community residents ourselves, we also understand the concerns of the full time residents. We sincerely hope that the city can find a solution that works for all parties, but most importantly that you do NOT choose to severely limit VRBO access. Thank you for your time.
Dave

From: [\(null\) chiebert](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:37:10 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

As retirees from the Midwest with roots in California, we enjoy coming to the Morro Bay Area for three or four months every winter. The only way we can do this is by taking advantage of vacation rentals. We treat the rentals as we would our own homes, and while we are living in Morro Bay we support area restaurants, supermarkets, shops, and other retail businesses. We often do the majority of our gift shopping for family birthdays and the next years Christmas while we are living in Morro Bay.

We ask that the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. Such a reduction in available homes would raise the price of rentals in nearby communities which would probably make it impossible for us to come to stay in the community which we have learned to love, and where we have made so many invaluable friends.

Sincerely,
Dr. L. Dean and Carol Hiebert

From: [Denise Henderson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:38:59 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I find myself writing this email with a pit in my stomach. I understand that you are considering a ban on short term rentals in Morro Bay. I along with my family have been vacationing in Morro Bay for over 30 years. It is the perfect place for family who reside in both Northern and Southern California to meet up for a week each year. A priority for us is to have the opportunity able to have the ability to gather three generations of our family. We enjoy experiencing local businesses including food establishments, shopping and access rentals from the harbor. We invest our vacation dollars for the year in the Morro Bay community. We will be heartbroken if this is no longer an option for our family. For us, the area is the best of what California has to offer. We enjoy the beach and hiking in the area. Day trips from Sacramento and South Ventura County are not possible for our group.

Please, please, please consider all factors when you make this decision.

Eddie and Denise Henderson

From: [Dianne Stewart](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:21:45 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I just received the distressing news that you are considering taking an action that seriously jeopardizes rental availability in our favorite vacation areas. This is our "go to" destination!!!! If you insist on passing this restrictive piece of governance, not only will you lose the revenue we contribute to your communities, but money from everyone I know who has *ever* vacationed there. We have rented properties for at least a week at a time 6-7 times in the last few years. In fact, we are heading up tomorrow for a five-day stay with our 10-member family.

According to the documents I have read, you have all you need to keep wild parties and other violators in line. You just need to enforce what you already have and not impose stricter rules and regulations. You will be cutting your nose off to spite your face if, as you say, tourism is one of your main industries. Toss out those who don't know how to behave and support your residents and visitors as respectful, law abiding citizens.

Hoping and praying for rational decisions rather than overreach,

Dianne Stewart

From: [Don Wells](#)
To: [Council](#)
Subject: Proposed STR regulations
Date: Tuesday, September 15, 2020 3:05:10 PM

We visit Morro Bay several times each year; it is such a lovely place. I am writing to say that we AGREE with the proposed regulations. If I lived there, I wouldn't want people partying next door all the time and too many private rentals will surely spoil the ambiance. I received an e-mail from a property rental firm asking me to urge you not to pass the new regulations, but choose to endorse them instead.

Thank you,

D. Wells
Citrus Heights, CA

From: elisatrojani@sbcglobal.net
To: [Council](#)
Subject: Short Term Rental (STR) Regulation Ordinance
Date: Tuesday, September 15, 2020 3:07:20 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals have been a family tradition since the 1980's and our lodging of choice when we travel as a family and especially when we include our extended family.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes.

If we could not stay in a vacation rental in Morro Bay we would unfortunately choose to visit a different city.

Sincerely,

Elisa Porter



Virus-free. www.avast.com

From: [Gary Butts](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:10:20 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Thank you
Gary Butts

[Sent from AT&T Yahoo Mail on Android](#)

From: [Gregg Ellison](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:17:01 PM

I live in atascadero and my wife and I rent a condominium in Morro Bay for a week every October
We would not stay in a hotel for vacation in Morro Bay

We would go rent a home in another town

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Gregg and Lauri Ellison
Atascadero

Dear Morro Bay City Council,

Sent from my iPhone

From: [Greg Everson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:39:25 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I reside in the San Francisco Bay Area. We enjoy spending time on the central coast and always do so with family. Having available short term rentals attracts us to this area. Without access to these, we will be forced to find other communities that allow these rentals. I understand that this is a difficult balance to strike, the influx of tourists dollars and the desire for a quieter community. I am sure you will find right balance for Morro Bay.

From: [Jane Rosetta](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:03:33 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I have travelled to Morro Bay annually since our son attended Cal Poly. We are from the Sacramento area and love coming to the beautiful central coast, especially in the fall when the weather is unbeatable. We like to take our dog and stay in a pet-friendly vacation rental. We've also stayed in Avila Beach and Pismo, but love Morro Bay and the dog beaches, the gorgeous golf course and the bay with Morro Rock. We love to spread out with the kids having their own rooms - so much more relaxing than staying in a hotel! We also love the many local restaurants and shopping and patronize many while there. It would truly be a shame for vacation rentals to go away.

I am also a Realtor and an owner of a rental property in Indian Wells so I understand exactly the impact that these homes have in the area. They are huge contributors to local regions, from grocery stores to restaurants, museums, golf and tennis facilities and more.

Please take my endorsement under consideration, thank you.

From: [Janice Foster](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:08:37 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and extended family have been coming to Morro Bay for many years to enjoy the beautiful ocean. We enjoy eating out at the many eateries there. We spend time shopping and making memories. We live in the Central Valley so please don't take our vacation destination away.

Janice Foster
Visalia, Calif

From: [Comcast](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:56:18 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

As a Cal Poly Parent, we have used short term rentals in the Morro Bay Area several times. We love the convenience of being close to Cal Poly, but being in a beautiful coastal community with cooler temps and a less busy vibe. Please keep short term rentals in your area. The hotels there do not provide the Amenities that we prefer for our stays. Beach and Bay getaways does a fantastic job and really screens it's renters. Thank you for your time.
Janice Savidge

Sent from my iPhone

From: [Jeannine Lee](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:20:15 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Sincerely,

Jeannine Lee

Sent from my iPhone

From: [Johanna Sweaney Salt](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:06:26 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. We have been taking our family to Morro Bay for decades, from when our youngest was 2 years old to today, when he is 31 years old and has three kids of his own. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family, including our kids and grandkids. This is especially important during these travel-restricted times!

We have been good neighbors and enjoyed the many residents we have met in our travels to the city. We have contributed to the local economy through our travels and can tell you that if we could not stay in a vacation rental in Morro Bay, we would choose to visit a different city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. Please carefully consider the negative impact your decision will have on the local economy, which has been hit so hard already in 2020.

Thank you for your consideration.

Sincerely,

Jonathan and Johanna Salt
Claremont, CA

From: [John Jeter](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:20:25 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
The proposed regulations are too stringent.
Vacation rentals are critical to the community of Morro Bay. Please deal with the problems rather than negatively impacting those who comply with current regulations.
Thanks for serving the community.

John Jeter

Sent from my iPhone

From: [Joseph Triggs](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:31:35 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
I strongly disagree with this agenda item. I have been vacationing in Morro Bay for years.
What about the lost tax dollars that would result with this passing? Thank you Joe Triggs
Bakersfield, Ca.

CONFIDENTIALITY NOTICE: This communication and any documents, files or previous e-mail messages attached to it, constitute an electronic communication within the scope of the Electronic Communication Privacy Act (18 USCA § 2510). This communication may contain non-public, confidential, or legally privileged information intended for the sole use of the designated recipient(s). The unlawful interception, use or disclosure of such information is strictly prohibited under 18 USCA § 2511 and any applicable laws. If you are not the intended recipient, or have received this communication in error, please notify the sender immediately by reply e-mail or by telephone and delete any and all electronic and hard copies of this communication, including attachments, without reading them or saving them to disk.

From: [Josh Pashman](#)
To: [Council](#)
Cc: [URelax_Reservations](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:29:20 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am writing to ask Morro Bay's City Council reconsider the passage of the Short Term Rental (STR) Ordinance, – specifically its potential cap on rental permits and home separation requirements.

This past summer my family of 4 along with our closed friends' family and their 2 children – all children ages 5 and 7 – rented a Morro Bay home for 1 week. Living in Los Angeles, we had many vacation options. We debated them heavily, but the ability to rent a home from a local and caring home rental company was key in our decision to visit Morro Bay in lieu of other California locations.

We were so glad we did.

Our week in Morro Bay was the perfect COVID-19 socially distant getaway. We simply loved biking from beach to town, from Morro Rock to our home rental, sea kayaking repeatedly in the bay, to lots of fish n' chips and ice-cream takeout from local restaurants. The vacation destination was simply perfect for a family getaway for little kids.

Collectively, we easily spent close to \$4,000 for each of our two families on our home rental and area businesses. This included multiple guided tours, sea kayak and SUP rentals, bike rentals, restaurant and grocery purchases and more. In short, we made family memories for a lifetime with the intent to return next year. If we lose the ability to rent the same or similar home, we will likely consider a trip elsewhere.

And as a homeowner myself, I am certainly respectful of individual concerns about tourist noise and disrespect. We were anything, but disrespectful leaving our home rental as clean as we left it, quiet in the evening, and grateful for the friendships we formed with local restaurants and tourist outfits. With clear guidelines and expectations between rental company and renter, problems can easily be mitigated. Morro Bay's beauty and attraction as a tourist was *precisely* because it is a quiet community. This was a major part of its appeal. I would hate to lose the ability to enjoy it as such were home rentals removed due to a few bad actors.

I truly hope Morro Bay's City Council will re-consider the STR ordinance – specifically its cap on rental permits and home separation requirements. Rather than penalize the many, please work on communicating only to those few. I would love to return; the STR places this at risk.

Thank you,

Josh Pashman

From: [Kevin Kroeze](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:58:08 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

I live in Visalia and vacation regularly at the central coast. My family and I have recently discovered how wonderful Morro Bay is while renting a house there. We stayed for a week and had an amazing time. I heard that you are considering ending vacation rentals. I ask that you please do not. Although I am not one of your constituents, we travel there on a regular basis for day trips. The amazing memories that me and my family have made will be remembered for a life time. The money that we spend there is pretty significant. The restaurants, the fishing/tackle store, the gas, and all the other things we purchase there must help your economy? I will not threaten to boycott your beautiful city like some people would like me to do. I just ask that you reconsider your new ordinance. Change it so that Short Term Rentals have to get permits and if they get too many citations or notices, the permits can be revoked. Many of the rentals are treated the right way by families like mine. Of course, some of them are used for large gatherings which I understand would be a problem for the residents/neighbors. I just ask that you don't completely shut them down but make it so they are more accountable so that families like mine can continue to enjoy your beautiful city and spend our vacation money there.

Thank you for your time. I know that it will be a difficult decision. My family will continue to visit there. We just hope that it can be in a house rather than a hotel which, as you know, is not nearly as comfortable and enjoyable.

Sincerely,

Kevin Kroeze

██████████
Visalia, Ca 93291

From: [Lane Koehl](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:48:22 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
My family took a long weekend vacation to Morro Bay this past year. It was one of our best vacations and we look forward to visiting again. As we were there we realized that we barely scratched the surface of the beauty and enjoyable activities that Morro Bay provides. Our family loves the coast.
One of the main components of our family vacation planning is if we can rent a house. Having your own place to hang out, to cook, and space to rest and relax is important to us. Nothing against hotel rooms, but they can get crowded.
Please do not pass any regulations that would hinder or stop our ability to rent houses in your very cool city. We hope to visit soon.
Thanks
Lane Koehl

From: [Leslie Chew](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:00:27 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
My family has been vacationing in Morro Bay every year for over 30 years. As our family grew, we depended on finding rentals that accommodated our enlarging group. As recently as this summer, Morro Bay was our safe haven during Covid quarantine. Not only do we love the wide variety of rentals available, we have our favorite businesses that we frequent on a daily basis, including but not limited to Giovanni's market, The Hofbrau, The Galley, Windows over the Water, Bayside Cafe, Vinyl Isle, Albertson's, and the Garden Center. We much prefer Morro Bay to Hawaii and other popular destinations.

Please don't limit access to rentals. It's nice to know that we can always plan a last minute weekend get-away, knowing that we'll be able to find the perfect cottage, condo, or beach house that suits us perfectly!

Thank you,
Leslie Chew
Los Angeles, California

From: [Lisa Korslund](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:54:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We are planning a family vacation in Morro Bay for Thanksgiving and are very delighted that it is an option since we have children in San Francisco and Los Angeles. We hope you'll consider the benefits to your town of having vacation rentals that keep the economy going and provide other business opportunities like kayaking, restaurants & hiking guides. We also have a family friend in town so we're hoping that Morro Bay continues to have rental options.

Respectfully submitted -

Lisa Gareis Korslund
Cell [REDACTED]
Sent from my iPad

From: [Lorie Adams](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:11:51 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am a long time visitor to the Morro Bay area and visit approximately 3x per year. I travel with my elderly father and spend 1 – 2 weeks each visit – both for work and pleasure. Without the ability to rent a home for your stay we would not be able to frequent the area as I am required to make his meals and his mobility is very limited. Staying at a hotel/motel is not conducive to his needs.

Please continue to allow STR's in your area – we have family in San Luis Obispo and in Cayucous and would miss being able to visit them as often as we do!

Best,

Lorie Adams

From: [M Lango](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:59:31 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

My family and I have previously rented a vacation home on Beachcomber Drive in Morro Bay. We enjoyed staying in a beach home for a week in celebration of retirement. We would not have had this wonderful and memorable experience had it not been for the opportunity to rent a clean, well managed vacation rental home.

However, in most of our visits to Morro Bay, which are several times a year, we choose to stay in local hotels. This is partly due to the expense of vacation rentals relative to local hotel rates, particularly in the off season, and also because we don't need the accommodations of a home unless the entire family is also visiting.

Incidentally, we have recently purchased a single-family residence in Morro Bay that we will be making our retirement home. We know that the neighborhood has few if any licensed vacation rentals, and that is important to us as property owners and permanent residents.

As with any significant issue, the City Council must weigh all community concerns and make decisions that are balanced and fair to the fullest extent possible. I respect the challenge before the City Council in adopting the proposed changes to the STR. It appears that the City has managed a sufficient community input process to guide a careful and considered decision.

Therefore, I support the proposed changes in the current form and urge the City Council to make preserving the unique charm and character of the City's neighborhoods a priority while supporting existing local hotels augmented by a limited supply of vacation rentals. I think all three objectives can be achieved under the proposed ordinance resulting in neighborhood preservation for residents and continued opportunity for visitors.

Sincerely,
Michael Lango
[REDACTED]
Fairfield, CA 94534
[REDACTED]

From: [mardo collins](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:16:44 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We have enjoyed staying at a home in Morro Bay on a short term basis. We were always respectful of the neighbors, never had parties, and treated it as if we lived there. We shared the house with two other couples and preferred being in a private home versus staying in a hotel. I would hope that STR will still be available in the future.

Thank you.

Mardo Collins

From: [meheub Karmali](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:35:08 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We stayed in Morro bay for 6 nights this summer. Loved the beaches, the laid back ness of the city and the small businesses in the area. Please don't shut this vacation rental business down. I am sure it supports a lot of local residents.

Thank you

Meheub karmali

From: [Mitch Villa](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:59:28 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council

Please note my family has been vacationing in Moro Bay since the 1988 almost exclusively using short term vacation homes. We love the town and plan to continue our trips with extended family so please do not limit our opportunity to visit your lovely town. thanks, Mitchell Villa [REDACTED].

From: Segovia-Rutledge_Nancy@CDCR
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:30:21 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We have been visiting Morro Bay for the last 40 years, since I was a child, and it continues to be one of our favorite places to vacation. Since we have been able to use Short Term Rental homes for our vacations we have been able to vacation together with more of our extended family and in a much more comfortable fashion. We have multiple family members who have disabilities and being able to rent a home rather than a hotel allows us to accommodate the needs of these family members much better than a hotel would. Some of our family members would not be able to vacation with us if it wasn't for being able to rent a full home rather than a small hotel room.

I am writing to ask you to not put any restriction on Short Term Rentals that would make it even more difficult for our entire family to visit your beautiful city of Morro Bay.

Thank you for listening.

Nancy Rutledge
Tehachapi, CA

From: [Pamela Morgan](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:57:21 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My husband and I stayed in a vacation rental in Morro Bay last Fall and fell in love. It is a beautiful place. We were lucky to find a condo on the bay that was fully handicap accessible, a feature not easy to find and much better for us than a hotel or motel room. Renting a condo or house allows my handicapped partner a nice place to be while I take walks and enjoy other things. While we don't know if your proposed regulations would affect this unit, or accessible houses in Morro Bay that we hope to stay in in the future, please accept our plea to limit regulation to ensuring visitors don't interfere with full-time residents. Short-term visitors can help keep a place vibrant. Thank you for your consideration. Pamela and Mike Morgan

Sent from [Mail](#) for Windows 10

From: [Pat Leetch](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:15:29 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

. I am appealing to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. This new regulation would effect Morro Bay visitors greatly. Please reconsider

Sent from my iPhone

From: kellygirlc2c@aol.com
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:10:58 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

I enjoy coming to the West Coast and rent a beach house in my favorite area. I live in Connecticut on the East Coast and enjoy the beaches in California over ours. I love being able to pick out a great house to share with family for a vacation. Sometimes we rent two in the same area depending on how many family members will be coming.

I have spent many many weeks in Morro Bay over the last 30 plus years, and this is just devastating to me to think we will not be able to do this if this ordinance is passed.

Sincerely,

Patti Kelly
[REDACTED]
Harwinton, CT 06791
[REDACTED]

From: [Peggy Garispe](#)
To: [Council](#); [Tricia Danell](#)
Subject: Re: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:27:23 PM

Thank you!

[Peggy Garispe](#)
[REDACTED]

On Tuesday, September 15, 2020, 02:17:28 PM PDT, Tricia Danell [REDACTED] > wrote:

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

First, I am absolutely shocked that this issue is even being considered! My family has been vacationing in Morro Bay for decades! To have to stop this family tradition will be heartbreaking! I'm asking you to please take into consideration the families, like ours, who have made lifelong memories in Morro Bay and wish to continue adding to our family traditions for many more decades to come! I'm asking you to VOTE DOWN the proposed changes regarding the STR regulations in Morro Bay! Thank you for considering my plea.

Sincerely,
Justin and Tricia Danell

From: [Penny Eggenberger](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:08:11 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Morro Bay is one of our favorite vacation spots! We especially like Morro Bay for family vacations. We love staying in rental homes.

We appeal to the City Council to not pass any regulations that would eliminate or reduce the available inventory of vacation homes.

Thank You,
Sincerely,
The Eggenberger Family

From: [Penny Stroud](#)
To: [Council](#)
Subject: Please allow us to visit your community
Date: Tuesday, September 15, 2020 1:56:56 PM

Dear Council,

We spent a week in Cayucos with our family in June in a lovely house near the beach. While there we not only enjoyed Cayucos but we went kayaking, visited a local farm, hiked, ordered food and rented surf gear. We would not have discovered the beauty of the area without having a safe house in which we could stay.

Please keep open for vacation rentals. We all need a break and your communities depend on visitors!

Best,

--
Penny Stroud
President
Cattaneo & Stroud, Inc.
MD Ranger, Inc.
[REDACTED]
Burlingame, CA 94010
[REDACTED]

From: [Ram Fish](#)
To: [Council](#)
Subject: Short Term Rental Guidelines
Date: Tuesday, September 15, 2020 2:19:53 PM

"Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020."

My family of five stayed in Morro Bay twice in the last summer. Once for four nights and later on for a week.

We love the place

In both cases, the landlords and management companies were responsible and we felt that Covid19 exposure was handled professionally and was well-taken care off

We got to know the neighbors, other renters in adjacent houses, and locals - and got to love the community. We even talked about moving over - which we still considering

However - the proposed regulations (Like "175 linear feet between each vacation home") seem (i) arbitrary and (ii) counter to capitalism and free markets (iii) Risky of intended consequences (Ex: One owner might threaten to turn their unit to STR in order to extract value from the adjacent owner)

Why do you feel compelled to interfere in a system that brings visitors to your community and generates revenues for the local economy?

On balancing the fix, the potential downsides vs. what you want to gain, I see very little upside and lots of downsides. On a personal note, it's hard to see us getting back to Morro Bay if those rules are in place - there will likely not be the availability of desirable houses.

Thanks

Ram Fish
Menlo Park, CA

From: [REIDA CINGEL](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:17:40 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council

My family and I are concerned about the STR regulations being considered. Not only will it reduce the homes we are able to chose from but it will cause the cost of the available homes to increase to unaffordable amounts. We enjoy coming to Morro Bay and staying in a home large enough to house our family of 9. It has meant so much for all of us to stay together and to have such a special place to spend our vacations. We are rather limited to where we can go on vacation because we have to consider the fact that my mother is in a wheel chair and it just so happens that her favorite place on this earth is Morro Bay. It is also affordable for us and allows us to spend more money at the shops in town. We probably spend about \$10,000 minimum on stays. Please dont take away our chance to let my mom enjoy our vacations while she is still here. Please consider how hard it will be to get a home to stay in.

Thank you for your time.
Reida Cingel

From: [Rick Leetch](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:42:52 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am writing this email to the City Council asking you not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If the ordinance is passed, unfortunately, we would have to vacation and spend our money in another city

Thank you for reading my message

From: [Robert Schechter](#)
To: [Council](#)
Subject: short-term vacation rentals
Date: Tuesday, September 15, 2020 3:20:35 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

American citizens enjoy the right to life, liberty, and property without unreasonable government interference.

I purchased my property from John Heading with his full knowledge that I intended to use the home as a short term vacation rental business. Mr. Heading had a license for this use and I got a new license after purchasing the property. If I am not permitted to continue to use the property for short term rental I will lose vested property rights.

Short-term vacation rentals are all about property rights. If I lose the rights, I will lose income and my property value will greatly decrease. The government may have to use eminent domain to take my property rights.

Grandfathered rights generally apply in the context of government statute or regulatory code violations. I should be exempt from any new law's effect. I should be able to pass on the right to keep a short-term vacation rental license to new purchasers or my family.

In other words, zoning ordinances and land use regulations are not supposed to be retroactive; they ordinarily apply only to new or altered uses of land. "A use of land which, at the time a restriction on that use went into effect, was established (or 'vested'), and has not been discontinued or abandoned, can continue indefinitely, unless it includes activity which is a nuisance or harmful to the public health and welfare.

In the event I lose my rights with the loss of income or property value I will take legal action.

Robert Schechter [REDACTED].

From: [Robin Strickland](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:12:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We have been coming to Morro Bay and the surrounding area since I was a child.
Being able to rent a house for a week or so that the whole family can be together is something we look forward to. It would be a shame if we were not able to continue that tradition.
We We have been good tenants and neighbors in our rentals and enjoy meeting new friends.
Sincerely
Robin Strickland
Clovis CA

Sent from my iPad

From: [Rod Gibson](#)
To: [Council](#)
Cc: ["CC": sygibs21@yahoo.com; Alice Gibson](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:11:17 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We have rented the same Cayucos beach property for one week in October every year for the last 6 years. We bring in our children in their spouses and have a wonderful but expensive week living off the central coast economy to include golf, restaraunts and wine and shopping in Morro Bay. It would be a shame if this is the last yea we are able to do this.
Thank you
Rod Gibson in Fresno CA

From: [Sherrie Petersen](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:31:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Short-term vacation rental guests can benefit the community as a whole in terms of economic benefit because guests will spend their money in other visitor related amenities such as restaurants, bars and museums. **Research in San Diego** showed that \$86.4 million was spent on such activities by visitors staying in short-term vacation rentals. There is the direct benefit of occupancy tax to the city. Morro Bay has a small number of short-term rentals now. Please do not enact regulations that will reduce an already small inventory of rentals. Last year, Monterey enact regulations that resulted in a very limited number of vacation rentals. Now, it is extremely difficult to get a reservation. Normally, we would spend approximately a month in Monterey. This year we have spent zero days in Monterey county.

Regards,

Sherrie Petersen

Sent from my iPad

From: [Stacey L. Serna](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:08:24 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

--
Sent from Gmail Mobile

From: [Susie Van Wagner](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:13:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We want you to know how much we have valued using vacation rentals in Morro Bay. Having a home away from home is important to us when we travel, and our experiences with Morro Bay vacation rentals have been unique and positive. Regular hotels don't meet our needs. We already have a rental booked for spring break, and are looking forward to our return trip, if COVID allows!

Thank you

Sent from my iPhone

From: [Tamara Le](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 1:57:28 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please do not take away the places that we've built so many memories with our growing family. Morro Bay holds a really special place in our hearts and has never been a place of overcrowding or a place I find that I don't feel secure. This part of the Bay for a vacation rental is the only way to go so that we are able to have the amenities needed for family. We have always respected the bay, the community and everything it holds dear.

Thank you very much,
Tamara Le

From: ziemerunit@aol.com
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:00:49 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.
Dear Morro Bay City Council,

Please vote NO on the new proposed Short Term Rental (STR) Ordinance. We enjoy the opportunity to spend time at the available rentals in Morro Bay. We generally visit numerous times a year and not only support the local economy via the rental costs, but also with multiple meals daily, along with other "tourist" spend.

Sincerely,

Teresa K. Ziemer
[REDACTED]
Vacville, CA 95687
[REDACTED]

From: [Thomas R Miller](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:56:01 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We are supporters of vacation rentals. We typically rent a home or apartment that has a kitchen which allows us to cook and entertain and spend quality time together as a family. We enjoy coming to your area and would be disappointed if we were not able to book a vacation rental in your location.

Regards,
Tom and Betty Miller

From: [Todd Sanders](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:00:29 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Thank you,

Todd Sanders

From: [Tricia Danell](#)
To: [Council](#); [Peggy Garispe](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 2:17:32 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

First, I am absolutely shocked that this issue is even being considered! My family has been vacationing in Morro Bay for decades! To have to stop this family tradition will be heartbreaking! I'm asking you to please take into consideration the families, like ours, who have made lifelong memories in Morro Bay and wish to continue adding to our family traditions for many more decades to come! I'm asking you to VOTE DOWN the proposed changes regarding the STR regulations in Morro Bay! Thank you for considering my plea.

Sincerely,
Justin and Tricia Danell

From: [alan.j](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:44:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
A great number of people wishing to bring their family's to morro bay for their vacation more times than not want to rent a home rather than a hotel. This offers a better value for their dollar which means they can spend more money in town and provides a more secure environment for their family.
It would be a grave mistake if this opportunity for visitors to your town was eliminated.

Sent via the Samsung Galaxy S10e, an AT&T 5G Evolution capable smartphone

From: [Alex Carrasco](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:47:58 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council, We are writing to you in regards to the Short Term Ordinance proposal. We urge you to please reconsider your proposal. Our family gets together once a year in Morro Bay to celebrate our mother that has passed. Unfortunately, all of our siblings are in separate areas of the country and don't get together throughout the year. Morro Bay was Harriett's favorite place and was a long time resident of SLO and also worked / retired for the SLO county clerk's office. If this proposal gets accepted, we will no longer be able to get together like we normally do. Please feel free and reach out with any questions. Thank you!

From: [Aly Trapp](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:01:48 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We have loved visiting and renting vacation rentals in Morro Bay for years! We would hate to lose this opportunity for our kids with the new ordinance going into place. Please keep rental properties open and available!

Aly Turner

From: [Amy Troiani](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 9:39:31 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am writing to ask your consideration to maintain the current short term rentals in Morro Bay. These homes make is possible to travel with our extended family and enjoy the wonderful activities offered in Morro Bay and the Central Coast. Without them it would make accommodations with our extended family challenging making it difficult to visit your community.

We have always appreciated the homes and neighborhoods that we have stayed, with the respect of the permanent neighbors and established rules. Staying in these homes has allowed us to enjoy the community as well as support the local restaurants, business's and wineries.

Please consider maintaining access to these homes and vote against restricting short term rentals.

Sincerely,

Amy Troiani

Sent from my iPhone

From: [Andrew Markowski](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:34:28 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I have really enjoyed coming to Morro Bay for small breaks and use short term Rentals. When we come, we eat out at the wonderful restaurants even during the Covid crises, my wife has bought expensive jewelry at the shop on the Embarcadero we have gone on Whale watching tours and bought our children's family. In general we have contributed to the Morro Bay economy when ever we come. Our plan is to retire there and we want to make many more trips to understand the area and eventually buy property. I would hate to see a town who's economy is hurt due to harsh restrictions on rental properties that would really cause us to have second thoughts in relocating.

From: [Ann Lindsey](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:44:51 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

Our family recently vacationed in a beautiful rental home in Morro Bay. Because my adult son has special needs, hotels rarely work for us. Our family must rely on vacation rentals when we travel.

We have visited many cities in the US and in Europe in this way, and been very good neighbors and are quiet and caring. Without rental homes, we would not be able to travel. We need bedrooms within a home to keep everyone in communication but not on top of one another, and a kitchen to cook in.

We understand that party homes are not desirable neighbors, but family gatherings are a beautiful thing, usually associated with an important event within a family, and then there are families like us, who want to get away and yet keep some isolation.

We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not have stayed in a vacation rental in Morro Bay we would most definitely have chosen to visit a different city that was able to provide for our needs.

Sincerely,
Ann Lindsey
Stephen Kellogg
Thomas Kellogg
Phoebe Kellogg

From: [REDACTED]
To: Council
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 9:02:13 PM

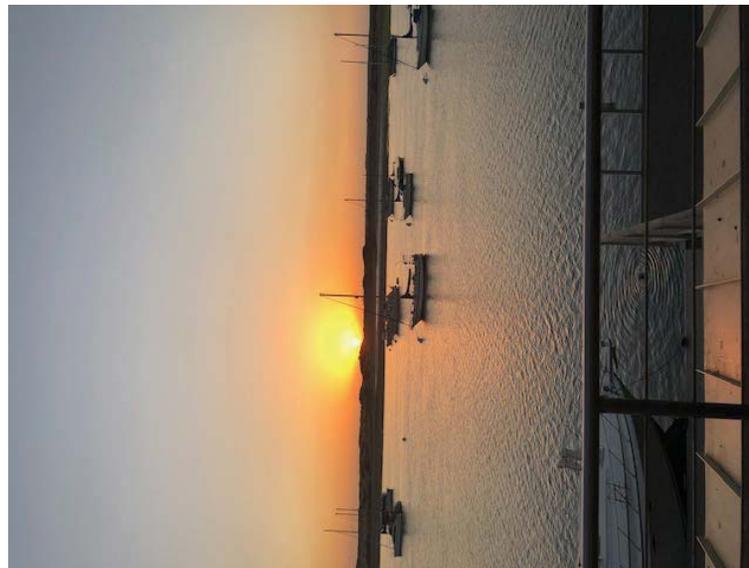
Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council, my husband and I are from Pennsylvania. We moved to California in 2015. We live in La Quinta, so we have to get out of the heat periodically. Morro Bay is our favorite destination. You can park your car and safely walk to all the wonderful restaurants and shops. I love the sounds and smells. We have rented several times from Beach-n-bay right on the water. We love it.



Please don't take our favorite place away

from us. I really don't like Avila Beach as much, but I guess that's where we'd have to go.



Fred and Anne Holford
[REDACTED]
La Quinta, CA 92253

Sent from my iPhone

From: [Arlene Harrison](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:18:23 PM

My name is Arlene Harrison we visit the Cayucos, Morro Bay Area at least every other month. We go as a family to unwind and relax. I would love to retire there soon please don't take away our family trips and or memories . My husband passed away at a young age (51)and this is our Happy place my children are now in college this is where we love to rent a home for weeks at a time to gather since this is the where dad loved to vacation it's tradition. Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Sent from my iPhone

From: [Ben Skeat](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:58:25 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council, it was recently brought to my attention that you are considering some changes to laws governing vacation rentals that would be detrimental to my family's ability to vacation in Morro bay and I am writing to urge you to reconsider.

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family. Morro bay has long been my family's favorite vacation town and we have many, many happy memories of time spent enjoying all that it has to offer.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Best regards
Ben skeat

Sent from my iPhone

From: [Brenda Bibee](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 11:28:35 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Attention: Morro Bay City Council,

I can only say that I would be crushed if changes were made to terminate my enjoyment of my rental in Morro Bay proper. I love the location and have family at the coast. It would eliminate my visits with family impacting not only me but family.

I am hoping you will reconsider your prohibitive changes to STR.

Brenda Bibee
[REDACTED]
Bakersfield, CA 93312

From: [Caroline Tobin](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:56:42 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

As someone who lives in Atascadero and fled to Morro Bay in August 2019 for 12 days, I would like to support Short Term Rentals in Morro Bay. We used VRBO to rent our escape and were very happy to get out of the heat for 12 days. If not for Covid-19, we would have repeated our "get out of the heat" this year. Morro Bay is a lovely place to live. When we were between the home we sold and our new home being built in 2015, we rented a home for 6 or 7 weeks in Morro Bay. In May and June there can be a rather cold wind at 4:00 pm, but none the less, a very enjoyable stay.

Please keep your short term rentals for us folks that live in N. County and need to get out of the heat during the summer.
Thank you.

Sincerely,
Caroline Tobin
Atascadero Resident

From: [Cathy Hollander](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:33:45 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Tim and Cathy Hollander

From: [Charlie Fernandez](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 10:34:50 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

One of the most memorable moments of my life was experience at a rental home in Morrow bay.

Sent from my Verizon, Samsung Galaxy smartphone

From: [Cheryl Gossett](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 7:11:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our family has visited Morrow Bay several times. We have kept our business local and invested money and support to the community. In addition we have promoted Morrow Bay to our friends as a spectacular experience. That includes the option to rent a house to accommodate easily preparing meals and keep track of the kids. If the ability to rent a specific home was taken away we would likely take our business elsewhere.

We are currently planning a trip to the area next year, so the outcome of your decision will impact that. We respect the members of the council and hope you will consider the effect on families and future business.

Respectfully,

The Gossett family

Sent from my iPhone

From: [Cheryl Johnson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:13:15 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council, please do not inflict these changes on the morro bay rentals owners. We love going there and it is affordable. With these changes, the rentals will be priced out of our price range, as it is for many Fresnans who love this little town.

thank you. Cheryl Johnson and family

From: [Hope4Autism](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 9:24:18 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Morro Bay is such a beautiful, tranquil city that my family and I look forward to visiting twice a year for vacation. We do not have a second home there, hence why we stay at a Morro Bay vacation rental. My family and I have been vacationing in Morro Bay for more than 12 years, it's our getaway from our busy, hectic lives. It would be heartbreaking to find that the experience would no longer be available to us.

I ask that you look at this through a business perspective, people such as myself are bringing revenue to the city of Morro Bay.

Regards,
Christina Fregoso

From: [Claudette Ruzicka](#)
To: [Council](#)
Cc: [Beach-N-Bay-Getaways-Realty](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 8:51:46 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I love coming to Morro Bay and renting a home near the water. The city is so quaint yet provides marvelous restaurants, beautiful nurseries, lovely gift shops...so many opportunities to walk around safely during the day and at night as well. We love the weather, the people that live there, and have always felt welcomed in this small community.

Please do not take anything more away from us. Stand strong and do the right thing by your own citizens and welcome outsiders to your beautiful community. If we had to rent somewhere else, it is highly unlikely we would visit Morro Bay and spend our money there. We would rather do it in a community that welcomes us as their own. Support your residents as they have always tried to support this wonderful city.

Thank you,

Claudette Ruzicka
Huntington Beach

From: [Cory Harris](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:17:23 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
43 years ago our family started a tradition of vacationing together in Morro Bay every year. As we grew the larger Short Term Rentals helped us to have a comfortable stay. Please do not limit our ability to stay in Morro Bay. Don't lump all STRs together just because some do not follow the rules. Deal with the offenders separately.

Sent from my iPad

From: [David Peterson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:03:06 PM
Attachments: [image001.png](#)

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family has been renting a vacation rental in Morro Bay for over a decade. I personally have been going to vacation rentals in Morro Bay since i was a kid in the 70's. This family vacation is a big event for us and we have many great memories in Morro Bay. It is not an easy feat to get every member of the family to Morro Bay since we live in multiple states. To hear we may not be able to rent our favorite home in Morro Bay is very disappointing. We have a large family and we would never stay in a hotel. I have seen other cities regulate vacation rentals and be swayed by the hotel industry to do just that. I don't think it is a fair business practice and generally results in the hotels having a captive market and which time the pricing mysteriously goes way up. I hope the city council in Morro Bay does not take that path. Like many families i know if you choose to limit vacation rentals we will just take our tourist dollars to other coastal towns. I don't think in the current status of the economy that more government regulation will be benefit anyone but a select few.

Thanks,

David Peterson
Owner
[REDACTED]
Demand Supply Power LLC
www.demandsupplypower.com



From: [DAVID VALLE](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:31:03 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Morro Bay is such a special place not only to locals, but also for people who live all over California (like myself) and other places. My family has always enjoyed coming to Morro Bay and enjoying all it has to offer. Morro Bay vacation rentals are what allows my family to truly appreciate and soak in Morro Bay. We patronize local businesses and make a point to come to Morro Bay because of its unique nature in people, businesses, and nature. Hotels and motels do not fit the needs of extended stays. Please keep vacation rentals available for out of town visitors.

Thank you.
David Valle
Orange County, CA
[REDACTED]

From: [DNO](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:54:25 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our children are now 24 and 29 years old. We've been visiting the Morro Bay Area since the oldest was a baby. Our annual trips are among the best memories we have as a family. If the ordinance is passed, and it results in us no longer being able to rent a house for our trips, we will not continue to make Morro Bay our destination. We would be very sad, but having a home to ourselves is priority. Even in this pandemic, we have reserved our favorite house, and can hardly wait for the much needed reprieve.
Please do not put an end to the memories.

Debbie & John Oberto
Chatsworth, CA

--
Deborah Norris-Oberto MA
Registered Associate Professional Clinical Counselor #7149

From: [Diane Walker](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 10:38:50 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I stayed at one of the short term rentals in the downtown area last winter. I would love to stay there again. It was a perfect location for us as my husband has a disability and we find staying at locations that we can walk a block or 2 for food and entertainment is the best for us. I know we are not the only ones with this limitation. Please do not vote to eliminate this type of rental. I was planning another trip there this winter and would only come if I have the same chance for accommodations.

Thank you for your consideration,
Diane Walker
Wausau, WI 54403

From: [Ed Clemow](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 1:17:23 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I visit Morro Bay, staying in vacation homes for rent, from time to time, and sincerely hope you will not make it harder for short term rentals to do business. I hate hotels and motels, and would not come if that's all there was.

Ed Clemow.

(Sacramento resident).

From: [Erin Tournoux](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:07:13 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We've been vacationing in Cayucos and Morro Bay since I was a child, my family and I go once a year around Christmas and so many I know choose morrow bay as a favorite vacation destination, contributing to so many local businesses as well. We'd love to be able to continue to rent homes here as it really is a second home for my family and so many others.

Erin Tournoux

From: [Gavril Iourie](#)
To: [Council](#)
Subject: vacation rentals
Date: Tuesday, September 15, 2020 8:57:32 PM

please think about how important vacation rentals are to morro bay and to all of California, please do not ban them

Gavril

thanks

From: [Gene Gimenez](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:43:59 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council, I am saddened to read that you are considering this ordinance. My family has enjoyed vacationing in Morro Bay for many years and will continue to do so if permitted. I can't imagine not being able to enjoy Morro Bay. The golf, the restaurants, the beach, the water. If the measure passes we will find another location and your community will lose the revenue and the visitors that you now enjoy. Gene Gimenez and Family..

From: [Hedree Chung](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 11:06:05 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
My husband and I, along with family and friends over the years, have enjoyed the short-term rentals in Morro Bay. It's perfect for us since we (live in Manhattan Beach) drive halfway to meet with families and friends who drive down from Northern California. We have rented houses along the beach to celebrate birthdays, family reunions, etc. Early this year before the COVID-19 lockdown, my husband's family had a reunion in Morro Bay and some members flew in as far away as New Zealand. The participants love the area so much that they wanted to come back to Morro Bay again.

I rented a house in Morro Bay to celebrate my best friend's milestone birthday in May. Obviously, we had to postpone multiple times due to the pandemic. I am hoping to make it happen for 2021.

In the meantime, I hope you consider the policy to maintain current short-term rentals. It's a perfect get-away for many folks for its location, adjacent amenities, towns like SLO, Cambria, hiking trails, and wineries that offer something for everyone.

Thank you very much for your consideration.

Hedy Chung and Keith Beck

From: [REDACTED]
To: [Council](#)
Subject: STR
Date: Wednesday, September 16, 2020 6:33:33 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.
We have been coming to the coast annually for the last 20 years and using many amazing rentals. What started as an annual trip with friends has grown to including our children ages 19 to 4. We depend on the comfort and convenience of these homes to make our weekly stay affordable and fun. We have made friends with the residence who see the importance of our stays for the local economy. I ask that you preserve our ability to keep this tradition alive!
Thank you.
Jaime Garner

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 12:25:22 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I have been coming to Morro Bay for many years and we stay in a rental home every time. We have met many great local families that live in the neighborhood we stay, and stay in touch all year long. Each time we return we get together with our friends there and make wonderful memories at the coast. We live staying in a home because it allows us to stay for a week at a time and have the comforts of home. When we travel to Morro Bay we frequent many of the great Local dining and shopping establishments there. Unfortunately, if we are not allowed to rent homes in MB we will be forced to take our vacations in another city. We love MB, please allow short term rentals to continue as it brings great visitors like us to your city.

Jack Brewer

Sent from my iPhone

From: [Jackie Walsh](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 7:40:43 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Jackie W

From: [Jacqueline Mendes-Evans](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 11:55:15 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I'm writing to you from Fresno CA. I was born and grew up here. Since 1966 my parents took my brother and I to Morro Bay twice a year for vacation. We remember walking the Embarcadero and feeding the rescued seals then eating at the Galley. Since the year 2000, I have rented the same home through vacation rentals every summer and brought extended family to visit. I don't want to stop this family tradition and I would like my daughter to be able to continue this with her future family. Please allow us to continue this family tradition. Thank you, Jackie Mendes Evans

[Sent from Yahoo Mail on Android](#)

From: [Jaime Nieto](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:43:05 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We appreciate if you guys did not shut down the capabilities of businesses to do the rental things they do. It allows me and my family to get away from our homes and take a break and relax in some well furnished homes, like our home away from home. We appreciate the property owners opening their homes like this. Please do not take this away from us.

Thank you

Jaime Nieto and Family

From: [Jane Okada](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 12:50:50 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My husband and I (grandpa & grandma) try to travel with our son's family (Dad. Mom. grandkids age 8,6,3). We typically take two trips a year - Spring & Summer and sometimes Christmas outings, Normally we go to northern california coast (around Monterey) This spring break have reserved a house in Morro Bay for a week to venture around the coastal towns using Morro Bay as our base camp. Our thoughts that this would be our new point of interest for our immediate family plus extended family that we use to vacation with in the pre-pandemic era needing at least two houses and perhaps three houses for rentals if the nieces and nephews want to join us.

Our concern is that if your council make changes regarding limiting the number of rentals available or the limits in the houses (we already had a hard time to find a house to hold our group next spring). We try to stay together as a unit during the pandemic. With proposed changes our family would be forced to return to Monterey, We had been very excited about our trip to Morro Bay. I will be very disappointed if our family will have to make other plans.

Sincerely,
Jane Okada

From: [Jill Nelson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 10:59:48 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
I am a resident of San Luis Obispo. Two Years ago I rented a vacation home in Morro so that my British In Laws and my family could get to know each other. There were a total of 10 of us. We carefully obeyed all requirements including noise, parking and upkeep and had a thoroughly amazing time.

Since that time a grandchild has been added to the mix bringing the total to 11. If the residence can safely sleep more than 10, I believe the limit of 10 is arbitrary- the limit should be based on the physical limits/size of the residence.

I also disagree with removing existing short term rentals through a lottery process. It is unfair to those who in good faith have registered and followed the rules. (I own/live in a condo with roughly 20-30% rentals in the CalPoly area.)

Please reconsider these requirements,
Jill Nelson

From: [Joan Robinson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:25:17 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Our family vacations in your area and do not want to lose that ability. We are very conscious about the area and realize we have to maintain all of our natural resources so our children will be able to enjoy them

From: [John / KathieTims](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 12:44:04 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

For many years,we as a family, have enjoyed our yearly visits to your quaint town of Morro Bay. We have loved that through the years it has remained unchanged and friendly. We usually camp for 5 days, then move into a vacation rental for 5-10 days. As much as we love your town, I can certainly understand that certain precautions need to be taken so that STRs do not overrun the town.

But I hope that you will reconsider the timing of all of this and think about shelving your plans for a couple of years.I'm sure that because of the Covid Pandemic most of the merchants, restaurants,motels and STRs are struggling to survive, if not already closed down permanently . It seems they need some time to recuperate and thrive as before.

We are a group of 8 seniors, who spend a total of at least \$4000.- \$5000. while in your town,at restaurants, shopping on the Embarcadero,Main Street, Albertsons,golf, camping and home rental. If in a one year time period just 100 groups are turned away from lack of availability, that could mean a loss of revenue to your town of \$400,000.-\$500,000. I hope you will reconsider your plans, as the timing seems very risky and detrimental to the health of your town's economy and well being.

..
Thank you for your time, Kathie Tims.

From: [Julie Jewell-White](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 9:41:13 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

View from our memory packed stay. Please rethink this, the availability brings good business to the stores and artist in your community. I still speak very highly of your city without our stay, I wouldn't have known what an amazing & special this place is.



From: [kam.galante](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:17:29 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
I love coming over to Morro Bay it is one of my favorite places to visit. I rent a house for a couple of weeks and whoever is available in the family goes and stays and I can go back and forth. I am afraid by limiting rentals it would cut down on the places to rent. I am sure a lot of the homeowners would not be able to afford to keep their homes. Love Morro Bay and go every chance I get
Sincerely,
Kam Galante

From: [Karen Smith](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:22:34 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We love Morro Bay and rent a home there annually. It is a fabulous home, we support the community, and love the town. Staying in a home is a better, positive, alternative to staying in a hotel. We will not return if our favorite home is no longer available.

Karen Smith
[REDACTED]
Dublin Ca

Sent from my iPhone

From: [Katy Grischy](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 8:00:25 PM

Dear Morro Bay City Council

We have been visitors to Morro Bay for the last 30 years, spending the week between Christmas and New Year's and into the first week of January. Morro Bay was chosen as a good in-between meeting place for family and friends from Los Angeles and Northern California. Our vacation rentals have been special places that we respectfully enjoy, with neighbors who have come to be friends over the years. We have shopped and dined out and visited many local stores and other establishments during our time there, supporting the local economy.

If Morro Bay no longer supported short term rentals, then we would obviously have to choose another vacation destination. But it would be a huge disappointment.

Please consider continuing the STR regulations already in place and not eliminating what makes this area so desirable for responsible short term renters.

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Sincerely,
Kathryn Grischy and extended family and friends

From: [Kellie's Email](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 7:40:17 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We so enjoy our time visiting Morro Bay when we travel to visit our daughter at Cal Poly. It is such a beautiful and relaxing town with lots of activities to keep us busy and active. We love the vacation rental we stay at because it is such a good fit for our family including my mom who sometimes comes with us. We have been good stewards of the community when we visit and I fear changing the rental rules may seriously impact our ability to stay in your lovely town and spend money on food, fuel and recreation. Please don't alter the current rules for vacation rentals.

Thank you for your consideration,
Kellie McDonald

From: [Kelley](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:55:40 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family has been vacationing in Morro Bay every year for six years now. We look forward to it every summer and it's a chance for the grandparents to enjoy their grandchildren. We always travel lightly and purchase groceries from the local Spencer's and Albertson's as soon as we arrive into town. We enjoy Dockside and Dockside too, Frankie and Lola's, and Dorn's every visit. We shop downtown Morro Bay and ride our bikes all over the place. We love the candy shops and the trinket shops. We travel to Cayucos and visit to Brown Butter Cookie Factory and enjoy the beach and park.

My favorite part of the central coast is Morro Bay and I would feel awful if we had to go to a different town because of new regulations changing the short term rentals. Please consider our request to leave them as is.

Thank you,
Kelley Dobard

From: [Kevin O'Day](#)
To: [Council](#)
Subject: STR
Date: Wednesday, September 16, 2020 9:13:42 AM

To the city council

I have reviewed the planning commissions plan and that it addressed most of my concerns. I encourage you to follow their recommendations. I realize that there are many issues to look at and not everyone will be happy. However I believe that the weight of the plan should be directed to the protection of the majority of residents & homeowners who are not involved with STRs.

Kevin O'Day
[REDACTED]
Morro Bay, CA

From: [Kim Belemjian](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:06:08 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our family has been enjoying vacation rentals in Morro Bay for many, many years. We enjoy the slower pace of Morro Bay and we would hate to be in the position to have to stay somewhere else. Over the past 10 years we have SPECIFICALLY stayed in Rental Homes in Morro Bay because we have a son who is disabled. Hotels rooms will just not due for our sons needs and also the Beach has much easier access for our sons beach wheelchair. I am begging you to NOT put restrictions on the rental homes. It would make our stays in Morro Bay much more complicated and unnecessary.

Thank you
Kim Belemjian
Morro Bay Vacationer

[Sent from Yahoo Mail on Android](#)

From: [Laura Baggett](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 8:54:18 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I have been coming to the Morro Bay Area for 40 years as our annual summer vacation. It is a nostalgic and beautiful place for us. We just recently visited in early September. For the first 20 years, we camped or RV'd, but as time has gone by, a vacation rental home has been a wonderful yet affordable luxury we can now enjoy. With grandchildren, a vacation rental is much more suitable for our family and an invaluable type of rental. We plan to have many more decades of annual trips to Morro bay.

With the above in mind, I implore the city council not to pass the proposed regulations which would severely limit the availability of vacation rental homes in Morro Bay. It would be a detriment to the Morro Bay community and decrease tourism funds and taxes that are received from these rentals.

Please please do not pass these proposed regulations.

Best,
Laura

From: [Laura Woods](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:09:44 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family has spent our annual vacation in the area since our late mother established the tradition in the 1960s. We have continued that same tradition with our kids and now grandchildren. My family, along with my 90 year old dad, siblings, nieces, nephews and multiple generations adore our time there!! We are now including the fourth generation in this tradition!

It would be a disservice to those in the valley to implement regulations to curtail this, many of whom enjoy the escape to the coast! It would be a tremendous disadvantage to the local businesses that profit from our visits. It is also unfair to property owners who rely on the income generated by renting their homes.

We also have a daughter who lives in Morro Bay with her husband and two sons. It allows us close proximity to visit.

Please consider the input received with open minds and prior to making a decision that could affect so many. Bare in mind also that it is likely very few residents grew up there, they all began as visitors and need to be open the sharing the beauty there

Thank you for your time and consideration,

Laura Woods

Sent from my iPhone

From: [Linda Perz](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:49:42 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please don't change the short term rental regulations. The last week of July our family came from Pleasant Hill and Benicia to enjoy some togetherness and nature while social distancing. We rented a dog friendly house 2 blocks from the beach. During this stressful time of COVID-19 it was a wonderful escape. Three generations enjoyed a stress free week, with our pups. Many good memories were made.

Sincerely,
Linda Perz

Sent from my iPad

From: [Lisa](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:28:26 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I love vacationing in Morro Bay in rental homes...we'd much rather be in that charming town than in SLO. I would hate to see major limits put on rental homes there. Please be flexible with vacation rentals!

-Lisa Segraves
Santa Rosa, CA

From: [LISA MARIE THOMPSON](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:45:09 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I would like to urge you to allow short term vacation rentals in Morro Bay. My family spent one week in Morro Bay this past July. We rented a three bedroom house in a quiet neighborhood north of downtown. We stayed to ourselves and were very quiet but we did spend a good amount of money on groceries, kayaking and take-out meals from a variety of restaurants. This of course provided us with a safe vacation location for the summer but it also provided the Morro Bay community with what I would hope was helpful income and taxes because of our visit. If short Term rentals are no longer allowed we would no longer be able to visit Morro Bay and that would be very disappointing because I think it was mutually beneficial arrangement. I was born in San Luis Obispo and my daughter learned quite a bit about birds and preservation in Morro Bay. Feel free to reach out to me if you have any questions.

Sincerely,

Lisa Stanley
Resident of Redondo Beach CA
[REDACTED]

From: [Lori Ashworth](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 6:17:41 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I grew up in the Central Valley for 30 years moved away and got married and have four children we go back home every year and the place that we LOVE to go is Morro Bay!!!

I love to share my stopping grounds with my own family!!!

I have also spent girls weekends there with high school friends...it would be so sad to have to find other locations to shop, dining, canoeing and exploring!!

Please reconsider your decision!

Sent from my iPhone

From: [Lori Hamilton](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 8:50:55 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our children all went to CalPoly and one of the reasons they chose that school and that area was our annual trips to Morro Bay. Every year, since I was a child, my parents took us to Morro Bay for a family gathering to mark the end of summer. We rented a beach house for a week or two and had the best times together. I have continued this tradition with my kids and now, as adults, they will too, if able. We cannot afford to live in Morro Bay and our lives and jobs are in Southern California, but part of my heart is in Morro Bay. The memories made and yet to be made. The special ambiance of this place cannot be understood unless experienced. Please do not cease weekly vacation rentals as I believe a beautiful jewel like Morro Bay was meant to be shared and experienced by many.

Thank you for your consideration.

Sincerely,
Lori Hamilton
Sent from my iPhone

From: [LynnSusanPurdy](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:17:15 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our family have been short term renters in Morro Bay for many years. We have enjoyed the properties through Beach N Bay Co, they have always made sure we knew the rules about how many people could visit during the day and rules about noise and parking. We would be so sad if Morro Bay were to limit and do away with short term rentals. We enjoy and spend money locally at restaurants and stores in town.
Thank you for listening.
Lynn and Susan Purdy.

Sent from my iPhone

From: [Macy Inghcliff](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:58:30 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please keep vacation rentals legal. We are responsible and respectful renters, who love it there. Thanks
Sent from my iPhone

From: [Marcia Kearns](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 7:37:34 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our group of 12 adults have enjoyed a lovely rental home in a beautiful neighborhood in Morro Bay for a number of years. We travel from both So Cal and the SF Bay Area to meet on the central coast. We stay for 5 nights and are very respectful of the nearby neighbors, following the protocols for parking and noise to the letter. We love the city of Morro Bay, not only for its beauty, but also for its proximity to other awesome things to do on the central coast. While we understand there are likely those who rent homes and are not respectful of neighbors, I'd hope most renters are like us. And while some home owners might not want renters in their neighborhood, I also understand those who want to rent their lovely homes.

Please keep rentals available and don't restrict our ability to enjoy your city in a rental home.

Thank you!
Marcia Kearns
Saratoga CA

Sent from my iPad

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:36:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

We have vacationed in Morro Bay for 30 years. Spending our hard earned money in your restaurants, art galleries, tours and attractions. We only discovered Morro Bay after vacationing in Cambria. I will gladly take my business elsewhere if you implement this regulation. We love to travel, so we'll just find another favorite spot. We've decided to cancel our reservation for November and go to Sedona Arizona.

Sincerely,
Mark S. DeGrave

From: [Marty Funk](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:47:03 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

My wife and I love to visit Morro Bay, we've done so several times and are planning on continuing to do so as long as the option to take advantage of short term rentals continues to be available.

Short term rentals have become a wonderful way for us to see towns and cities in California and around the world. We simply won't travel in more "traditional" ways.

I would think a town like Morro Bay would love this option for your guests. Expanding your audience and providing much needed revenue to restaurants and shops should be at the top of your agenda, now and in the future, but especially now.

Please consider this message to you. I don't live in Morro Bay, but would love to continue to visit.

-Marty Funk
Burlingame CA

From: [Matthew De Leon](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 12:45:59 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My name is Matthew De Leon. I've been coming to the beautiful city of Morro Bay for the past 43 years. It started with my parents bringing us as kids to now my wife and I now bringing our kids and soon to be grandchildren.

We love Morro Bay and the staples that it is known for. Cinnamon rolls, fish and chips, of course Morro Rock and other charming sites.

We used to go the state park all the time but we upgraded over the years, "thank God!" Now we can afford to rent a house. It's been so beneficial for my wife and adult children now that we can't see ourselves doing anything different.

Which is my point to this article. PLEASE don't pass this bill that puts stipulation and restrictions on the home owners that have been gracious to families like ours giving us the opportunity to rent their house.

The home owners treat us very well and we enjoy going to our home away from home.

Thank you for your consideration on this matter.

Matthew De Leon

From: [Michael Grischy](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 10:40:11 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My wife and I have travelled to Morro Bay every year for decades and have stayed in various short term rentals. We are respectful of the neighborhoods and we are quiet and well behaved. We stay for about 10 days around the new-year holiday and support local shops and restaurants.

Please don't arbitrarily limit the availability of SRTs in Morro Bay. The SRTs we frequent are unique in character and/or location. If we couldn't find an SRT in Morro Bay, we would vacation elsewhere.

Thank you for your consideration,
Michael Grischy

From: [Michele Winkel](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 9:51:56 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I adore Morro Bay and I have so many memories visiting as a child. I have been able to share this special place with my own family. The ability to stay in a rental has allowed my to take my aging mother and my kids. Staying in a home makes our visits so special. Please don't make any changes that would end this experience.

Michele Winkel

From: [Monica V](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 11:40:35 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We live on Santa Cruz and come to morro bay as a family. We love it. We come with other families who also rent homes and the kids enjoy the beach, we enjoy dinners and the town. Please allow us to continue coming to your lovely town. Less joy is the last thing we all need.

Best
Monica Vantoch

From: [Sunset Travel](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 8:58:26 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My cousin and I have been bringing our mothers (who are sisters an live 600 hundred miles apart) to Morro Bay for several years now and have rented homes on the beach. It has meant so much to our mothers to have this time together with what little time they have left now....they're 87 and 93. We spend thousands of dollars on our week long trips there and would hate to have to find another nice beach town to go to!

Please do not impose short term rentals on this community.

Thank you,

Nancy Walker

--

Nancy Walker
SUNSET TRAVEL
[REDACTED]
Grass Valley, CA 95949
[REDACTED]

From: [Nikki Gonzalez](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 6:58:50 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city. We have been renting there for over 10 years and would be sadden if it was no longer possible . Regards.

Nichole Gonzalez
Sent from my iPhone

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:59:24 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

It would be a shame to eliminate short term rentals. We have enjoyed so many years there renting such places for getaways.

Please do not eliminate this valuable service the the public.

Thank you,

Nikki Sherwood

From: [White Pine](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:58:43 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I have been visiting your delightful community for 30 years. Morro Bay is a gem and I understand your wish to keep it that way.

If you enact restrictions on short term rentals this will negatively impact my ability to stay for a month, as I like to do in recent times (except this year for obvious reasons).

I spend alot more money while in MB than I typically do at home, so I believe I am boosting the economic health of the community.

I've come to know several full time residents, I feel like I'm a part-time resident of Morro Bay. At least that is the way I have been treated.

Morro Bay is my happy place, please don't take that away.

Respectfully,
Paula Inhelder
Show Low, AZ

From: [Regina Cane](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 7:16:57 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council, please keep short term rentals. I have spent my whole life vacationing in Morro Bay. I love the community and I love staying in vacation rental homes. Please respect property rights. We have always been very respectful of our neighbors.

From: [Chris Alvarez](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:36:32 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

If money or privacy is an issue...vacation rentals should not be the lone target. Home owners are not pressed to rent out their home(s). 6 in 10 homeowners based in popular vacation spots do so. Homeowners (vacation rental) should be expected to pay since it is a positive real estate investment which in turn the renter will account for anyways. I would expect your new found regulations will take from many other important matters that can be addressed for the future of Morro Bay.

Mr. And Mrs. Rick Alvarez & Family

From: [REDACTED]
To: [Council](#)
Subject: comment on short term rentals
Date: Tuesday, September 15, 2020 6:41:42 PM

My family and I (mom plus dad plus 5 children)(now expanding to include spouses and new babies) have been vacationing in the Morro Bay/Cayucos area since 1999. We have had 19 vacations in that time in the two beach cities.

We began when a friend of ours told us about a place just a block from the water. We loved it and have just kept going back year after year, often twice a year.

In that span the original place we occupied past out of existence with the death of the owners and we relied on Highway One rentals and other local agencies to put up in contact with owners of beach houses.

We are quiet, non-party type people with families that treat property like it was our own and our temporary neighbors like we do at home in Simi Valley where we live.

If we did not have this kind of service we would have to find a new vacation location which allowed a like service. Such an action would not serve the needs of your constituents or small business owners.

The way all levels of government (federal, state and local) have decided to strip citizens of our rights, privileges and liberties is astonishing. Your job is to serve "we the people" not be our nannies. At least you city council members can be run out of office if you persist in trying to run your constituents lives.

Robert Likes
[REDACTED]

From: [Roberta Rohde](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 10:25:42 AM

Our family has enjoyed a vacation rental for 12 people including 3 sisters, spouses and 2 grandchildren for nearly a decade. There are parts of the proposed ordinance that could change that for no good reason at all. Please do not consider this new ordinance without realizing that there are a lot of people whose families would be adversely effected and it would certainly impact the economic benefit of our regular rental. We spend a lot of our money in your lovely town while visiting and so do other large families.

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

From: [Robin Wong](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:47:24 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Please consider allowing short term rentals to remain. We have been frequent renters of homes because we prefer having more space for cooking, playing games and reconnecting with our adult children. Morro Bay has been the perfect halfway meeting point from SoCal and NorCal for us and we love frequenting the shops and restaurants. These rentals fill a niche that motels cannot and enable families to reconnect.
Thank you for your consideration.
Sincerely,
Robin Wong

Sent from my iPhone

From: [Reuel Czach](#)
To: [Council](#)
Subject: Vacation Rentals
Date: Wednesday, September 16, 2020 11:03:02 AM

Hello wonderful Council members,

I have a few thoughts about vacation rentals that I want to share with you , thank you for listening!

I participate with two vacation rentals in the City for several years now and we have never had a complaint or found any of your guest to be unruly or disturbing to the neighbors. I think vacation rentals are a great way for people to visit our community and they help our City budget. I only meet with our guest outside and keep a safe distance when talking with them, usually about 10 feet.

I don't host in my home and I have concerns about vacation rentals for people who do directly interact with people from outside of the Morro Bay area during this time of a pandemic and into the future. During this time of wanting to reduce the possible spread of this virus, spending time with guests indoors is one of the main ways that the virus spreads from person to person. People who spend time indoors and even eat together with guests such as at Stay-cations and in-house room sharing creates a way to spread this virus into our community.

I think you should consider limiting these contacts and perhaps these type of vacation rentals unless the owners can meet certain standards that will limit the spread of this virus from guests. I think the City could have a special inspection program for in-home stays and unless it can be shown that the owners don't interact directly with the guests indoors, that these should be stopped.

Going into the future, which these folks with the in-home vacation stays may say you are creating these new regulations for, I invite you to consider what the new future may look like. My limited understanding is that this virus will now always be with us similar to the flu, even if we have a vaccine. It will still mainly spread from face to face contact, especially indoors. It may be good idea to consider weather or not the regulations that you create for these in-home stays could continue to be a way for this virus to spread.

I invite you to keep our City safe and to regulate and limit in-home vacation rental stays to reduce or eliminate this way for the virus to spread into our City population. I think that non in-home vacation rentals are a much safer option for having guests stay in our neighborhoods and I recommend that you expand this option if you reduce the in-home stays.

As a resident of Morro Bay, I think safety should be the highest priority for decisions made by

a city council and I hope that you will consider our safety first during this time of drastic changes in our world due to this virus.

Thank you for considering my concerns,

Ruel Czach
Morro Bay



From: [Sandra E. Henderson](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 3:41:33 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I, 12 in all, have been making Morro Bay our vacation home rental of choice for over 10 years now. We love all that Morro has to offer. We eat here at the local restaurants, paddle board, golf, etc....My understanding is that all that is about to change with some new city ordinances. Please don't. We love it here and would hate to take our business down the road to another more tourist friendly beach town..

Most Sincerely,

Sandy Henderson, Fresno resident and frequent beach house renter.

From: [SCOTT SHIVELY](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:33:26 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I spent years bringing my church youth groups to the Morro Bay area. We loved the location and were good "guests" while we were visiting. We spent thousands of dollars in your local stores, restaurants and shops. I know that a few from my groups actually enjoyed the Central Coast so much that they are now living as residents as adults.

My own family and I have enjoyed visiting Cambria, Cayucos and Morro Bay over the years, renting houses in the area on 4 occasions and staying in hotels (for shorter visits) dozens of times. They have been wonderful opportunities to get away as a family and bond while enjoying all the amazing things the Central Coast has to offer.

Please do not make it harder for us to visit by making the proposed rule changes to the vacation rental properties in your area.

Sincerely - Scott Shively

From: [Sean O'Rourke](#)
To: [Council](#)
Cc: [REDACTED]
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:05:44 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am very sorry to hear about the problems the Morro Bay Community is having with short term vacation rentals. My family has been vacationing in Morro Bay for several years. We have enjoyed what has been a vibrant yet laid back small town. For me, it reminds me of the beach town I visited as a child on the New Jersey shore, e.g., Ocean City, New Jersey.

I am somewhat surprised by what appears to be a rather extreme solution. After all, based upon my experience there are beach communities that I visited as a child in New Jersey that are actually far more popular than Morro Bay and deal with many times more short term rentals than your community. I think the comparison to Ocean City is apt because population wise it is similar in size to Morro Bay, but it handles many, many more visitors than does your city yet it is regarded as one of the best beach towns in America. The land size of the communities is similar, but the density of Ocean City is greater due to the popularity of duplexes on the vast majority of properties. Furthermore, Ocean City has been handling an influx of vacationers for many, many more years than Morro Bay. I believe that there is something that Morro Bay could have learned from the experience of other popular beach communities.

As a dual professionally licensed couple, my wife and I had been considering purchase property in Morro Bay. But, I would now be hesitant to purchase for many reasons. Aside from the imposition upon property rights that this ordinance entails, I would wonder about the viability of the City at this point. From my standpoint, I am not at an age where I want to rent a hotel room for my family. We are much more comfortable renting a home. I'm a Lawyer and my wife is a Therapist. Our friends who are all families feel similarly. Aside from bleeding the town of Tourism dollars, I wonder if the problems which the Council is trying to address will not be exacerbated by this solution. You are driving away families who would prefer to spend extra to rent a home. I would also be hesitant to purchase in a community that did not recognize how its economy works.

Morro Bay is a beach town that requires tourism. Of the approximately 10-11,000 people who call Morro Bay home, how many were born there versus moving there? Who in their right mind moves to a beach town and doesn't expect vacationers? In other words, how many future residents of Morro Bay start as vacationers. Currently, there are numbers banded around that some 20% of the homes in Morro Bay are second homes. Based upon demographic information, the median age of residents in Morro Bay is rising to now a median age of 50. Again, there is another interesting parallel to be drawn with Ocean City, NJ, since its median age is over 50 years of age. The point of the comparison, again, is that there are ways to mitigate the effects of having many visitors.

Specifically, your current ordinance sets the minimum age of a primary renter at age 18. Per Harrison v. City of Rancho Mirage, your ordinance could require that the primary renter be 30 years old. In your present ordinance, you have not targeted the number of occupants age 18 years and over within a short term rental. Again, anecdotally the noise of parties is supposed to be one of the issues, as opposed to the noise from children laughing and playing. Instead, under your present ordinance ten (10) people age 18-21 could occupy a short term rental. These are a few of the examples in which the Council has not attempted to impose the least restrictive regulations on property owners nor attempting to specifically target the exact problem which the council is attempting to address.

Sean O'Rourke

From: [Sheryl Brissenden](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 1:04:57 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family and I enjoyed our most wonderful vacation at Morro Bay. I was able to include my children and grandchildren for a very special time together. This was such a wonderful family oriented place we are planning on returning next year.

Regards,
Sheryl Brissenden
San Jose, CA

From: [Susan Berg](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:01:27 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I write as a person who enjoys staying in short-term rentals on the central coast.

For years I have driven down from the Bay Area every few months to visit with my daughter and grandsons, who live in Los Osos. Their house is too small to accommodate visitors, so I have stayed in motels, bed and breakfast inns, and private homes. I have come to prefer the latter. My stays range from 4 days to two weeks, so I appreciate having a regular kitchen available for many of my meals and a dedicated sitting area for starting up and winding down each day. At least once a year I rent a house in the area for my extended family (up to 10 of us) to enjoy. We were just there for two weeks in early August.

I have stayed in a variety of private homes in Morro Bay, each one well-maintained and comfortable. There's a possibility I will one day buy a house in the area; the short-term rentals let me experience different neighborhoods and the services provided in each. I and other members of my family have also stayed contentedly in local motels and the two bed and breakfast inns in Los Osos. Our decision to rent private homes does not preclude our staying in the other types of lodging on occasion as well.

In short, I hope property owners who offer their homes as short-term rentals will continue to be allowed to do so without unnecessary restrictions. Given the number visitors to the area (including all the Cal Poly families), I see the offering of a large variety of lodging choices as another one of the positive attractions your beautiful part of the California coast offers.

Susan Berg
[REDACTED]
Lafayette, CA 94549
[REDACTED]

Susan Berg
"There are stars whose light only reaches the earth long after they have fallen apart. There are people whose remembrance gives light in this world, long after they have passed away. This light shines in our darkest nights on the road we must follow."—The Talmud

From: [Susanne Duits](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 5:32:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Having rented in Morro Beach in the past, as well as, recently, I urge you to continue to allow short-term rentals. They meet a need that hotels cannot. This most recent rental I rented a three bed-room house so that we could share space, cook (since we won't eat out during COVID, although we did some takeout) and not be limited to hotel rooms, whether old or new. The convenience of being able to spend time as a family is critical and if you do eliminate or limit short term vacation rentals, I, like others will go elsewhere and a Morro Bay will lose my business. The rental company I rented with was very clear about limitations to avoid noise, parties etc and I walked the neighborhood and saw no signs of rowdy behavior, although I am sure it occasionally happens.

I also urge you not to only do long-term rentals. I know you will lose business since people do have choices.

Thank you for considering my feedback.
Sue Duits

Sent from my iPhone

From: [Susan Vargas](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 10:06:50 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We have always enjoyed our family time in Morro Bay. My aunt used to live there so we would go and visit her, that has how we fell in love with the place. It would be sad if that was not possible any more.

Thank you.

Susan Vargas

Sent from my iPhone

From: [Susannah Wijsen](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 11:24:01 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please, please, please persevere.

There are 3 things at stake:

1. Maintaining quality of life for long term residences.

Limiting the density of units within a neighborhood, capping the number of occupants based on the size of the home and ensuring there is adequate parking (a special concern in the island streets of North Morro Bay) all speak to to this.

This is important no matter how many licenses you allow to be active.

2. Ensuring there is turnover for under utilized licenses

Of special consideration is the grandfather clause on sale of home. Looking at Cayucos where the homes who received licenses decades ago have a lock on all the licenses in the community, eliminating any sort of free market for others to jump in. You'll hear homeowners with the license make an uproar that losing them reduces their property value. Another way to look at it that the rest of us have our property value diminished because we do not have access to these license. To further that point there need to be systems in place to ensure only active rentals are holding on to the licenses. As an example there should be minimum quarterly TOT requirements to maintain a license, so people don't just hoard the privilege and let it go unused.

3. Maintaining affordable housing for long term residents.

This is about more than maintaining peace and civility. It is about the serious economic impact on our community when out of towners can own houses they don't live in. STRs have enable more people than ever to afford 2nd and third homes. (And even 6th or 7th)

The increase in demand by out of town people who make exponentially more than local prevailing wages drives of the cost to purchase new homes up. By giving homeowners more flexibility to use their properties, STRs take units off the long term rental market. The result is housing costs becoming out of reach for many locals. Long gone are the days when my mom could be a Waitress at the Fish Bowl and own her own home. I see my children's friends packing up and moving out of town, among those who stay I see kids with food anxiety because their parents have to choose between rent or groceries.

Thanks for the consideration.

Susannah Wijsen

From: [Tami Graham](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Tuesday, September 15, 2020 4:54:16 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

To the Morro Bay City Council,

I was made aware of the drastic changes being sought to be put into place for short term vacation rental properties. As the owner of a Morro Bay rental property I want to make sure my voice is heard too. When we were looking for a beach house, for us to eventually move to after retirement, we deliberately looked in Morro Bay because we love this city. We purchased and remodeled the home with the intention of being able to use it as a vacation rental to cover our cost until we were ready to move there full time. With the ordinance that is being proposed, and the possibility of losing our vacation rental license is something we had never considered could happen since we were able to purchase our house, spend money in the community when we remodeled our house, and met all of the requirements to obtain a vacation property rental license.

With the financial devastation that many are suffering through, due to the pandemic, I am very surprised that the Planning Commission and Morro Bay City Council, would overlook the fact that taking away the opportunity for allowing the current short term vacation rental property license holders to keep their license will add to the financial devastation for many, many people who rely on that income. Enough financial suffering is happening at this time, with no clear end in sight, and I would propose that allowing the current short-term vacation rental property license holders to be allowed to keep their license, thus continue to financially support all involved. Limiting the available amount of future short-term vacation rental property licenses and natural attrition with the current short-term vacation rental property license owners will eventually achieve the outcome sought by the Planning Commission without causing further financial devastation to the home owner and all who rely on these properties for income.

I appreciate you taking the time to hear my concerns. Tami Graham

From: [Amy Peterson](#)
To: [Council](#)
Date: Wednesday, September 16, 2020 3:51:47 PM

Dear Morro Bay City Council Members -

In your meeting, please consider visitors like us that share Morro Bay and the access to the coast it provides. We are a family of 6 and as such, vacationing means we must rent a house in order to make it cost effective. We love Morro Bay because of its proximity to Templeton wineries, hiking at Harmony Headlands, the Elfin Forest (a favorite of the kids') and the tidepools in North Morro. We also love to eat fresh fish and have frequented House of Juju, Tognazzini's among others.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to stay in the Avila/Pismo area. We prefer Morro because it is quieter and somewhat more affordable.

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020

Sincerely,
Amy Peterson

From: [Bob Justis](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 9:03:23 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
We have a rental for two weeks that were cancelled this year because of Covid 19, and have rented for two weeks this April. To eliminate the ability to rent short term, especially in these difficult times seems to be very short sighted long term. Please don't put any more obstacles in the way of small business.

Bob Justis
Colorado Springs, CO

From: [Beekman](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 8:50:17 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

My family has visited Morro Bay as a vacation get a way, for three generations. My grandparents introduced my father to Morro Bay when the Blue & White motel still Exsisted. My parents even purchased a vacation home in Morro Bay so we could enjoy being at home while staying in Morro Bay vacationing. My father took me on Several fishing excursions out of Morro Bay, my very first was Albacore fishing at Virg's landing when I was thirteen years old, I will be sixty next year.

When I married and had my own family, I introduced my husband to the Morro Bay Area. Since we first started a family, twenty eight years ago we've traveled to Morro Bay and rented vacation homes to continue To enjoy the home away from home experience,

Now my adult children continue to follow in our footsteps and rent vacation homes in Morro Bay. My husband is a Commercial Beekeeper, and has done much business in the area being able to work and vacation while renting homes in Morro Bay. We own a piece of property in Los Osos, and intend on building our own vacation home once permitted. Please allow the next generation to continue to rent homes in Morro Bay so they may Have the opportunity to enjoy a home away from home and support Morro Bay. Thank you, The Bryan Beekman Family.

From: [TAYLOR-BROWN CAMERON](#)
To: [Council](#)
Subject: letter for agenda correspondence for STR ordinance
Date: Wednesday, September 16, 2020 7:55:29 PM

Please include this letter in the agenda correspondence for the STR ordinance.

To the Morro Bay City Council,

I am writing on behalf of our family in support of licensed vacation rentals. Our family grew up in Cayucos, and our father, J. Hutton Taylor, taught at Morro Bay High School for 25 years. Our family still owns the home our parents built in Cayucos in 1965. We now use this beloved home as a multi-generational vacation home for our families. We pursued a minor use permit, at great time and expense, in order to get a vacation rental license. This license allows us to rent our home in order to get enough income to keep the house in our family. Our licensed rental generates income, employs many local residents, and allows visitors to enjoy beach vacations, fulfilling the beach access mandate of the California Coastal Commission. It also generates much needed tax revenue for the county.

Visitors to our home, because it is licensed and professionally managed, must follow all rules and be good citizens. And our neighbors know they can call the management company, or call us, if there is anything going on that needs our attention. We have good relations with our Cayucos neighbors and our management company helps to keep it that way.

We are extremely concerned about what is going on in Morro Bay, in part because Estero Bay is one community, and what is decided in one town could affect what goes on in another. The idea that a lottery system could be used to take legal licenses away is beyond appalling. Those of us who followed the rules and got a license shouldn't be subjected to retroactive and unfair policies like this. Instead, please grandfather in these existing permits, and over time, attrition will reduce the number of licensed rentals as some owners retire into their homes or sell them.

Another issue we have encountered in anti-vacation rental rhetoric is the conflation of unlicensed Air BnB rentals with legal licensed rentals. Unlicensed, unmanaged vacation homes are a much more likely source of complaints than homes that are licensed and professionally managed. They are not the same thing, and should not be treated as such.

Yet another issue to consider is the need for licenses to be active or be retired. If you have a cap on the number of licenses issued, there needs to also be a mechanism to revoke licenses that aren't being used. This is a major problem in Cayucos, and we think it is a deliberate strategy employed by those on the Cayucos Advisory Council and by the local supervisor, who seem to rabidly oppose all vacation rentals and want to lock up the coast for use by a favored few.

Thank you for taking the time to read this letter, and we trust you will come up with a policy that is reasonable and well-considered.

Sincerely,
Cameron Taylor-Brown and family
[REDACTED]
Cayucos, CA

From: [Cindy Koplin](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 10:48:45 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Please consider visitors like our family who come to Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family. We have other family in Morro Bay and lodging is limited and expensive. Please do not narrow the availability of these wonderful rentals!!
Sincerely,
Cindy Koplin
Homer, Alaska

From: [JAMES ALFIERI](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 4:29:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.
Dear Morro Bay City Council,

This is not the first time I have written to the Morro Bay city council to address the proposed regulations limiting vacation rentals. We have been going to Morro Bay for 50 years. We now bring our family for the Thanksgiving holiday. Additionally, Jim and I spend a week in August by ourselves.

As I have indicated in the past, when we visit, we buy merchandise, we eat at your fine restaurants and visit local wineries. Additionally, we golf at the municipal course. We never litter your beaches nor throw wild parties. While I understand that residents don't like living in a tourist city, that is the price one pays for living on the California coast. We do help support your community through our purchases and whatever sales taxes we pay.

I hope this will give the city council insight into how your city is viewed by those who visit and enjoy its treasures.

Sincerely,
Colleen Alfieri

From: [Jensen, Eric](#) [REDACTED]
To: [Council](#)
Subject: Short Term Rental Regulations
Date: Thursday, September 17, 2020 12:45:25 PM
Attachments: [MBRental-et0920.docx](#)

Dear Morro Bay City Council,

Please enter the attached letter as public input to your scheduled September 22, 2020 meeting on the above topic.

Thank you,

Eric L. Jensen

September 17, 2020

Morro Bay City Council

Morro Bay, CA

Dear City Council:

Please accept this letter as public input to the upcoming meeting agenda item regarding Short Term Rental Regulations scheduled for September 22, 2020.

I have recently been informed that the number of vacation rentals in Morro Bay may be greatly restricted. I am strongly opposed to this proposed change in rental policy.

My wife and I have stayed in Morro Bay vacation rental houses for one month or more during each of the past four winters. We spend a great deal of money at Albertsons. In addition, we frequently purchase goods at Spencer's, Giovanni's Fish Market, Tognazzini's, various gasoline stations, the Thursday farmers' market, Top Dog Coffee Bar, the Avocado Shack, Rite Aid, the farmers' market in Los Osos, the Gallery at Marina Square, and to a lesser extent at Miner's Ace Hardware store, the Hawaiian shirt shop, and the Dollar store. We purchase services at Summer Expressions and the local movie theater. We dine at numerous restaurants in town, especially those on the Embarcadero.

We usually have 2-3 visitors during our stay. They normally stay 2-4 nights. These guests also purchase various goods and services in Morro Bay and to a lesser extent in Los Osos.

We like the laidback atmosphere and the beautiful beaches of Morro Bay. We plan to continue visiting during the winter months indefinitely.

If vacation rentals are greatly reduced in number we may not stay in Morro Bay in the future. Your community will no longer benefit from our business and that of our visitors. We will find another location with nice beaches and a small-town atmosphere that has an adequate number of houses to rent by the month.

Sincerely,

Eric L. Jensen, Ph.D.

Moscow, Idaho 83843

From: [galenraymond](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 4:57:28 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am a 1967 graduate of MBHS. I left the area in 1969 when I was drafted during the Vietnam campaign. Upon returning from my military service I was employed by PG&E and it was necessary that I move from the area. Now by choice (because of the high real estate values) we frequently stay at vacation rentals up and down the coast. Our preferred city is MB. Our family ties to MB run back to 1940. Please consider former residents like us that love Morro Bay and the access to the coast it provides. Vacation home rentals that allow our "fur babies" are our lodging of choice when we travel as a family and when we include our extended family as well.

We have always been respectful and enjoyed the many residents we have met in our travels. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Galen Raymond
USAF
Class of 67' (go pirates)

Sent from my iPhone

From: [Gavin Pickin](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 1:37:50 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We have been good neighbors and enjoyed the many residents we have met in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city.

Gavin Pickin,
Bakersfield, Ca

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 3:44:30 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

My husband and I come to Morro Bay the last three years and Beach & Bay Getaways take care of securing a handicap rental for us. It is difficult for us to take care of this ourselves and they do a wonderful service. We need this time for our mental health and happiness. We spend money on restaurants and clothing stores, grocery and even the barber shop. I honestly don't know what we would do without going to Morro Bay.

Sincerely,

Joyce and Tim Noack
Burney Ca

P.S we welcome you to enjoy our beautiful area also.

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 8:50:22 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please do not limit vacation rentals in Morro Bay. Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family. Morro Bay offers reasonable prices for vacation rentals and a nice town that doesn't feel too crowded like others in the area. We thoroughly enjoyed kayaking in the bay last time we visited.

If we could not stay in a vacation rental in Morro Bay, we would choose to visit another city and spend our money there rather than in Morro Bay.

Sincerely,

Karen Nydam, a vacationer from Ceres, CA and a Cal Poly Alumni who loves to vacation back in that area.

From: [Ken Lehman](#)
To: [Council](#)
Subject: Vacation Rental Ordinance
Date: Thursday, September 17, 2020 9:36:06 AM

Please include this in the agenda correspondence for the STR ordinance.

Morro Bay City Council,

My wife and I bought our Morro Bay vacation rental 4 years ago under the impression that our property rights as owners would remain in place. It is unfair to impose additional restrictions on existing properties. Our response to the proposed ordinance is as follows:

1. Grandfather all existing vacation rentals, no lottery system that takes peoples licenses away by force. This especially conflicts with due process of the law. Allow natural attrition to reduce the number as owners retire into their homes or sell.
2. Go with the original 150' buffer outlined in the draft.
3. Allow transfer on sale and inheritance. When vacation rentals sell, they don't always continue as rentals, they are desirable for retirees as well and we will still have attrition. Some homes have already been handed down from other family members that should be allowed to continue.

If it wasn't for Covid we would attend the hearing and speak in opposition to the proposed ordinance but at our age it's too risky.

Lehman 

Sincerely, Ken and Debra

From: [Linda VanZutphen](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 4:12:55 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

Dear Morro Bay Council,

Morro Bay is our favorite place to get away. My husband and I have stayed many times in the Beach an Bay condos. We even rented 4 of them last year for a family get a way. We spend allot of money in your town while we are there which I believe is good for your local economy. Why would you want us to stop?

Yours truly,
Linda Vanzutphen & Family

From: [Lisa Calhoun](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 12:44:56 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I am writing this email to the City Council asking you not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If the ordinance is passed, unfortunately, we would have to vacation and spend our money in another city.

Thank you for your time,
Lisa Calhoun

From: [LORI FLAHERTY](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 5:22:36 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020. Dear Morro Bay City Council,

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family. We travel with our dog as he is part of our family. Our stays are much longer than just a few days so it is important to us to have the conveniences offered in a Vacation Rental. Since we absolutely love Morro Bay with a passion, we want to come back every year. Every year we love going to the restaurants, whale watching, deep sea fishing, shopping, farmers markets, kayaking, rental boats, State Park etc.

We have been good and respectful neighbors and enjoyed its many residents, vendors, and businesses in our travels to the city.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would have to choose to visit a different city. This is especially true since we travel with our well behaved dog and the inventory for pet friendly lodging is already reduced significantly.

*Thank You,
Lori and Dan Flaherty*

From: [Michele Vernola](#)
To: [Council](#)
Subject: Vacation Rentals
Date: Thursday, September 17, 2020 8:24:28 AM

To Whom It May Concern:

Please consider visitors like us that share Morro Bay and the access to the coast it provides. Vacation rentals are our lodging of choice when we travel as a family and especially when we include our extended family.

We travel frequently to the San Luis Obispo area and it is so much more comfortable to travel and stay in a vacation home rather than hotel.

Please do not remove this option for us.

Sincerely
Michele Vernola

From: [REDACTED]
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 2:06:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our family has enjoyed renting on the central coast for more than 30 years. We started renting when our children were young, and the budget was tight, but because of kind people who are so gracious to share their properties we were able to experience the wonder of feeling like we lived, for a short time, in one of the most beautiful places in our state.

As our children grew, their love of that area influenced 3 of our 4, to go to college in San Luis Obispo. As well as being very proud of their accomplishments, we were also very happy to have a wonderful place to visit, often renting a house in Morro Bay.

As our family has expanded and we now have Grand-children, we have been able to find wonderful rentals that have allowed us to share special time as a family, all together in one location. Now the connection with your beautiful town is being extended to a 3rd generation.

Please consider the many families who love and appreciate your area as much as your local residence.

I'm sure you have rules in place to deal with the occasional problem maker, but please do not put undue restriction in place that would limit appreciative people from being able to enjoy this area.

Thank You.

Respectfully,
Nola K. Crane

From: [Pat France](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 6:03:47 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

I have been renting a home in Morro Bay for Christmas and New Year for a number of years now.

It is for my family, myself, two daughters and husbands, to get together for 10 days over the holidays. I come from Washington State, daughters from the Bay area and Orange County. Rental cost is around \$5,000; we buy all groceries in town and visit some excellent local restaurants. Not a huge expenditure, but still a revenue source for the city.

We could not rent for a longer period of time. I could not afford it and my family are all working and have limited vacation time.

I understand the concerns that have generated this agenda item. Might a higher credit card "hold" be of value? An enforced limit on occupancy? Include in the "house rules" that rowdy renters void the rental agreement?

I am sure most of the short-term renters are like me. We just want to take a break together in a lovely part of the world and enjoy Morro Bay.

I do hope you continue to allow short-term rentals and not punish the majority because of the few who abuse your lovely city.

Pat France


From: [Peggy Price](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 2:07:38 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

We do not want to see new regulations on existing vacation rentals.

Peggy Price and John Arfman

Sent from our new iPad

From: [Richard Oothoudt](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 10:24:20 AM

Good day,

Please accept this communication as a public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for September 22, 2020.

Dear Morro Bay City Council,

My husband, Richard and I, have been fortunate to spend the last ten years renting a home in Morro Bay, so we can get away from the cold, snowy and frigid Minnesota winters. We rented through Morro Bay Realty for the first few years, and since have rented through BeachNBayGetaways, with Maggie and Nick Juren. Maggie and Nick run an amazing rental company; they are first rate!

We understand that tourism is a big part of your economy, and we have spent thousands of dollars in your community over the past ten years. We absolutely love Morro Bay; it is so like our small community here in Minnesota. People are incredibly friendly, accepting, and everyone has a dog! Our only regret is that we don't have a million dollars to buy a home there.

We have met some of our best friends over the past ten years; we have become personal friends with Red and Gail Davis, and have met your mayor, who lives just up the street from our rental home on Piney. We introduced ourselves to Scott Collins and his wife, when we met them walking. We know our neighbors on Piney, Larry and Karen Rosen, and Bernice Raymond. We look after Bernice while we are there; she is 85 years old. Richard takes her garbage cans in and out weekly, and he has done many small maintenance projects for her. We also have a local friend who has MS, and Richard put together her electric trike, mounted a bike rack on her car and has done small maintenance projects for her, too.

I have been volunteering weekly at the Community Dinner at the Vets Hall for about eight years, and have gotten to know many of

the guests and volunteers who work and attend the dinners. Our hats go off to Linda Fidell, Nancy Castle, Chuck Stoll and the organizations that cook and serve the meals. We were so sad to hear about Mimi Goldberg's death; I spoke with her every Monday and I know she was a very active voice for the homeless. The last time we saw Mimi, she was walking with her big dog, with her rolling suitcase and she said, "I'm on my way to the shitty council meeting."  We have donated clothes and money to the organization, because we believe helping the community where we live. We have attended many Women's Marches in San Luis Obispo. So, you can see, we just don't come to rent, we believe in helping in the community.

We appeal to the City Council not to pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. In our opinion, it would make more sense to go after those who are renting homes without a license, rather than penalizing those that do.

Thank you for taking our comments into consideration. We love Morro Bay and look forward to coming back this winter!

Sincerely,
Karen and Richard Oothoudt
Bigfork, Minnesota

From: [REDACTED]
To: Council
Subject: STR Regulations
Date: Wednesday, September 16, 2020 2:24:53 PM

Council Members and STR Committee Members,

For the past 4 years we have enjoyed beach rentals in Morro Bay and currently are under contract for a rental in July 2021. We live in Southern California with many beaches available to us; but nothing compares to the serenity of Morro Bay. It's close enough that our family (husband, wife, 2 daughters, 1 son-in-law, 2 grandchildren) can all come to together for the week to relax and make memories. It has been so amazing to see the grandchildren (ages 3 and 5) playing on the beach with the only restriction... "stay away from the birds."

We have always felt totally safe on the beach and in the rentals and have never experienced unruly gatherings (or seen any large gatherings for that matter). We rent during the summer months of July and August and are always on Beachcomber. We patronize local businesses: our dogs are boarded in Cayucos, grocery shop for the week in Morro Bay, eat at local restaurants and shop in downtown Morro Bay.

KEY: Enforcement

Had never noticed the signs until this year on rental properties. Ensuring that residents and renters know who to call in the event of a disturbance would be very important. If someone is not adhering to their signed contract, they need to leave.

I can see that the STR Committee and others have worked hard to reach a solution for both residents and renters. We have come to love Morro Bay, we treasure it, we respect it, and we would like to return.

Sincerely,

Shirley Linn
[REDACTED]

From: Smith Held
To: Council
Subject: Please include in the agenda correspondence for the STR ordinance
Date: Wednesday, September 16, 2020 1:56:41 PM

Dear Mayor Heading and Council members:

Please accept this input as you evaluate the vacation rental ordinance.

I want you to avoid continuing down the path of Governance By Appeasing Those Who Yell Loudest. "Leadership" in that manner has hurt, and will continue to hurt, Morro Bay (like the \$50 million sewer move from Righetti).

I hope to stand behind you as you make fact-based decisions that benefit all of the community, rather than appease the few.

There is no question that under-managed VRs can have a negative effect on neighborhoods. The key here is *under-managed*. Professionally-managed vacation rentals, run by licensed real estate brokers, are not the problem. "Boot leg" vacation rentals, that are unaware of (or unconcerned with) rules and neighborly conduct are the problem. The absolute first step in curing the "VR problem" is enforcement of the licensure required.

If you give staff the tools to enforce/shut down unlicensed VRs, the problem will solve itself, without damaging the City's primary income stream, which is the visitors that come here. That would protect not only the TOT that licensed VRs provide, but also all the money VR guests spend during their visit.

The STR ordinance, as written, seems to throw out the baby with the bath water.

In a perfect world, you would junk it, and simply let code enforcement close down the cheaters.

Barring that, I believe you need to work to *protect* the VR industry in Morro Bay, because it adds so much money to City coffers.

You can protect it, and address neighbor concerns, by:

- Grandfather existing VR licenses, and scrap the proposed lottery system. A lottery would punish existing VR operators who play by the rules.
- Allow VR licenses to transfer on sale. Whether we like it or not, much of our community is vacationers and part-time residents. Hindering one's ability to count on the continuation of a VR, will negatively effect property values, both for the affected property and for the larger market as the "comp" value is diminished.
- Go with the original buffer outlined in the draft. Scrap the Planning Commission's changes to the 175-foot buffer.

For the record: I do NOT own a vacation rental in Morro Bay. In fact, have not lived in Morro since I moved to Cayucos in the 1990s. I do have two business licenses in Morro (both real estate related). My concern is for the good of the community and it's economic viability. Monkeying with the visitors that come here to spend their money seems wholly counterproductive to help a City whose economy firmly based on tourism.

Please do the right thing.

Thank you,

Smith Held
Cayucos

From: [Sue and Brent Ridgeway](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Wednesday, September 16, 2020 4:01:00 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Please do not approve the ordinance for the Short Term Rentals. Morro Bay is a great place for our extended family to meet for vacation. In fact, we stayed there this summer for a week. Our rental was conveniently located right by the beach. It would be sad to hear we could no longer rent in your area and it seems it would not be beneficial for your city financially.

Thank you for your consideration.

Sent from my iPhone

From: [Thel Ross](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 10:08:01 AM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

One of the joys in our lives is the promise of using Beach Getaways to rent a place from time to time in Morro Bay. We were avid campers but now because of age, cannot stay at the State Park in Morro Bay. Therefore, we are able to stay in a home for a week and breathe the amazing Morro Bay air and enjoy "the rock" which brings peace to our souls. Morro Bay is an amazing vacation spot and we certainly take advantage of our favorite restaurants, stores, and downtown events when visiting.

We always recommend Morro Bay to our friends for the best place to visit on the West Coast. It is an extraordinary town with many opportunities for the vacationers. We hope that your city does not pass the ordinance that would prohibit that experience. We have been vacationing in Morro Bay for many years now and consider it our home away from home. Thank you for your consideration of our recommendation. Thelma and Dale Ross

Sent from [Mail](#) for Windows 10

From: [REDACTED]
To: [Council](#)
Subject: Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020."
Date: Thursday, September 17, 2020 9:52:52 AM
Attachments: [Unequal Access-CA Coastal-Report-FINAL-.pdf](#)

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Unequal Access

Protecting Affordable
Accommodations Along
the California Coast

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Bios

Dr. Philip G. King

Dr. Philip G. King received his PhD in Economics from Cornell in 1987 and has been an economics professor at San Francisco State for over 30 years; he was Department Chair from 2002-2005. He has worked on the economics of coastal resources in California for over 25 years and has published numerous peer-reviewed papers in journals such as Climatic Change and Ocean and Coastal Management. His work on coastal access includes a report with Jon Christensen of UCLA on Access for All, which examined disparities in coastal access. Recently, Dr. King conducted the economic analyses for eight local coastal programs including Oceanside, Ventura County, and Imperial Beach. He is currently working with the State Lands Commission evaluating the impacts of sea level rise on California tideland properties. Dr. King also served as chair of the SF State Foundation's Finance and Investment committee and implemented their divestment from fossil fuel stocks.

Sarah Jenkins

Sarah Jenkins is a research assistant with Dr Philip King. Her interest in coastal access for Californians was developed while living inland in Stockton, California. She is especially interested in the equity aspects of Dr. King's coastal work, drawing on an interest in structural discrimination. Sarah has previously worked in International Development in Washington D.C. and for a global health non-profit. Sarah holds degrees in Economics and International Relations from University of the Pacific.

Introduction

Our report, *“Unequal Access: Protecting Affordable Accommodations Along California’s Coast”* was slated for release in March 2020 with the goal of analyzing the role short-term rentals can play in expanding access to California’s coast. The COVID-19 pandemic and “shelter in place” order put those plans on pause as the state and local jurisdictions grappled with how to handle the unfolding public health crisis. In the following months, the COVID-19 pandemic has created a “new normal” of limited mobility, minimal tourism, and economic strife. Local governments nationwide are facing steep budget deficits as a result of decreased tax revenues. Things are far from the normal California summer season. However, as many have noted, this time may be a time for growth, change, and reflection, allowing us as individuals and communities to not simply return to normal, but to create something better and more inclusive.

It is uncertain what this year holds, but it is likely that following the pandemic the “staycation” will become more popular. For California, this likely means more visitors to the beaches, and more demand than ever for accommodations—especially those that offer increased privacy and safety.

The past few months have forced Americans to not only face a public health crisis, but a social and cultural crisis as well. The pandemic has disproportionately impacted Black and Latino Americans “in a widespread manner that spans the country, throughout hundreds of counties in urban, suburban and rural areas, and across all age groups,” according to a comprehensive study of federal data from the New York Times. Compared to White Americans, Black and Latino Americans are three times as likely to contract the coronavirus, and twice as likely to die¹. In the midst of this crisis, two months after this report was scheduled to be released, George Floyd’s death at the hands of Minneapolis police sparked nationwide protests over a criminal justice system that systematically discriminates against people of color, especially black males.

The history of unequal access in California extends to one of our most sacred treasures, our beaches. Until as recently as 1960, California’s beaches were segregated. Even after laws were passed to eliminate de jure discrimination, de facto segregation continues. However, there are at least two monuments in California worth remembering: the monument at “Inkwell” Beach in Santa Monica, and the monument at Bruce’s Beach (Manhattan Beach, Los Angeles County). These two beaches allowed African Americans to visit the beach during segregation.

While today these *formal* barriers to beach visitation have ended, participation in coastal recreation at beaches, campgrounds, surf sites, tide pools and other spots is heavily skewed against people of color, and towards largely affluent groups who already have access. As our report documents (along with many excellent studies) access to California’s coast is heavily skewed towards a richer, older and whiter demographic. This skewing is first and foremost caused by the high cost of housing on California’s coast, though other historical and cultural barriers are also important. Increasing access requires recognizing these disparities and enacting policies to remedy them. Coastal communities need to be aware of and sensitive to these barriers—many of which are economic—in their local coastal plans and policies. With many low and middle-income

¹ Oppel, Richard A. Jr et al, “The Fullest Look Yet at the Racial Inequality of the Corona Virus,” New York Times. July 5, 2020.

Californians living inland, providing affordable overnight accommodation is crucial for inclusive coastal access. Unfortunately, as work completed by the Coastal Conservancy and Coastal Commission indicates, the supply of affordable hotels has actually decreased over the past twenty years, and the current outbreak of COVID 19 is having a profound effect on the hospitality industry and may lead to permanent closures, especially for **smaller operations** with limited access to capital markets.

At the same time, dozens of communities in California, many of them affluent, have placed a de facto ban and additional restrictions on short-term rentals, up to and including outright bans. In our study, we discuss two of the coastal cities -- Del Mar and Santa Barbara -- that have actively sought to restrict short-term rentals and hence access to the coast. These restrictions lower the supply of overnight accommodations and drive up the price, making access even more affordable for underserved communities.

To meet these challenges, the State and local coastal communities must embrace change and encourage policies that increase access. Short-term rentals (STRs) are one possible solution. STRs require no new construction, generate significant local taxes, and provide overnight accommodations in cities that have few other options.

In addition to the loss/damage to life, the COVID pandemic has wreaked havoc on State and local governments. By one estimate, the State of California will lose \$2.5 billion in taxes this year (2020) and local jurisdictions will lose over a billion dollars². Unlike the federal government, state and local governments cannot borrow money to make up for budget deficits, so budgets will need to be cut during a pandemic.

For local governments, short-term rentals can provide a significant new source of revenue, without raising taxes, while also increasing access to the coast. Our report examines these issues and provides a number of recommendations for policies that would increase access,, e.g., setting aside a certain percentage of STRs for underserved communities.

We believe achieving *access for all* will require the cooperation of all stakeholders including the private sector. Finding a solution—as with many issues highlighted by recent events—will require dialogue between business, State and local government, environmental and social justice groups, and other stakeholders, in order to forge a sustainable and equitable long-term solution.

Dr. Philip G. King and Sarah Jenkins

² See Estimates of State and Local Government Revenue Losses from Pandemic Mitigation, By Stephan Whitaker, Policy Economist II, Federal Reserve Bank of Cleveland May 13, 2020, <https://www.clevelandfed.org/newsroom-and-events/publications/cfed-district-data-briefs/cfd-db-20200513-estimates-of-state-and-local-government-revenue-losses-from-pandemic-mitigation.aspx>.

Executive Summary

The 1976 California Coastal Act was created to protect and preserve California's iconic coastline and beaches and to ensure that everyone has "maximum access...[to] recreational opportunities" of this precious resource³. The Act created the California Coastal Commission with the mandate to help protect and ensure access. Today, however, this access is being threatened by the high cost of California's coastal real estate, which has pushed many Californians to move inland, farther away from the coast in search of affordable housing. Numerous studies, cited within this report, have found that while visiting the coast is highly desired by most Californians, many feel that a visit is simply too costly. Travel costs and accommodation are the most prohibitive expenses—expenses which continue to increase as more of California's middle- and low-income families are displaced inland due to housing costs.

The high cost of accommodation along the coast presents a significant barrier for many households. The supply of affordable rooms fails to meet the demand of millions of residents who do not live close enough to the coast to make a daytrip. Over the past decade, many budget hotels along the coast have closed or have been refurbished and raised their prices well beyond what many families can afford. Economy class hotels along the coast have closed at a far greater rate than other, more expensive types of accommodations. Many previous studies point to a significant decline in the number of overnight coastal accommodations that are affordable (defined as 75% of the average daily price for a hotel room in California, which was \$137 a night in summer 2018). The lack of such options means that some households who would otherwise visit the coast cannot, because they cannot afford the cost of an overnight stay (Figure E1 below).

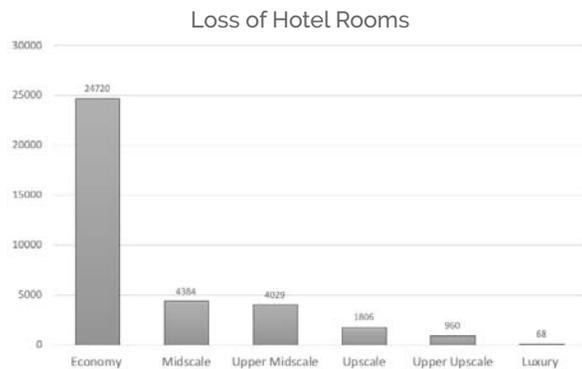


Figure E1: Loss of hotel rooms in California by class (Ainsworth 2016).

³ 1976 California Coastal Act, Section 30210

During the high season—from mid-June until September—prices are often much higher than at other periods (see Figure E2 below). The supply of coastal hotel rooms is particularly strained during the summer when there are not enough hotel rooms of any class let alone those classified as lower cost. Hotels respond to this demand with increased prices. An accommodation that may have been affordable to a lower-income family in February is far out of reach in July when most Californians wish to visit the coast.

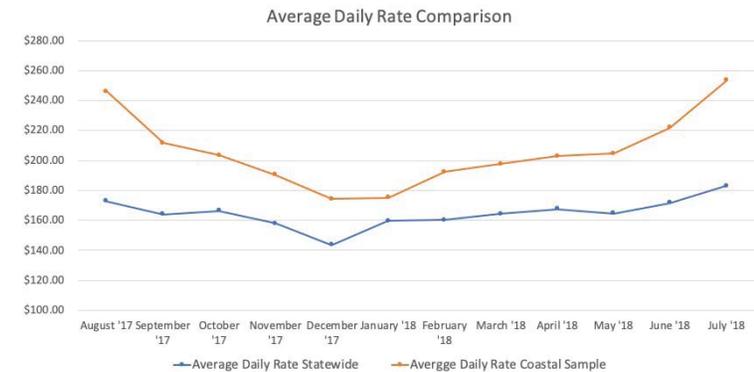


Figure E2: Average daily rate for overnight accommodation in California: coastal and non-coastal.

Camping may provide an option for some households seeking lower cost accommodation. However, coastal campsites are also very limited, especially in summer, and some are under threat from coastal erosion. The supply of campsites in California has not kept up with demand, especially in high season. Moreover, even though booking a campsite is affordable, it requires costly equipment that may exclude many families and often requires one to make reservations well in advance. Studies of camping participation also indicate that despite the relatively low cost, participation in camping also skews heavily towards more affluent groups and away from communities of color.

The lack of affordable accommodation along the coast creates a significant barrier to coastal access and makes it harder for families to visit. Given this challenge, it is imperative that California explore alternative means to expand the supply of lower cost coastal accommodations.

Alternative Options: Short-Term Rentals

One possible solution to the lack of affordable overnight accommodations on the coast are short-term rentals (STRs). Unlike campsites or hotels, expanding the number of STRs does not require new construction on or near California's coastline but instead utilizes existing properties. Rentals allow for the use of property otherwise unoccupied and may offer much needed income to hosts in expensive coastal communities. STRs have been providing accommodation for Californians wishing to visit the coast for decades, offering a significantly different experience than staying in a hotel or camping. Indeed, the California Coastal Plan, which laid the groundwork for the California Coastal Act, mentions home-sharing as a means of coastal access dating back prior to 1975. In addition, STRs may be especially suited to families or larger groups as they often offer kitchens, gathering spaces, multiple bedrooms and bathrooms, and are often less expensive per visitor than a hotel room.

As indicated in the literature review in this study, empirical studies of STRs indicate that the entry of STRs typically results in lower hotel rates, especially at peak periods. STRs offer competition and a flexible supply, which can be scaled to meet demand more easily. Hotels respond to this competition by lowering their prices. This benefits all visitors, including those who do not utilize the rentals. Furthermore, STRs can bring in visitors who may not have been able to access the coast before or may have chosen not to due to the difficulty of finding accommodation in the high season or desiring the specific amenities they can find at an STR.

Short-term rentals also make sense economically in communities where demand is highly seasonal as is the case with many coastal communities where beach and other recreation peaks in the summer. Building new hotels to serve a demand for a few months of the year makes little sense, and hotels must charge high rates in peak summer months to remain economically viable.

Short-term rentals have become more popular along California's coast and elsewhere as online platforms make it easier for potential visitors to locate, evaluate (through photos, maps, and other guest ratings), and book a property all in a few minutes. The recent popularity of STRs has also led to concerns in local communities about the character of neighborhoods that have traditionally been composed of single-family dwellings occupied by one family. Coastal communities up and down California have struggled with how to regulate STRs.

The Housing Crisis and Coastal Affordability

California's housing crisis is most acute in the Coastal region, near rapidly growing economic powerhouse cities such as San Francisco and Los Angeles. In these cities, demand for housing has far surpassed supply. Due to a combination of regulatory lags, permitting issues, and pushback against higher density construction and up-zoning, there has not been a substantial increase in housing construction necessary to meet this demand. Local authorities face pressure from many residents who worry about the burdens associated with expanding the supply of housing. As a result, housing has become scarce and prices have skyrocketed.

Rising housing costs have displaced many middle- and low-income residents inland. This means that many Californians, including nurses, police, teachers, and service workers, cannot afford to live where they work and must suffer long commutes. This displacement often results in a concentration of exclusive wealth and resources along the accessible only by the wealthy. This report focuses on the lack of access to California's coast.

Several key studies by the California Coastal Conservancy, the Coastal Commission, and others have highlighted this access issue and all point out that the increased cost of coastal access falls disproportionately on low- and moderate- income households as well as communities that have been historically excluded or discouraged from going to the coast, such as Latino residents and people of color. Latino Californians in particular desire to visit the coast but are especially sensitive to the high costs of travel and accommodation. As discussed in this report, the counties of California's Inland Empire, where a visit to the coast on a hot summer day likely requires an overnight trip, are virtually all Latino majorities. For many inland families, the cost of a necessary overnight stay is a major impediment to visiting the beach.

Indeed, California's coast has become increasingly inaccessible—with the majority of areas far more affluent, less diverse, and older than the state overall. This exclusivity produces an inequity that runs counter to the aims of the California Coastal Act. Access to the resources and opportunities associated with California's coast is not distributed fairly among California's diverse population. Often, those who can afford to spend the least to visit the coast must spend the most as lower-income communities inland face the highest travel costs and accommodation burdens.

As the case studies in this report indicate, cities that have become less and less affordable, like Santa Barbara or Del Mar, have also enacted restrictive legislation limiting short-term rentals. Just as these cities have often imposed restrictive ordinances and zoning laws to limit affordable housing for their residents, they have also imposed similar restrictions on short-term rentals with similar results.

Financial Resilience

As communities across California discuss and debate adapting to climate change, one issue is clear: adaptation will be expensive. For example, a recent study (Aerts et al. 2018) estimated that Los Angeles County will face climate change costs of \$4.3 to \$6.4 billion by 2100. All of these expenses will be on top of existing financial obligations for education, public safety, affordable housing and many other issues facing California today. Local governments will need new or enhanced sources of revenue to pay their share of climate resilience.

The California Coastal Commission and Coastal Conservancy have sponsored work on numerous local coastal programs (LCPs) aimed at helping coastal communities adapt to sea level rise. While these LCPs differ, all have one thing in common—their implementation will be costly and must be financed somehow, including local participation.

Transient occupancy taxes (TOTs) offer local governments a revenue stream that can easily grow. Unlike property taxes or sales taxes, in California 100% of TOT revenues go to local communities. While TOT rates vary by local jurisdiction, most coastal communities in southern California have a TOT rate of at least 12%. However, efforts to block STRs often lead to the development of black or grey markets where STR operators do not pay TOTs to their local community. This deprives these communities of revenues necessary to fund the additional public services required, such as lifeguards, public safety, improving beaches or other facilities.

Encouraging coastal communities to make STRs properly regulated and tax-paying is critical for financing resilience. Expanding STRs not only increases access but also increases financial resilience through increases in TOT revenues. Moreover, as discussed in detail in this report, other potential sources of local financing, e.g., Geologic and Hazard Abatement Districts (GHADs) or other levies on property taxes tend to promote resilience pathways that protect private property (e.g., armoring) at the expense of public property.

Coastal California Case Studies

The case studies provided in this report illustrate some of the issues facing coastal communities. All communities want to keep their residents safe and preserve their environment. However, some communities have done so in a manner that excludes many visitors, particularly lower income households, erecting barriers to entry such as high permitting fees for STRs and severe restrictions on who can offer STRs and in what neighborhoods.

The STRs policies of three distinct regions along California's coast were examined, and each provides a specific understanding of the impacts of local policy on the affordability of STRs. As these case studies indicate, short-term rentals can coexist with residential neighbors. Oceanside's Good Neighbor Policy for short-term rentals provides an excellent example. The city has strict policies on issues that matter to local residents, including trash, parking, noise, and extra visitors. Oceanside's Good Neighbor Policy includes serious fines for people who violate these rules.

Another common argument against STRs is that they drive up local real estate prices, facilitating gentrification. Some empirical studies indicate STRs can have a modest impact on property values, but these impacts must be taken into context. The residential real estate in most of these coastal communities is already beyond the means of the vast majority of Californians. Therefore, reducing STRs in coastal communities simply reduces access to those who cannot afford to buy such properties but can afford to rent them for a short time. Indeed, in our case studies, communities, such as Del Mar and Santa Barbara which already have significantly higher home prices, higher rents, and higher median incomes, were also the same communities which placed more serious restrictions on STRs.

North San Diego County

The first case study in this report examined five coastal communities in North San Diego County: Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside. All of these communities are very popular beach destinations in the summer and have significant regulations on STRs. Our analysis of STR policies in North San Diego County indicates that communities that have restricted short-term rentals the most have the highest overnight rates. The City of Oceanside has more affordable accommodations than its neighbors to the south while at the same time also providing more affordable accommodations for its long-term residents as well.

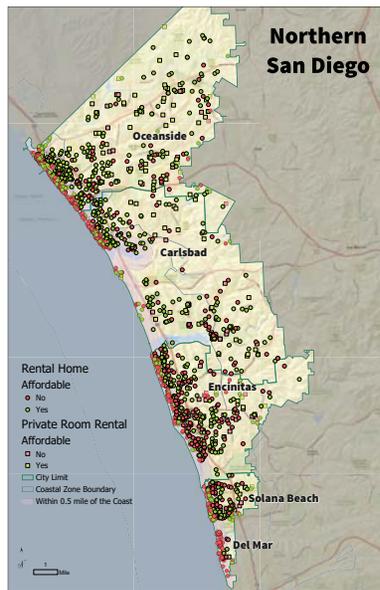


Figure E3: Affordability of STRs in North San Diego County.

Figure E3 above graphically illustrates the affordability issue in North San Diego County. The darker (redder) areas indicate more affordability; the lighter (more yellow) areas indicate less affordability. As one would expect, the areas along the coast are less affordable. However, pockets of affordability still remain farther north, particularly in Oceanside, which has a more accommodating STR policy. On the other hand, more exclusive communities like Del Mar offer fewer affordable overnight accommodations.

City of Santa Barbara

In Santa Barbara the regulatory environment is particularly difficult. The city's enforcement and zoning policies towards STRs has been described as a "ban" since STRs are classified as hotels. As a result, STRs are only permitted in areas zoned for hotels, and operators are required to submit to many of the same regulations as a hotel owner, including frequent inspections and renovations. Since 2015 the city has begun aggressively enforcing this zoning ordinance. This policy has resulted in a lack of affordable accommodation in the City of Santa Barbara since few areas are zoned for hotels. The added enforcement risk to operators has reduced supply and increased costs, reducing affordability. The maps in Figures E4 and E5 below show the results of Santa Barbara's restrictive STR policies. There are few affordable accommodations, and those that are available are away from the coast. Easing STR regulations, and thereby allowing a greater supply of STRs in other areas of the city, would significantly increase affordability and access.

Recently, the ban on STRs in Santa Barbara's coastal zone was overturned in the *Kracke v. The City of Santa Barbara* case. Judge Borrell ruled that the enforcement significantly changed the ability for Californians to visit and access the coast and that such a development would have required the approval of the California Coastal Commission. The ruling effectively allows rentals in the coastal zone to be operated immediately in the same manner as they were prior to 2015 during when operators obtained a permit and collected TOTs. The city is appealing the ruling.

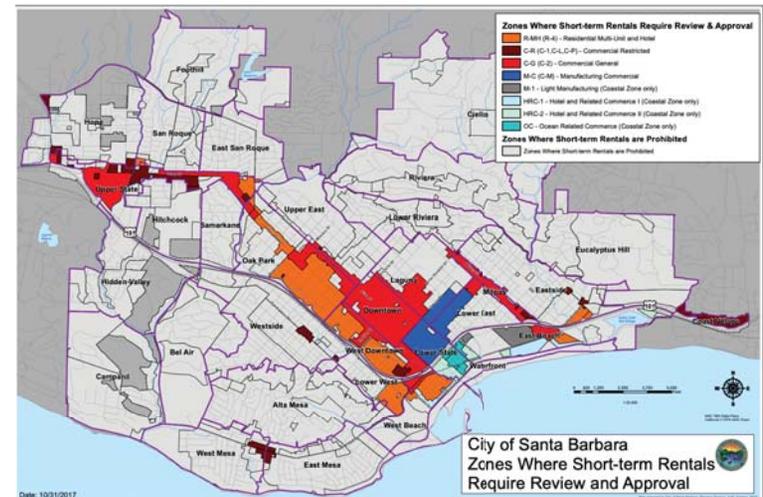


Figure E4: Santa Barbara's zoning limits STRs to areas already zoned for hotels.

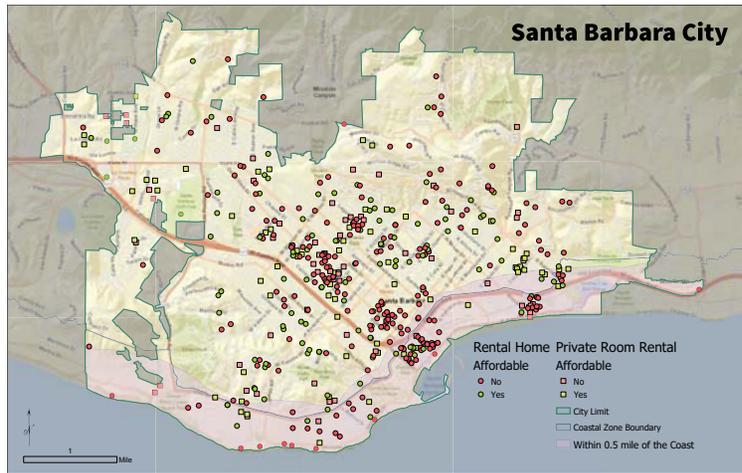


Figure E5: Affordability of STRs during peak season in Santa Barbara.

City of Pismo Beach

The California Coastal Commission has suggested that Pismo Beach's short-term rental ordinance is a model for other communities. However, as this study indicates, Pismo Beaches' permitting fees, coupled with a required business tax, imply that STR landlords must pay over \$450 for the right to rent out their property even if only for a week or two. The high fees represent an obstacle and possible deterrent to residents who might consider home sharing as a means to supplement their income. This might explain why Pismo Beach's STRs are less affordable than many other communities in this study.

Regulations on short-term rentals can help communities promote public safety alongside access and respond to the valid complaints of residents around issues such as noise, traffic, etc. These regulations, however, should not constitute barriers or bans which prohibit STRs or make STRs too expensive for low and moderate-income families, thus reducing coastal access. A well-regulated supply of STRs can also provide significant revenues for local communities in the form of transient occupancy taxes (TOTs). In addition to paying for the increased costs of public safety, these revenues can be used by coastal communities to help strengthen resilience in order to adapt to sea level rise.

Potential Solutions and Recommendations

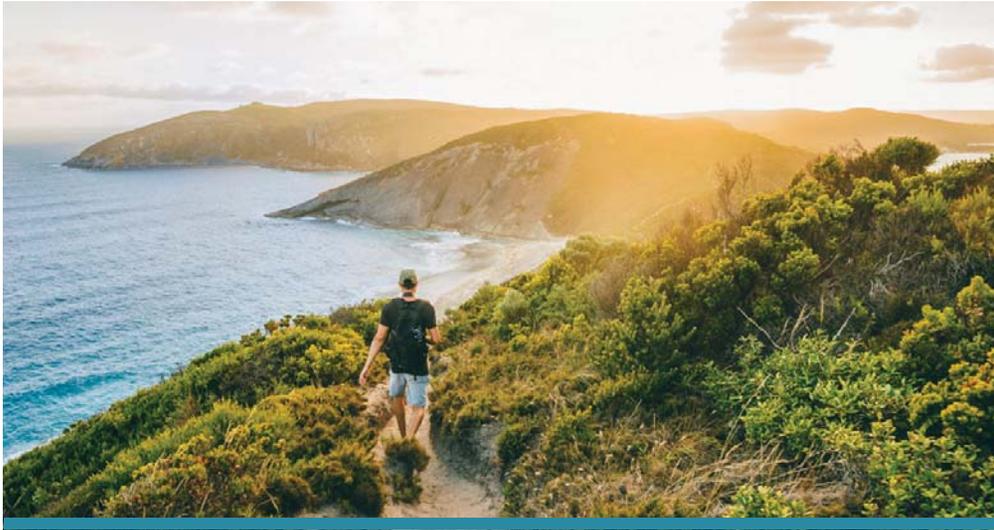
After evaluating the impacts of regulations on the availability and affordability of STRs, this report makes the following recommendations for how local jurisdictions can maximize access to the coast. These simple policy changes will help reduce the costs, delays, and confusion, thereby encouraging compliance and regulations as well as affordability.

Best Practice	Rationale
Simple, streamlined registration	Reduces the costs to operators, costs which are passed on to renters and reduce affordability
Make permitting easy and swift	Allows for more affordability by making it easier to increase the supply of STRs; also encourages registration with the City
Cities require TOT payment and cooperate with STR platforms where possible	Ensures TOTs are collected from all operators
Allow STRs in most or all coastal neighborhoods	Increases affordability near the coast, helping increase coastal access for those who need it most
No minimum on number of nights	Ensures that families who cannot afford multiple nights can still visit the coast
Maximum night cap of 180 nights or more. No night cap on shared space rentals	Helps promote affordability via greater supply of STRs, supported by Commission
Ensure compliance with “Good Neighbor Policies” and make renters aware of rules	Promotes harmony between STRs and the residents neighboring them, and promotes public safety
Require parking be provided by STRs where reasonable	Reduces traffic associated with STRs and promotes agreement with local residents. Reduces parking costs for visitors

The City of Oceanside’s Good Neighbor Policy (in appendix) and other policies generally provide a good example for other cities to follow when implementing STR policies. In communities where parking is an issue, communities should require STRs come with adequate parking depending upon the number of guests. These same communities may also wish to encourage transportation modes other than cars, such as local buses and shuttles, bike rentals, etc.

Additionally, this report recommends that the state, local governments, and non-governmental organizations (NGOs) play an active role in developing programs that target underserved communities and households with low or moderate income in order to increase the affordability of, and hence access to, the coast.

Recommendation	Rationale
State agencies, local governments, foundations and community organizations could support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast. STRs should be part of the solution.	Cooperation with NGOs helps these programs reach those most in need of easy access to the coast. STRs better serve large groups and families and provide additional amenities for families. Many STRs are more affordable.
Expand the Explore the Coast Overnight Program to include STRs, and include STRs in other pilot programs	It is easier to expand the supply of affordable accommodations through STRs, unlike other lodging, which requires new construction on the coast.
Create affordable STR program with eligibility criteria.	Establishing eligibility criteria ensures that Californians most in need of affordable accommodation have access.



Access Issues on the California Coast

The Coastal Act

California's beaches have an almost mythological allure worldwide. The California coastline is not only a crucial aspect of the identity of the state and its residents but also one of its prized tourist attractions. Millions flock to the state's beaches every year, especially during the peak summer season. In fact, of the more than 200 million in-state leisure trips California residents took in 2016, over 20% were to the beach (Conservancy 2019, 14).

As the California population continues to grow, especially inland where summer temperatures are increasingly hot, beach trips will likely become even more popular, but only if Californians can afford to visit. Access to the coast is threatened by rising costs. A 2017 study found that 62% of California families felt that a visit to the coast is simply too expensive (Christensen & King 2017, 3). These families are primarily concerned with the high costs of parking and lodging along the coast, a problem which is especially concerning for minority residents and residents of inland counties (Christensen & King 2017, 3). The high cost of a coastal visit can mean that middle- and low-income families cannot afford coastal access at all.

This disparity is especially disheartening in a state where access to the coast is guaranteed by law. In California, the coast (below the mean high tide line) and waterways are public land and intended for beneficial public use. The 1976 California Coastal Act aims to protect California's beaches and coastline and promote visitation. The California Coastal Act defines the coast as a "distinct and valuable resource belonging to all" and ensures

"maximum access, which shall be conspicuously posted, and recreational opportunities shall be provided for all the people consistent with public safety needs and the need to protect public rights." (Coastal Act, Section 30210)

The Coastal Act not only places importance on coastal protection but also includes an imperative mandate that all Californians should have maximum access to coastal recreation regardless of income.

Several recent reports by the California Coastal Commission and the California Coastal Conservancy noted that this mandate goes above and beyond protection and preservation. It necessitates the promotion of access for those who would otherwise be unable to afford it. Specifically, the California Coastal Act requires the protection, encouragement, and "where feasible" provision of "lower cost visitor and recreation facilities" (Conservancy 2019, 14; Ainsworth 2016, 1). This stipulation in the California Coastal Act gives the State government the capacity to ensure and protect access to the coast. The requirement for the preservation and provision of lower cost facilities is vital to providing equitable access to all Californians. Without lower cost overnight accommodations, many individuals with low or moderate incomes will be, and in many cases already are, unable to afford the high cost of visiting the coast. This results in unjust inequity (Ainsworth 2016, 8). It is not sufficient for the coast to be legally accessible by the public; there must be a diverse set of options that allow everyone, regardless of income, an ability to access the coast. Presently, the majority of Californians cannot afford overnight accommodations in coastal areas (Ainsworth 2016, 24).

Despite the California Coastal Act's promise of access for all, inequity persists and is perhaps more pervasive than in recent decades. The high cost of living in coastal counties has pushed lower and moderate-income Californians inland. This has resulted in longer drives and in many cases, requires an overnight stay if families wish to visit the coast. **Desire to visit the coast is relatively high among all of California's diverse demographics, yet important barriers to access persist which make visits to the coast too costly for lower income communities.** In fact, one study found 62% of California voters perceive coastal access as a problem (Christensen & King 2017, 3). Historically, public access has been unequally distributed among different groups. High land costs and explosive economic growth on and near the coast have exacerbated this situation. While the Coastal Act aimed to remedy these issues, it has fallen short.

The Coastal Act's stipulation for lower cost facilities includes the promotion, preservation, and provision of lower cost overnight accommodations (Ainsworth 2016, 1). These protections are meant to address one of the most significant barriers facing visitors to the beach: the cost of overnight accommodation and the scarcity of alternative, affordable accommodations. As mentioned, many low- and middle-income Californians have to travel greater distances to reach the coast and may need accommodation. This is a pressing issue as income inequality in the state

deepens. In a recent survey, 75% of respondents cited the lack of lower cost accommodation options as a reason they do not visit the coast as much as they would like (Christensen & King 2017, 3). Travel costs—the chief barrier to coastal access—are not equitably distributed among California’s diverse demographics. High costs to travel to and stay in coastal communities more heavily burden lower income populations and prohibit some from visiting.

Associated Costs and the Value of Beach Recreation

Although the California Coastal Act guarantees access to the coast to all Californians, recent studies show that costs associated with visiting the coast impose barriers that prevent many lower income and minority communities from visiting. Many families, despite strong desire to visit the coast, simply cannot accommodate high nightly rental rates into their budgets. Understanding the value California residents place on a trip to the coast will better help to illustrate the significance of high costs.

Californians visit the coast for many reasons; the coast provides recreational opportunities, which benefit psychological and physiological health as well as provide much needed leisure, a connection to the ocean, and an escape from the scorching summers inland (Christensen & King 2017, 3; Reineman 2016, 91). In other words, all visitors place some value on their visits—although perhaps not in dollars. This value is not always fully captured in the cost of the trip, especially since beaches in California are generally free. Thus, coastal visits have a non-market value, or a worth to visitors that is not explicit in commercial costs. Understanding the value of a beach trip can help illustrate the decisions which go into a visit, allowing economists to model consumer surplus. In this case, consumer surplus is the value of the visit once the costs have been accounted for, or how much “bang for your buck.”

While the average visitor may not calculate their exact costs and associate an explicit, monetary value to their visit, costs do play a role in decisions to visit the coast. The amount a visitor is willing to pay for a trip can reveal the implicit value of the trip (Christensen & King 2017,5; Medford 2018). This is especially important regarding trips to the beach, as beach access is generally free and thus has a “non-market value.” Economists have developed a wide variety of models to estimate the “non-market value” of visiting natural resources where access is free. One of the most common models is the “travel cost model.” In a 2017 survey, Christensen and King used this model to conduct an intercept survey of select beaches in Southern California to estimate a visitor’s “willingness to pay” (WTP) to visit the coast.

Researchers have compared the value of a beach visit to the associated costs to better understand the economic barriers that impact coastal access (Christensen & King 2017; Medford 2018). Medford (2018, 3) determined the value of beach recreation in Southern California using a visitor’s choice of site and the number of trips taken to reveal his/her willingness to pay, and thus, the value assigned to the trip. The study found higher income demographics have a higher willingness and ability to pay for coastal accommodation. Medford (2018) sought to understand how consumer surplus and WTP varied by ethnic and racial group—an important aspect of creating equity in coastal access. Minority populations historically have faced both cultural and

legal barriers to beach access. These barriers have carried over into feelings of marginalization and being unwelcome, resulting in a lower desire to visit. Medford (2018, 1) found evidence of this phenomenon, noting that Black and Asian populations on average visit the beach less. More significant than race alone, however, was “travel cost.” Minority groups were on average more responsive to high travel costs. Higher sensitivity to travel cost suggests these populations derive a lower consumer surplus, or benefit, from their visits. In order to ensure access for all Californians, these preferences need to be taken into account.

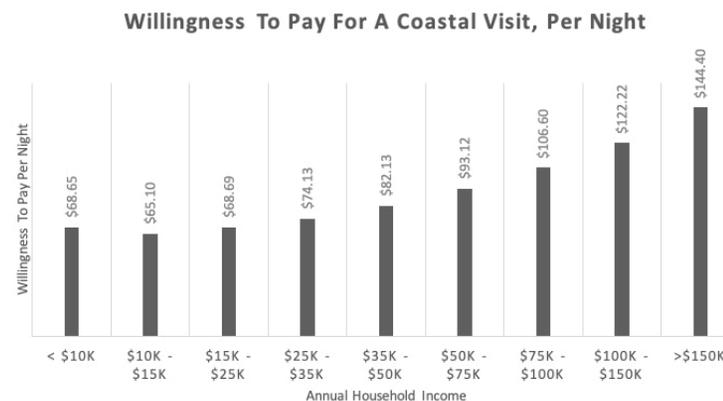


Figure 1: Willingness to pay for a visit to select Southern California beaches by income bracket (Christensen & King, 2017).

Latino residents in particular consider the cost of accommodation as a major barrier to visiting the coast. Christensen and King (2017) found that Latino voters rated affordable accommodation a major issue and were on average able to pay \$16 less per night than respondents overall. This is especially significant during the summer holidays when demand for coastal recreation is at its peak and prices are the highest. Latino populations are especially vulnerable to the lack of affordable coastal accommodations given that Latinos in California have a 52% lower median income, at \$51,853 in 2017, compared to the median income for white, non-Latino residents of \$78,903 according to the latest numbers (US American Community Survey, 2017).

For households in Southern California’s non-coastal counties—particularly those with high Latino populations, such as the Inland Empire—access to affordable overnight accommodations is critical since accessing the coast for a daytrip is difficult given traffic patterns and travel costs. According to data from the U.S. Census 2018 American Community Survey (ACS), Latino households make up the majority of the population in virtually all Southern California inland counties. Table 1 below shows these counties have a higher percentage of Latino households than the rest of the state overall.

Table 1: Latino/Latino Residents as a Percentage of Population in Southern California Inland Counties. Data from the U.S. Census 2018 American Community Survey.

County	Total Population	Latino Population	Percent Latino, 2018 ACS
Fresno	994,400	531,677	53.5
Imperial	181,827	153,757	84.6
Kern	896,764	483,846	54
Kings	151,366	83,200	55
Madera	157,672	91,939	58.3
Merced	274,765	165,438	60.2
Riverside	2,450,758	1,214,445	49.6
San Bernardino	2,171,603	1,171,925	54
Tulare	465,861	303,657	65.2
Southern Valley	7,745,016	4,199,884	54%
Rest of State	31,301,112	11,211,879	36%
California, total	39,557,045	15,540,142	39.3%

While high travel and accommodation costs are particularly significant for residents of inland counties, these costs weigh heavily in planning a coastal visit for all California residents. Naturally, if the associated costs of the trip are too high, those with fewer means would choose not to go. Survey work from UCLA on beachgoers found this to be the case, concluding that lodging and transportation costs are the paramount concerns, and indeed barriers, to beach access (Christensen & King 2017, 4). While the UCLA study did not analyze lodging costs, they illustrated part of the affordability problem. They “calculated that the average value of a multi-day trip to the coast was \$605.05, meaning that visitors were on average willing to budget roughly \$605 for the trip. Round trip travel costs amount to on average \$194.41—not including the price of overnight stays—leaving \$410.64 in the typical budget for all other expenses. With overnight visitors staying an average of four nights on the coast, the surplus value ‘left over for accommodations is just \$102.66 per day” (Christensen & King 2017, 6). That \$102 is likely insufficient as many coastal zone accommodations ask more in their daily rate. Furthermore, that nightly rate leaves nothing left over for excursions or even food.

The already high costs of lodging on the coast are prone to increases as demand for coastal accommodation exceeds supply. Hotels dramatically raise rates during the peak season, making it even harder for the majority of Californians to visit the coast. While this creates a barrier for many Californians to visit the coast, the UCLA study also found that willingness to pay for lodging

increases with income where wealthier populations are willing to pay premiums. For the aims of the Coastal Act to be met, accommodations need to exist along the coast that offer lodging for more than just the wealthy.

Lack of Supply of Affordable Accommodation

The cost of coastal accommodations concerns the majority of visitors to the beach. High travel costs—and in particular the exorbitant cost of lodging on the coast—can prohibit coastal visits and impede access to the coast. In fact, the only California populations who reliably stay on the coast are white, age 55 or older, who earn more than \$200,000 annually (Conservancy 2019, 16). Another study found that this demographic already has higher ability to access the coast. Reineman (2016, 101) mapped census demographics in relation to coastal access points and found that “by virtue of their place of residence, white, wealthy, senior Californians live disproportionately closer to public coastal access points than other groups” (Reineman 2016, 99). The coast, according to this research, is overwhelmingly white and is also predominantly wealthy. The average annual household income increases with proximity to the coast, such that those living closest to the ocean make 20% more than the state average, and low income communities are largely concentrated inland (Reineman 2016, 97). Inland Californians, therefore, face not only higher travel costs but also a greater cost burden in comparison to their incomes. This compounds coastal access inequality.

Inland California populations are on average less wealthy, younger, and more diverse than the communities on the coast. This is true for those in coastal counties but also for those who must travel much further to reach the coast, such as those who live in the San Joaquin or San Fernando Valley. As demonstrated in table 2 below, data from the US Census indicates that households in inland counties in southern California have annual incomes \$25,000 lower than households in coastal counties, reducing their ability to afford a coastal visit. These are the communities most in need of affordable accommodation if all Californians are to have access to the coast. Recall that those of lower incomes budget less for a coastal trip, and this is especially true for communities of color. Compared to the communities with the closest proximity, and therefore easiest access to the coast, those who live inland face high travel costs coupled with fewer means.

Table 2: Demographic data from the U.S. Census shows that the California coastal population is wealthier, whiter, and older than the populations of inland counties.

Comparing California Coastal Communities to Inland Counties ⁴			
	Age, Percent of Population Over 65	Percent White, Non-Latino	Average Median Household Income
Coastal Sample	16.3	49.2	\$ 83,995.00
Inland Counties	12.3	34.0	\$ 58,082.83

⁴ “Coastal Sample” includes the counties of Marin, San Francisco, San Mateo, Santa Cruz, Orange, and the cities of Monterey, Pismo Beach, San Diego, Oceanside, Los Angeles, Malibu, Long Beach, Oakland, Oxnard, and Huntington Beach. The “Inland Counties” are those counties within reasonable travel distance to the coast and large populations: Sacramento, Fresno, Riverside, San Bernardino, Stanislaus, and Merced. Bakersfield city was also included as Inland.

These Californians have to travel the furthest to the coast and therefore have the highest travel costs. At the same time, inland populations are less able to pay the high asking prices for accommodation (Christensen & King 2017, 4). According to US Census data, populous areas inland—including Sacramento, Fresno, San Bernardino, and Bakersfield—have lower median incomes and larger Latino populations than cities along the coast (see Table 2, above). Californians inland face higher travel costs with tighter budgets. Thus, it follows that inland populations visit less often, especially those from the Central Valley, “with 39 percent visiting less than once a year” (Christensen & King 2017, 3). If the aims of the 1976 California Coastal Act are to be met, more low-cost coastal accommodations need to be provided or else this disparity will persist.

Presently, those with greater means have more opportunities to access overnight accommodation and the coast itself, and this is not a result of their place of residence alone. There are simply not enough affordable accommodations on the coast, and during the peak summer season there is not enough accommodation overall. Lodging is often the most expensive part of a coastal vacation, making its scarcity critical. Publicly owned options can help keep the cost of accommodations low, but these are typically campsites or lodges and a few hostels. They act as a bulwark against the increasing lack of affordability on the coast, especially important given that the California coast has lost 24,720 economy hotel rooms since 1989⁵, more than twice the number of non-economy rooms (Ainsworth 2016, 1). While the population in California has grown, affordable accommodation options for lower income residents on the coast have shrunk.

Loss of Hotel Rooms

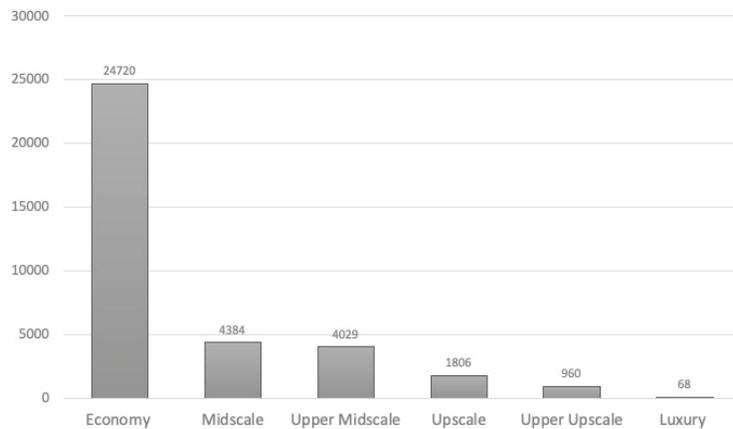


Figure 2: Loss of hotel rooms in California by class (Ainsworth 2016).

5 Ainsworth (2016) reported that nearly 70% of the rooms lost since 1989 have been economy rooms whereas 10% have been upscale and less than 0.2% luxury hotel rooms.

The existing accommodations on the coast are also under threat from rising property values and conversion to higher cost lodging. Lower cost hotels are critically threatened, closing at more than double the rate of moderate and high price hotels, resulting in the dramatic loss of hotel rooms indicated in Figure 2 (Ainsworth 2016, 1). They are being replaced by expensive condominiums, resorts, and hotels, thereby decreasing the supply of more affordable accommodations and increasing rates such that many coastal cities only offer 5% of the available rooms at a lower cost—those with a daily rate less than 75% of the California average, which qualifies a room as “affordable” (Ainsworth 2016, 2). Historically, low-cost accommodations were more accessible, but now the percentage of economy rooms has decreased dramatically with proximity to the coast. Furthermore, an “economy” room on the coast is likely to be more expensive than its equivalent inland. The supply of roughly 13,000 affordable overnight accommodations on the coast (only 7,500 rooms in Southern California) does not come close to matching the needs of the 12.6 million households within 150 miles of the coast, approximately half of which are low income (Conservancy 2019, 13). Staying overnight at the coast is simply unaffordable for many California residents. Presently, 45% of Californians find accommodation options on the coast to be too expensive or inconvenient (Conservancy 2019, 14).

The California Coastal Act’s mandate allows the Coastal Commission some leeway in providing lower cost accommodation options, primarily in dealing with development. The Coastal Commission has required some builders of new hotel developments to construct 25% of their rooms to be designated as affordable rooms and assesses an in-lieu fee of \$100,000 for lower cost rooms (Commission 2019, 25). Some hotels meet this requirement not by reducing the rates of their rooms, but with offsite solutions, such as hostels (OC Register; Commission 2019, 24). While this measure helps provide affordable options, it fails to match the preferences of the majority of beachgoers who wish for privacy. Instead, this policy essentially provides separate, and not equal, accommodations for low- and moderate-income groups. The replacement of lower cost hotels with hostels also creates a dichotomy for visitors and may prevent some from being able to visit (Commission 2019, 23). In this new scenario, mid-range accommodation options vanish.

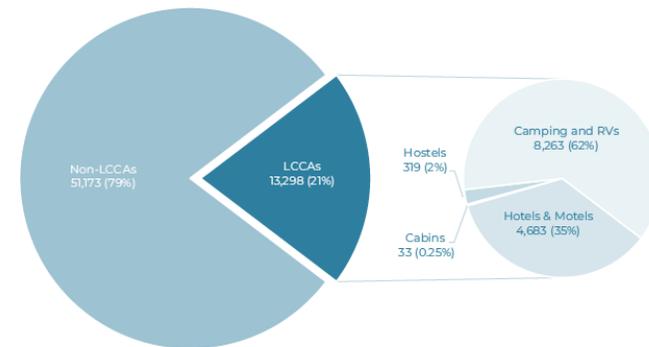


Figure 3: Distribution of lower cost coastal accommodation types (Conservancy 2019).

Furthermore, enforcement of the in-lieu fee often falls to local governments who see the policy as a suggestion rather than a rule (Access Denied, 2019). This results in developers getting away with drastically reducing the supply of affordable hotels along the coast without any hope of replacing those lost. Additionally, former commissioners interviewed by the Southern California public television station KCET explained that the fees collected, some \$22 million, have been untouched despite plans to build lower cost options including campgrounds and hostels (Access Denied, 2019).

Sky high coastal property values motivate developers to build luxury condos and resorts rather than affordable hotels which may not be fully booked all year. Coastal communities seem to prefer these developments over those that would service lower-income residents. In one case, Malibu residents stymied the construction of a campground for foster children despite earmarked funding (Access Denied, 2019). However, when luxury developments curtail residents' access to beaches, public opposition combined with the backing of the Coastal Commission can prevent privatization, such as with the Miramar Hotel in Santa Barbara where the Commission threatened a fee of \$11,000 a day for restricting access to the public beach (Access Denied, 2019). The Commission has the power to enforce the goals of the Coastal Act, but they are understaffed and often impeded by the actions of coastal municipalities.

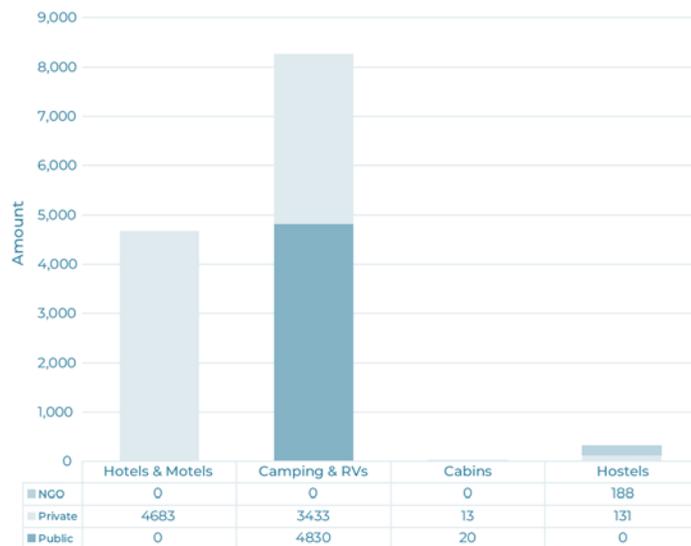


Figure 4: Accommodation ownership distribution on the coast (Conservancy 2019, 12).

The current supply of lower cost coastal accommodations also tends to fall disproportionately toward camping and RV parks. A recent study by the Coastal Conservancy focused on “lower coast accommodations”—defined as those with a rate of 75% or less of the statewide average—and found that 62% of these options are camping or RV sites (Conservancy 2019, 11). These are often publicly owned. Campsites are in very high demand and often reserved long before the peak season begins. However, surveys of beachgoers reveal that many do not wish to camp or stay in a hostel (Ainsworth 2016, 12, 26). Others, especially those from low income or minority households, may lack the necessary camping equipment. The costs of starting to camp are high with the average first-time camper spending \$181.61 for gear that first trip (Coleman 2017, 2). Camping, although a more affordable option, is not equitable either.

Furthermore, despite the lower fees for overnight camping, campers tend to skew toward more affluent groups and minority representation among campers is limited. Providing more campsites may not increase access for underserved groups as noted in one study which found 78% of campers were white (Coleman 2017, 8). While campgrounds continue to grow in popularity, they are not an option for everyone, nor do they meet the needs of all potential visitors. The majority of overnight beachgoers choose to stay in hotels (54%) or with friends or family (29%) (Christensen & King 2017, 6). Many campgrounds near the coast are also threatened by coastal erosion and campsites may be lost. For example, South Carlsbad State Beach in North San Diego County, has a number of campsites threatened by erosion.

Table 3: Availability of Lower Cost Coastal Accommodation Types vs. Demonstrated Demand (Christensen & King 2017, 6)

Type of Lodging	Popularity (Survey data)	Supply of LCAAs
Hotel/Motel/STR	54%	35%
Family or Friends	29%	N/A
Camping/RV/Boat	10%	62%
Visitors' Second Home	4%	N/A

A shortcoming of many coastal accommodations is the lack of facilities, such as kitchen access or group spaces. An overnight stay typically carries other costly expenses, especially the cost of eating out. Staying in a motel or hotel forces a family to dine out, which increases the cost of their visit. Alternative accommodation types can offer families the ability to cook and also can accommodate larger groups than a traditional hotel rooms, further reducing costs.

Overwhelmingly, studies of beachgoers illustrate that low-income and moderate-income families, people of color, and those from inland communities in California simply cannot afford to stay at the coast and therefore do not visit as much as they would like. Many barriers exist, such as the cost associated with travel and the lack of options for large groups or families. The lack of lower cost coastal accommodation in particular—and especially for those who do not wish to camp—creates a significant barrier for many Californians and undermines the aims of access for all.

Table 4: Insufficient Number of Lower Cost Coastal Accommodations in 2016, Coastal Conservancy

Number of Rooms in the Coastal Zone + 1mi	Population: Coastal Counties	Population: Inland
13,332	20,301,136	15,857,484



Figure 5: Lower cost coastal accommodations by county (Coastal Conservancy 2019).

At the same time, coastal accommodations also exhibit seasonality in prices; the cost of an overnight stay during the peak season from June to September is significantly higher than other times of the year. Hotels respond to increases in demand by increasing prices as they cannot readily adjust their supply of rooms (Zervas 2016, 1). The result is that while the travel costs associated with a visit to the coast for a family from inland California may not increase during peak season, it is likely the cost to stay overnight increases dramatically should they choose to stay at a hotel—if they can find a room.

In order to ensure all Californians have access to California's coast, one must recognize these demographic disparities. Indeed, it is not unreasonable to state that the biggest barriers to coastal access in the State of California are economic barriers: the cost of travel is highest for the families who can least afford to pay. Consequently, the State of California, in partnership with local communities and other stakeholders, needs to address these economic barriers to coastal access if it is committed to ensuring access for all. The state needs measures that promote easier access for low- and moderate-income families and communities who live inland, particularly families who cannot take a daytrip to the coast. Further, to achieve equity in access, California must address these barriers, and increase the volume of affordable accommodations, and identify strategies to decrease the price hikes during peak season.

Short-Term Rentals Aid in Providing Lower Cost Accommodations

Limits of the Coastal Act and an Alternative

Despite the mandate to promote, encourage, and provide affordable opportunities for coastal access, the California Coastal Act does not give the California Coastal Commission the authority to regulate the price of overnight accommodations. They lack oversight of private entities' rates to ensure affordability. In fact, the Coastal Act was amended in 1981 to prohibit the Commission from regulating the cost of overnight accommodations. The amendment expressly states that "the commission shall not [sic]: (1) require that overnight room rentals be fixed at an amount certain for any privately owned and operated hotel, motel, or other similar visitor-serving facility located on either public or private lands; or (2) establish or approve any method for the identification of low or moderate income persons for the purpose of determining eligibility for overnight room rentals in any such facilities." This prohibits the Commission from interfering directly in the coastal accommodation market (Ainsworth 2016, 6) and makes it more challenging to provide lower cost accommodations, which are a necessary part of providing coastal access for all.

However, while the Commission lacks regulatory authority over the price of overnight accommodation, it can influence the supply of lodging. Increasing this supply, particularly if it encourages more affordable options, would reduce rates and increase access. Greater supply of affordable accommodations can provide competition and in turn help drive down nightly rates across all accommodation types along the coast. Various government agencies are in the process of making renovations and expansions to existing public options, such as campgrounds and cabins (Conservancy 2019; Christensen & King 2017). While these expansions will help to alleviate some of the burden, they do not address the "desire for privacy, comfort, convenience, or security" that

discourages some visitors from staying at lower cost coastal accommodations, such as campsites and hostels (Conservancy 2019, 18).

Hotels, motels, and the like on the coast are almost all privately owned—and expensive. In light of the lack of lower cost coastal accommodations and the need to expand access for all, the Commission has recognized the role of short-term rentals in providing distinct amenities and more affordable options (Schwing et al 2018, 2).

Despite their historical presence along the California coast, short-term rentals have not been thoroughly evaluated or considered as a means to help meet the state's demand for lower cost accommodations. There are a wide variety of such rentals at a range of costs more suited to the varying needs of consumers and the distinct attributes they may seek to find in an accommodation (Ainsworth 2016, 13; Midgett 2017, 64; Choi 2015, 16). The availability of short-term rentals brings a new selection of lodging options that may open up more opportunities for coastal access and reduce barriers in the form of more inexpensive coastal accommodations. They also offer a variety of accommodation types better suited to a wider range of travelers. For example, some groups may wish to cook their own food, which is rarely an option with traditional lodging options, and others may be part of a large group or family and be facing the prohibitive cost of two, three, or even four hotel rooms. Short-term rentals can help meet the needs of these travelers.

Short-term rentals (STRs) are not a new phenomenon. In fact, Californians have been using STRs to vacation at the beach for decades (Ainsworth 2016, 7; Midgett 2017, 55). The planning documents supporting the California Coastal Act mentions vacation home-sharing in 1975⁶. What has changed in recent years is the advent of new technologies to connect consumers and short-term rental operators, thus increasing the ability to short-term renting of residences that would otherwise sit empty (Midgett 2017, 54). This means that families can now more readily rent out a small beach house, with a variety of amenities, that might be another family's vacation home. A resource that would have sat unused now offers Californians the chance of a more affordable vacation.

Not only does the wide variety of short-term rental options draw consumers but so does the affordability. Price, as explored in the coastal surveys and research into hotels, is one of the major factors in accommodation selection and the decision to vacation overall (Choi 2015, 2; Christensen & King 2017, 6). Short-term rentals provide a lower cost option, especially for larger groups, families, and those who may not be able to afford hotel accommodations (Ainsworth 2016, 11, 13, 50; Renau 2018, 2; Choi 2015, 2). While there is wide variation in the cost of short-term rentals, the range largely reflects the variety in attributes and size. Rentals, in some studies, were not the lowest priced option⁷. However, when considering rentals as an option for families or larger groups, a home sleeping three to four people would, in many cases, be much more affordable than booking two rooms in a hotel⁸. This also does not take into account other benefits

6 From the California Coastal Plan of 1975, which outlines policy recommendations which became the California Coastal Act. (California Coastal Zone Conservation Commission 1975, 155) https://digitalcommons.law.ggu.edu/cgi/viewcontent.cgi?article=1090&context=caldocs_agencies

7 CBRE found that Airbnb rentals could be more expensive with “the average rate paid for an Airbnb unit over the 12 months ending in September 2015 was \$148.42. This is 25% higher than the average hotel rate of \$119.11. Part of the reason for higher rates can be attributed to the amenities found at some Airbnb units... 34% of the Airbnb units have 2 or more bedrooms and the rates for units with 2 or more rooms are offered at a considerable premium to single room units” (CBRE 2017, 10).

8 An entire home sleeping three to four people may cost US\$60 a night in Paris on Airbnb (the median rate is US\$96), making a family stay in the city far more affordable than booking two rooms in a hotel. This could help explain why the occupancy rate for entire homes is in general higher than for private rooms. In these cases, Airbnb is likely bringing into the market some visitors who would not otherwise have been able to afford to make the trip (Coyle et al. 16).

of home sharing—such as access to a kitchen, parking space(s), or perhaps even bikes or beach equipment—which impart an additional value to the visitor. Additionally, since many short-term rental services focus on the price-value relationship for the customer, they offer a better value than similarly priced hotels (Choi 2015, 2).

The increased affordability and flexibility of short-term rental accommodations offer low- and middle-income visitors more options. Studies have shown that many visitors would not have been able to go on vacation without access to STRs in a variety of locations (Renau 2018, 3; Interian 2016, 132; Coyle 16). Furthermore, given that families were especially sensitive to lodging costs on the California coast and often seek specific attributes and larger spaces, short-term rentals may be particularly crucial in increasing access for that demographic.

Short-Term Rentals Can Reduce Accommodation Costs and Increase Diversity of Supply

One of the most attractive features of short-term rentals is their value. Travelers are seeking the most “bang for their buck” on vacation, and often, rentals provide that. STRs meet the needs of many travelers for a diverse set of amenities and facilities. As mentioned earlier in this report, STRs provide a better value per visitor due to their increased capacity to host families and large groups and the wide range of amenities they offer visitors, such as parking, kitchen access, gathering spaces, etc. These facilities can help reduce the overall cost of a vacation.

The increased popularity of STRs benefits vacationers outright through better value but also by providing increased supply and perhaps competition to hotels, forcing them to lower their prices. In one of the landmark studies on this topic, Zervas examined hotel revenues and the Airbnb market in Texas and found that the impact of STRs appears most clearly in “less aggressive hotel room pricing,” which benefits all travelers, including those who do not utilize STRs (Zervas 2016, 1).

The impact of STRs may not always negatively impact hotel revenues as STRs can bring in new visitors and help the tourism economy overall. Increasing demand for STRs reflects a desire for diverse options and better value; however, their presence can also indicate more demand for the area overall, which might counteract the reduction in average daily rates for hotels. Aznar found that more rentals correlated with an increase in hotel return on equity, explained by the fact that a high number of rentals indicates an attractive location (Aznar 2017, 147). Coyle also found a positive impact on hotels when examining the London market where increased Airbnb presence actually increased the rate received by hotels (2016, 3).

The sharing economy can compete with hotels by offering a different sort of service with a unique structure. STRs pop up throughout cities where there is demand for lodging. They do not require centralization or maintaining inventory, which helps lower costs (Interian 2016, 130). Rentals offer a more sustainable option that requires fewer resources and helps increase access with more diverse accommodation options and better value. STRs also fulfill the desire for sustainable travel options. Furthermore, they capitalize on collaboration and efficient use of property hosts already own, eliminating the high fixed costs faced by hotels (Interian 2016, 130; Aznar 2017, 150). These fixed costs are what force hotels to adjust their prices rather than their supply. In contrast, the sharing economy is an “asset light business model” which can easily scale to meet demand (Blal 2018, 2). This allows short-term rental hosts to capitalize on unused assets and consumers to find a better value in their accommodation options.

While the presence of short-term rentals can indicate a particularly attractive location and directly compete with hotels in an area, many rentals lie outside of main hotel districts. A study in Texas **found that 70% of Airbnb properties are outside hotel-rich districts, suggesting that rentals not only compete but also compliment hotels, offering more options to travelers (Zervas 2016, 2).** In the case of the California coast, this may include areas with great waterfronts and beaches where there has not been sufficient investment to build many accommodations.

Several studies have evaluated what makes a short-term rental competition for a hotel. The degree of competitiveness depends on several factors, including the supply of rooms, the neighborhood, character of the structure, and type of sleeping accommodation (CBRE 2016; Aznar 2017, 152). Taking into account these factors, these studies clearly found that in areas with a high number of STRs alongside hotels, rentals compete with hotels. Hotels face greater price pressure in areas with large numbers of rentals in comparison to traditional hotels and where there is growth in the number of rentals available (CBRE 1). As hotels face costs that are fixed in the short run, they need to keep occupancy high even with this level of competition (Neeser 2015, 8). The hotel industry is forced to respond to the presence of STR with price—rather than inventory—cuts, and so naturally pushes back against the sharing economy.

The impact of this newfound competition is not felt evenly throughout the hotel industry. In areas where there is sufficient supply of rooms to meet demand, such as parts of Texas, the hotels most impacted by the presence of short-term rentals are low end, economy options. There is clear segmentation in adverse effects on hotels with lower end hotels the most negatively impacted (Midgett 2017, 65). Zervas discovered this impact, noting the impact on revenue was magnified at lower price tiers (Zervas 2016, 4). This was especially the case when looking at those hotels that did not have conference facilities. However, this is less of a concern on the California coast and in the large cities examined in these studies as business travel is not the primary motive for visitation. While studies note the vulnerability of low-end accommodation providers to competition from short term-rentals, they did not find evidence of exits from the market (Blal 2018; Neeser 2015; Zervas 2016). Budget hotels may lose more revenue comparatively when STRs enter the market, but this does not appear to force them to shut down.

On the California coast, the distinct lack of lower cost options and insufficient supply of economy hotels may mitigate the concern of STRs competing with economy hotels. Rather, the presence of STRs on the coast enables more budget conscious visitors to access the coast when they may not have been able to afford it previously. Within the hotel market there is not only differentiation in type of hotel (economy, midscale, upscale, and luxury) but also within consumer preferences. Some consumers may prefer to stay in a hotel and be less open to staying in a STR. Others may like the ambiance of a rental and be early adopters. Considering the aim of increasing access to the coast, it is possible that the competitive effect of the sharing economy would reduce the price of hotels, enabling more options and more access—and also increase the “economic pie”—enabling those who otherwise would not have come to visit the coast (Blal 2018, 2). Further study is needed, however, to understand the effect of the sharing economy in a market quite distinct from major cities and business hubs, such as the California coast.

Reducing Price Hikes at Peak Periods

The most popular time to visit the California coast is the summer when temperatures soar inland and the allure of the ocean grows. The increase in demand also makes summer the most expensive time to visit due to the dramatic increase in the price of coastal accommodations and the lack of availability. Campsites are often booked up months in advance, and for those who prefer not to camp or cannot secure a campsite, hotels are in short supply and far more expensive than at other times during the year. With the high cost of coastal land, it is not profitable to build low cost hotels or similar lodging. High fixed and startup costs not only restrict the construction of new hotels but also influence the price of hotel rooms at peak times. Hotels cannot increase supply, due to high fixed costs, so they increase rates (Zervas 2016, 22). For consumers, this means that an “economy” hotel may be affordable to some visitors only during the off-season (Ainsworth 2016, 15). Additionally, there are enormous differences in prices for similar accommodations between inland and coastal hotels, including accommodations within the same brand. This increased disparity during peak periods limits the ability of even moderate-income Californians to visit the coast.

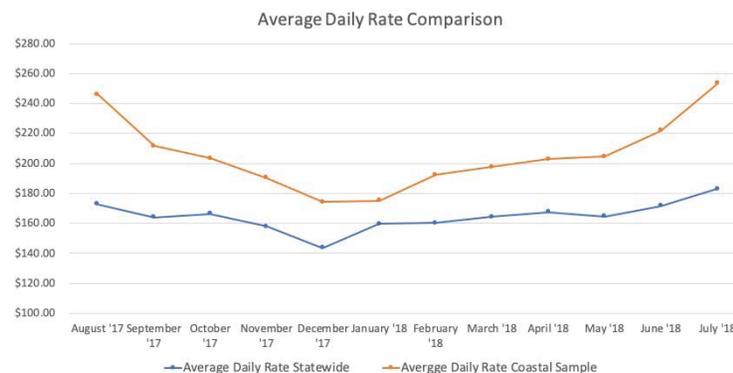


Figure 6: Average Daily Rates (ADRs) for hotels in California 2018 (California Hotel and Lodging Association).

STRs could drive competition and reduce hotels’ ability to dramatically increase rates during peak periods, an effect that would be especially desirable along the coast. During the high season, June to September, hotels are often fully occupied and respond to this increased demand by raising prices. The figure above shows the prices for hotels from February to July in 2018. Coastal zone hotels clearly increased their rates more dramatically in the summer—the peak season—than the statewide average. Given that these hotels are already more expensive than those off the coast, this can then severely hinder travel plans for lower income and working-class families.

Unlike hotels, the availability of STRs can offer greater supply of overnight accommodations during peak times without the fixed costs required for owning and maintaining a hotel year-round (Zervas 2016, 2). This is particularly true for “Mom and Pop” STRs where the owners rent out their first and second home as a way to supplement their income. This fluid supply has been shown to mitigate the pricing power and price premiums of hotels during peak demand (CBRE 2017, 13; Zervas 2016, 25). Consumers now have more options due to the greater supply and are able to opt-out from the more expensive hotel rates. In other words, the competition and increased supply provided by STRs can force hotels to charge less in the peak season. This effect, then, can help keep prices down and offer more volume and variety of accommodations, thus increasing access to the coast.



Equity, Affordability, and Displacement on the Coast

Reducing the cost of overnight accommodation has become especially critical as more and more Californians move inland and are therefore forced to stay overnight on the coast when they visit. The California Coastal Act recognized the importance of providing and encouraging lower cost accommodations long before the housing crisis created the acute need seen today. The growth in volume and ease of accessibility of short-term rentals (STRs), rather than precipitating this crisis, is a symptom of the lack of affordability in the coastal region. STRs offer a more affordable lodging solution for those who cannot afford to live near the coast or who have been pushed out of the communities nearest to the coast. The housing crisis is, therefore, not a crisis caused by STRs but rather an affordability crisis stemming from increased income disparities, exorbitant housing costs, and decades-long policies that make it harder to build denser, multi-family residential developments. In California, development does not always respond to demand due to complex zoning laws and a maze of regulatory policies and processes. Furthermore, homeowners in desirable, often high-income communities push back against development and exacerbate the problem. This creates exclusivity and a lack of affordability that pushes low- and middle-income

residents to move inland. This creates the acute need for lower cost accommodations along the coast that STRs can help address. The rising popularity of STRs, therefore, is a democratic solution to the crisis—a way for those who have been priced out of the region to still access the coast.

Acute Lack of Affordability

California faces a particularly acute affordability crisis. **In the coastal region, the lack of affordable housing and development is more severe than in the rest of the state. California's most expensive cities cluster along the coast, concentrating economic opportunity where housing is scarcest. Low-income and working-class families cannot afford to live in the coastal region due in large part to the lack of affordable housing supply. As the rent burden has increased, the lack of affordability has expanded to middle-income households as well (Chapple 2016, 88). While low-income households can apply for vouchers and federal aid, middle-income households are especially squeezed.**

Once, decades ago, these areas possessed a naturally occurring affordable housing stock—housing that the average family could afford without government aid. Today, however, housing prices in the coastal counties have skyrocketed and there is less and less affordable housing every day. Formerly affordable areas have also been converted into upper-middle and upper-class neighborhoods. There is a critical lack of affordability in small California coastal communities, especially in Southern California.

Housing prices have greatly outpaced incomes for many Californians, and this, in turn, has placed an undue financial burden on residents that is unsustainable. Faced with unsustainable costs, low- and middle-income residents cannot remain in coastal communities. Presently, housing costs are so high in the Los Angeles area that “households earning up to 115 percent of area median income, or \$69,800 per year, are unable to afford local housing costs,” while in San Francisco a “household earning \$140,000 per year, or 179 percent of area median income” struggles (McKinsey & Company 2019). These high costs largely stem from a shortage of housing supply, which disproportionately impacts the lower and middle-class residents of impacted areas. The most dramatic housing shortages are near powerhouse cities along the coast—Los Angeles and the greater Bay Area. Families priced out of these regions tend to move inland.

Rising costs overburden these households with a majority in some areas spending over 30% of their income on housing (Freeman & Schuetz 2016, 227; Marcus & Zuk 2017, 4). The situation in California is such that most nurses, teachers, and service industry workers cannot afford to live where they work. Even a decade ago, before the housing crisis reached present day levels, a majority of residents in coastal counties were unable to afford rents as shown in Figure 7 below. As a result, low and moderate-income households cannot afford to live in the coastal areas of California. This reduces coastal access for all but a small segment of the population, forcing inland residents to travel further and pay expensive lodging costs to enjoy the beach.

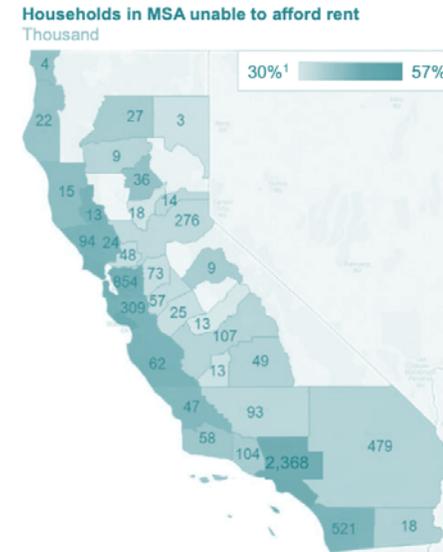


Figure 7: Percent of California residents by metropolitan statistical area unable to afford rent (Quigley 2005).

Lack of Development

The affordability crisis is largely due to high demand and lack of supply in California's powerhouse cities and the regions surrounding them. As demand has risen, there has not been a corresponding spike in development. Experts argue that in order to reduce prices, California needs to substantially increase housing production (Smith-Heimer 2019, 69; McKinsey 2019). It would be expected that in a market with high rents and high demand, there would be a great deal of construction—and that this construction would be focused on higher density housing (typically multifamily housing rather than detached single-family dwellings). However, many California cities have not built enough housing to meet this demand (Chapple 2016, 90). This is especially problematic as the resulting lack of supply drives up the cost of existing units and reduces options for those in need of affordable housing in a market where price increases have long since outpaced incomes (Freeman & Schuetz 2016, 224). Low- and moderate-income families can no longer afford existing units or find new ones. As Figure 8 shows below, development, particularly in coastal counties, largely occurs only in the luxury sector with profit only for those who supply high-income households (Chapple 2016, 85). Thus, what little construction there is does little to bring down prices, and units that were once affordable are converted into high-income housing.

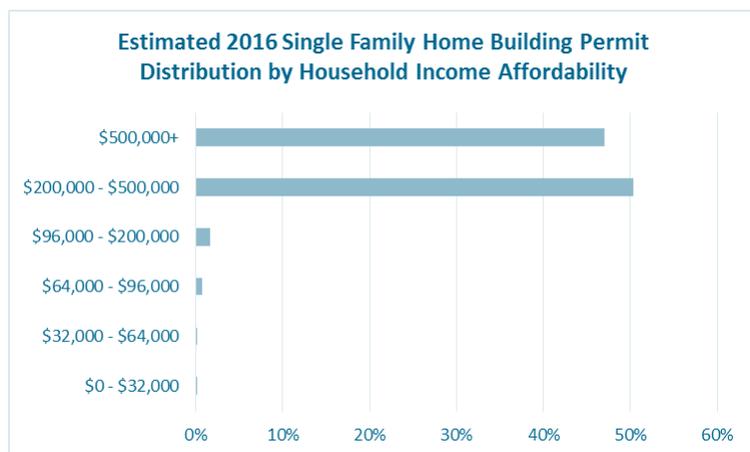


Figure 8: Single family home building permits in California skew towards high-income homes.

While there is certainly demand for new housing, potential projects are curtailed by California's especially chaotic and restrictive system, rooted not only in regulatory but also political, economic, and cultural factors (McKinsey & Company 2019). There are various regulatory measures which reduce development and affordable housing stock. Zoning, which often reserves little land for multifamily housing, imposes serious restrictions. However, McKinsey (2019) identified many units throughout the state that could be developed on vacant land already zoned for multifamily development. The lack of multifamily zoning presents less of a barrier than the ad hoc process of informal barriers which slows down development and imposes various unpredictable costs (Murray & Schuetz 2019). Delays, committees, and various other measures stall the permitting process and increase costs. This creates chaos in the regulatory environment and imposes unnecessary delay and permit costs on developers.

Rather than encourage new construction, studies have shown that the regulatory environment severely inhibits, and indeed prohibits, the expansion of much needed affordable housing. In the most expensive cities, regulations and informal controls have reduced construction nearly to zero. The most expensive cities—which are also near the coast—have built very few apartments over the past five years and largely issued no permits for their construction (Murray & Schuetz 2019, 10). These cities benefit from booming economies and strong tax bases and would rather have a higher ratio of jobs to housing to avoid negatives like high public expenses and traffic, and they see less tax revenue from large multifamily projects (Metcalf 2018, 70).

The segment of the housing market most lacking development is also most needed: multifamily housing. It would be expected that in areas with expensive land costs, developers would be incentivized to build at high density—and thus prioritize multi-family rather than single family

housing—but that is not happening in California (Murray & Schuetz 2019, 3). The market for housing has broken down, and the development of apartments does not seem to be correlated with rents. High rents should motivate high levels of development, but in California that is not the case. The lack of development, especially of high-density development, keeps rents high and prioritizes the construction of expensive, single-family housing aimed at the wealthiest homeowners. Multi-family units increase density and lower costs in the face of high demand, yet these projects face strong opposition. As a result, affordable housing tends to be built where land is cheap and political opposition is weak. These areas—often outside economic opportunity zones—limit the ability of low-income families to move to opportunity and lead to the construction of housing in outer lying suburbs (Freeman & Schuetz 2016, 228; Chapple 2016, 90).

Opposition to multifamily housing stems not only from the lack of profitability but also from the difference between potential renters and existing homeowners. In California, particularly in the coastal zone, owners tend to be older, wealthier, and whiter than potential renters (Reineman 2017; Murray & Schuetz 2019; Bliss 2019). When considering designated or subsidized affordable housing in addition to market-rate housing, this difference is all the more apparent. Opposition to multi-family (and especially designated affordable) housing in expensive cities and the coastal zone preserves the exclusivity of access to the wealth of resources there, including easy access to the coast (Owens 2019, 499-518). These actions undermine the aims of access for all outlined in the California Coastal Act and help create the acute need for affordable lodging in these elite areas.

Restrictive Housing Policies

Many homeowners in more affluent parts of the coastal region oppose additional housing development, specifically through restrictive zoning rules that limit multi-family and other affordable housing options. Similarly, restrictive policies target short-term rentals and keep the price of coastal accommodations high. Reineman's (2017) work demonstrated that the immediate coastal zone is already wealthy and white and existing economic pressures have driven coastal counties toward further homogeneity. By reducing the affordable housing stock these areas are kept expensive and exclusive as low- and middle-income households are forced out.

The Costs of Restrictive Regulations

Restrictive regulations result in less development, especially affordable and multi-family development. This drives up home prices and forces those of middle- and low-incomes to move. As in many other states, regulation and zoning are left to local municipalities in California and even sometimes directly decided by the voters via referendum (Metcalf 2018, 67). Because homeowners often make up the voting base, governments frequently adopt laws that reflect their preferences over those of renters and other less politically connected groups (Murray & Schuetz 2016, 13; Metcalf 2018, 70). Advocates of up-zoning and increasing density have not managed to clearly address how more housing in an expensive area helps everyone.

The lack of consistency in local zoning regulations impose costs on developers who must negotiate a confusing labyrinth of rules and restrictions. The costs associated with this process are passed on to renters or buyers and increase the already high housing prices. Quigley (2005, 327)

examined the responsiveness of housing stock to demand and the construction of new housing and found that both are lower in highly regulated cities. This finding was especially pronounced in the rental market. This means that in one of the fastest growing areas in the country—and an economic powerhouse that attracts workers seeking opportunities—there are fundamental barriers to development which keeps costs high. Furthermore, the promise of property taxes encourages local governments to prioritize single-family over multi-family development (Freeman & Schuetz 2016, 218). Additionally, cities in California glean a share of sales tax. This creates another incentive in favor of retail and upper-class housing over more dense, affordable options (Quigley year, 323).

Thus, affordable housing tends to be constructed in less-desirable, outer lying suburbs, further from economic opportunity (Freeman & Schuetz 2016, 228; Chapple 2016, 90). Such is the case in the coastal region where the lack of supply in comparison to demand has led the cost of housing to soar. The regulatory chaos, incentives against affordable housing, high level of income inequality, and local opposition to eliminating restrictive zoning rules are the foundational pillars of California's affordability crisis. Combined, these barriers precipitate a crisis in California far greater than what STRs might impact.

Displacement Inland Reduces Coastal Access

The lack of housing options for low- and middle-income families in the coastal region of California has forced many of these families to move inland. When residents are displaced to the more affordable areas inland, it results in inequitable access to not only the benefits of living near a strong city economy but also inequitable access to the California coast. **Unequal access to housing exacerbates the disparities in coastal access already discussed in this paper.** Moving inland also means that for Californians of moderate incomes to visit the coast, they will likely need affordable accommodations. With the loss of economy options and overall lack of supply of traditional lower cost coastal accommodation, an acute need arises for alternative forms of lodging to meet this growing need.

Table 5: Median Income and Home Price Comparison, Coastal and Inland (U.S. Census Bureau and Zillow Data)

Region	Median Income	Median Listing Price	Price as a Percent of Income
Coastal Sample	\$83,995.00	\$1,059,306.25	1261%
Inland Sample	\$58,082.83	\$338,021.86	582%

As previously stated, many households are forced to move inland because their incomes have not kept up with the increase in housing prices. As Table 5 shows, the median listing price of a home in the coastal region is over 12.5 times the median income for that region. Inland, the median listing price is under 6 times the median income. The relative affordability of inland communities attracts families priced out of the markets in the coastal zone.

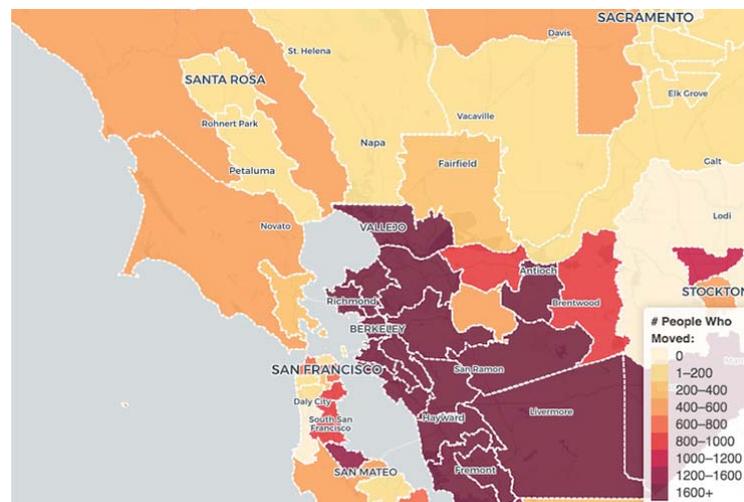


Figure 9: Displacement from the Bay Area (Berkeley News 2018).

Given that the modern economy is primarily service-driven, pushing service workers out of middle-class housing markets is concerning. This is especially true in the coastal region where the disparity in incomes is so high. **These workers—both low- and middle-income—simply cannot earn enough to remain in the strained housing market near the coast.** Forcing these households inland increases their travel costs, especially if they choose to stay overnight on the coast. Short-term rentals can help alleviate some of this burden both for visitors and those who wish to fight to remain living in the coastal region amid skyrocketing prices. **Some families may find themselves able to alleviate some of these pressures through STRs by renting their homes part-time to visitors.**

In this way, some residents may be able to afford to remain in their neighborhoods despite increasing costs. The sharing economy may offer less-wealthy residents of coastal communities a way to continue living there by shifting some of the economic burdens of ownership (Jefferson-Jones 2015, 558). In markets such as the coast, where the costs of living are increasingly high, the supplemental income from short-term rentals can offset expenses and allow residents to remain (Horn 2017, 14; McNamara 2015, 169). This could also help owners afford maintenance or

renovations, which would mean that short term-rentals may increase property value in the long run (Jefferson-Jones 2015, 573). These expensive real estate markets are particularly suited to short term rentals as most areas with high hotel premiums also have high land costs (CBRE 2017, 11). Being able to rent out their home might help some owners retain residence in the coastal zone or to afford a vacation home when they otherwise could not. This increases their access to the coast and offers a method of access for renters.

This model of the sharing economy focuses on the small homeowners who rent out extra space or a sporadically used vacation home. These “Mom and Pop” rentals sometimes make up the majority of operators. Airbnb notes that 95% of all hosts have one listing (CBRE 2017, 9). While some short-term rental operators may have excess housing, which is marketable—such as a family vacation rental—many are simply renting out extra rooms and spare space in their home (Lee 2016, 243). This extra revenue has many uses, especially in an expensive area like coastal California. As mentioned, the income enables hosts to live where they might otherwise not be able to afford, but it may also help cover groceries or pay for college (McNamara 2015, 155; Wachsmuth & Weissler 2015, 1148).

The costs of living on the coast are high and pose a distinct barrier to access. **Allowing, and indeed promoting, STRs on the coast would likely simultaneously result in some residents being able to remain when they would otherwise be forced out by the high cost of living or housing scarcity and in increased options and affordability for visitors. The benefit of STRs on the coast comes from increased access for those that cannot afford to live there—the majority of Californians—so that the coastal zone becomes not an exclusive enclave of the wealthy but a shared resource available to and accessible for all.**

The Housing Crisis and Coastal Affordability

The situation in many coastal communities is one of profound neighborhood changes—a pushing out of low- and middle-income residents as more wealth concentrates in the region. This change in neighborhoods appears to be a form of gentrification: the influx of middle- and upper-class residents which revitalize a neighborhood at the expense of its lower-income residents. However, displacement from coastal cities is not necessarily gentrification in the classical sense but rather a function of the rent burden placed on low- and moderate-income households (Chapple 2016, 86). As incomes in an area grow and market-rate housing is built, the value of those formerly affordable homes rises such that residents are pushed out or cannot afford to move in. This severe mismatch between housing costs and incomes displaces low-income communities, especially communities of color (Marcus & Zuk 2017, 3). The demand for housing in the coastal region displaces less wealthy residents who cannot keep paying rising rents nor find similar accommodations. As discussed, this has pushed many residents inland—away from the thriving economies in coastal cities and away from easy coastal access. This situation is not created by short-term rentals but rather by the high demand and lack of sufficient affordable development. Many critics of STRs claim that the presence of rentals can lead to gentrification; however, in the context of the coastal region of California, this argument is profoundly flawed.

The argument that short-term rentals induce gentrification applies less in the coastal region of California because most communities have already gentrified. For rentals to promote gentrification, the presence of STRs must (a) offer far more revenue than the traditional housing market and (b) induce a high degree of displacement and neighborhood change that would not otherwise occur. In the coastal areas of California, this displacement occurs from the broken housing market with or without short-term rentals. In fact, Chapple (2016, 85) argues that the potential revenue gains in these areas has “long since been recaptured,” and that gentrification has already taken place. Indeed, in looking at cities like San Francisco, price pressures are so extreme that the entire city is expensive (Freeman & Schuetz 2016, 219). Nearby in San Mateo County, one study (Marcus & Zuk 2017) found that 33% of households had left San Mateo County, largely for the Central Valley or further out in East Bay. In their survey, of the 20% that remained in their same neighborhood, many moved into crowded conditions (Marcus & Zuk 2017, 6). In order to find housing comparable or superior to what they had been forced to leave, residents moved to areas with fewer services and away from economic opportunity. In these areas, the economic growth, income disparity, and housing shortage engineered a situation where displacement and gentrification rapidly ensued. On the coast, there are simply fewer affordable areas left.

In these areas, it is hard to argue that STRs will displace residents of lesser means when the housing market continues to displace most of them. Coastal communities, already expensive compared to those inland, lack the affordable housing that critics argue is threatened by STRs. In a classic case of gentrification, STRs would bring in an influx of investment which would transform a disadvantaged community. In California, few of these communities remain in the coastal region as formerly blighted areas have long since been transformed by the housing crisis. Rather than protecting affordability and the character of low-income neighborhoods, what those who wish to ban STRs perceive as “threatened” is the character of already expensive, exclusive coastal areas. Without affordable lodging options, former residents of coastal communities face an undue and unjust burden in visiting the coast. Much like the arguments against affordable housing, residents seek to protect their exclusive access to the coast and see increased access for a wider swath of Californians as a threat.



Resilience

"Resilience is the ability of an urban asset, location and/or system to provide predictable performance ... under a wide range of circumstances."

Jeb Brugman, *Financing the Resilient City* (2009), p. 217⁹

The housing crisis is only one demand on local governments and the State of California's limited resources. Climate change will adversely impact communities across the state with coastal communities under threat from sea level rise and possibly other threats, such as mudslides and fires. Local communities across California are now engaged in the process of planning for sea level rise and other hazards exacerbated by climate change. Although there is currently a strong debate about the nature of these adaptation strategies, often couched in terms of green (emphasizing coastal restoration or retreat) versus gray (armoring), all of these adaptation strategies have one thing in common: they are all extremely expensive. For example, a recent study published in the *Annals of the New York Academy of Science* (Aerts et al. 2018) estimated that Los Angeles County alone will face climate change related costs of between \$4.3 and \$6.4 billion by 2100. A study in Oceanside, CA estimated coastal adaptation costs of over \$250 million by 2040. Costs for other coastal cities will be similarly high.

⁹ Brugman, Jeb, *Financing the Resilient City*, *Environment and Urbanization*, V. 24(1): 215-232, p. 217.

These coastal communities will have to come up with the money for adaptation. Many of the large capital costs of these projects will likely be financed by various state and local bond issuances (Resources Legacy Fund, 2018). However, like any loan, bonds simply shift costs forward; cities and other government and private entities will ultimately need to raise large sums of money in order to pay for resilience. In many cases, cities will either be expected to cost share or will be expected to take over certain aspects of the project (e.g., maintenance). This will all be on top of the services that cities currently provide and which are already underfunded in many areas. Therefore, cities will need to find new revenue sources, and increasing taxes is not only unpopular but extremely difficult to legislate.

Although cities can and should expect help from the State of California and U.S. government agencies, these sources of funds have been in decline as revealed when examining the percentage of the average California's city government total budget. In 1974-75, Federal and State Grants accounted for 21% of a city's budget; today that figure is less than 10% on average¹⁰ (Coleman 2016). Much of this money is also tied to particular programs and projects, so that city governments have little say or discretion over how the money is spent.

Discretionary Revenues and Spending

Typical Full Service City

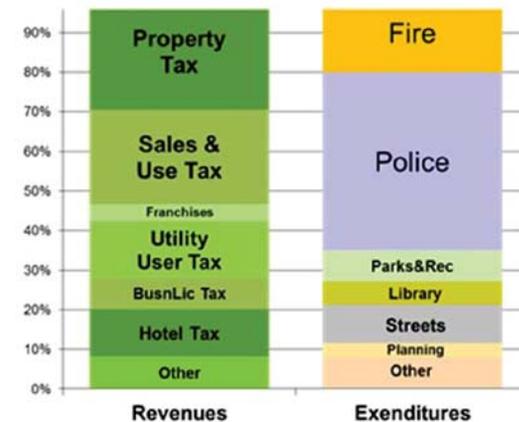


Figure 10: Revenue (taxes and fees) vs. spending for average California city.

¹⁰ Coleman, Michael, *A Primer on California City Revenues, Part Two: Major City Revenues*, *Western City*, December 1, 2016 <http://www.westerncity.com/article/primer-california-city-revenues-part-two-major-city-revenues>

Sales taxes, another significant source of local revenue, have also failed to keep up with overall economic activity in California. In California, as in many states, sales taxes only apply to goods and not services. In the last 30 years, consumers' spending patterns have shifted toward more services and fewer goods, resulting in slower rates of growth for sales taxes. Moreover, since wealthier households tend to spend a greater proportion of their income on services than poorer households, the failure to tax services makes the sales tax more regressive (California Budget Center 2011). With growing populations already straining cities revenue and increasing demand on public services, the relative decline in sales tax revenues further reduces cities' discretionary budgets. The lack of funds curtails the potential cash flow for necessary resiliency projects. The transient occupancy taxes generated by STRs can help make up for the slower growth in sales tax revenues.

Where Do California Cities Get Their Revenues?

While city governments obtain some of their budget from the state and federal governments, the primary source of revenue is their tax base. Figure 10 in the previous section presents data on revenue versus spending for the average California city (which can vary from city to city). The majority of most city budgets are dedicated to public safety, such as fire and police departments. These services are necessary and only increase in need as California populations grow and natural disasters plague the state. The majority of the remaining budget goes to other traditional city services, such as parks and recreation, planning, street services, libraries, etc.

On the government revenue side, property and sales taxes still make up over half of a typical city's general fund revenues. However, as noted above, sales taxes have failed to keep up with economic growth since services are not taxed and have become an increasing share of California consumer's spending. Sales taxes are regressive; even with food and rent excluded from sales taxes, lower income households pay a higher percentage of their income than wealthier households on sales taxes.

Outside of sales taxes, municipalities in California rely on a combination of other tax sources. One such additional revenue stream, Utility User Taxes (UUTs), have become more important as a source of general funds for cities, representing, on average, 15% of general fund revenues for cities that have a UUT. These are taxes on a consumers' usage of utility services, such as electricity, sewage, water, sanitation, and cable television. Local governments assess UUTs based on the consumer's usage of the service.

Business licenses and fees (e.g., recreational fees for a swimming pool) account for just under 10% of a typical California city budget and are generally used to partially offset corresponding city services. Transient Occupancy Taxes (TOT), also known as hotel taxes, represent just over 10% of taxes for the average city. These taxes are primarily paid by visitors to the area, rather than the residents, making them more popular. While TOT represents a small part of the average city's revenue, coastal cities with significant visitation can have much higher TOT revenues. These taxes can be a crucial revenue source useful for offsetting the cost of tourist services in addition to the general public services.

Increasing City Revenues to Pay for Resilience

Increasing local resilience to climate change will require cities to raise more revenues. Raising revenues from each of these sources poses different challenges. The primary source of municipal government revenues is through the various tax sources. Measures in California law restrict the ability of jurisdictions to alter their taxes even when the needs for revenue are critical. Adapting to climate change and promoting climate change resistance poses one such critical circumstance, especially for those communities most adversely impacted by rising sea levels. Without a new revenue source, or expanding an existing one, these governments will likely lack the revenue to either directly pay for resilience or to pay back future bond issuances. The discussion below highlights the major sources of revenue for California's cities, each with their own limitations, and also discusses the prospect of Transient Occupancy Taxes as a revenue stream.

Property Taxes

In California, unlike many other states, property taxes, though collected at the county level, are distributed via the State Board of Equalization back to local governments. While property taxes constitute a significant portion of city and county revenues, the ability to increase property taxes is limited. In 1996, California voters approved Proposition 218, "The Right to Vote on Taxes Act," which "substantially expanded restrictions on local government revenue-raising including taxes, assessments and property related fees" (League of California Cities 2019). Furthermore, these property tax increases must go to support "the acquisition or improvement of real property" (California City Finance, 2019). This means that the uses of collected taxes are limited to the state's purchase of property or improvements to structures on government property. The definition of real property includes various trees and mines but does not include waterways or the coast, which would assist in its use for necessary resiliency work on the coastline. Prop 213 requires a two-thirds majority for all property tax supported bond measures, except for school districts, which have a lower threshold of 55%. The two-thirds supermajority requirement put a damper on bond measures, and less than half of bond measures requiring a two-thirds vote have passed since 2001, whereas 84% of measures requiring a 55% measure (for schools) have passed. Since the 55% measures include schools, their high success rate may also be related to continued local support for schools. Overall, the limitations on property taxes have reduced the state's ability to collect them and thereby reduced the budget.

In addition to property tax levies to support school or other bond issues, California law also supports a number of special property tax districts, including independent financing districts (IFDs) which can issue additional fees (e.g., Mello Roos) or property tax levies generally on new or substantially improved property. For protection of existing property, the state has created geological hazard abatement districts (GHADs). A GHAD comprises an independent agency focused on the abatement and prevention of geological hazards in the area for which it was created. They have defined boundaries of that area and obtain their funding within it. A number of GHADs have been created across the state to help homeowners and other property owners protect their property against geologic hazards, such as earthquakes or coastal erosion (e.g., in Malibu). One potential disadvantage of GHADs on the coast, however, is their focus on protection of private property over other uses. For example, a GHAD may favor coastal armoring over other adaptation scenarios since armoring will protect coastal property. However, this armoring may also diminish coastal recreation if already eroding beaches erode further.

Sales Taxes

As discussed, another primary revenue source for cities are sales taxes. Sales tax revenues largely do not meet the needs of California cities, and measures to expand them have a low success rate. Under Bradley Burns Uniform Local Sales and Use Tax legislation, California allocated 1% of sales subject to sales taxes to incorporated cities or counties with another 0.25% allocated for local transportation, which are typically allocated to counties (California State Auditor 2017, 8). California law allows local jurisdictions to add on sales taxes at the city or county level to support other services. Since 2001, many measures have been passed to add-on sales taxes for local transportation; many of these were extensions of already existing sales taxes that needed to be ratified. However, if one examines sales tax increases not allocated to transportation, the success rate for new sales tax measures in California since 2001 has been less than 50%. The most successful other tax measures have involved libraries, street/roads, and public safety, but the majority of these ballot measures have failed (Ca City Finance 2019, 11-14). The lower likelihood of passing a sales tax increase diminishes the ability of municipalities to use sales tax as a source for their much-needed resiliency budgets.

As noted above, sales taxes have two other problems. First, they are regressive—lower income houses pay a higher percentage of their income in sales taxes since they spend more of their income on items subject to sales taxes. This creates an equity problem as it is unjust for those with fewer means to pay more for public services. Second, sales tax revenues in California have failed to keep up with economic growth since services (e.g., haircuts) are not subject to sales taxes and services have become a larger part of California consumers' budgets.

Utility Users Taxes

Taxes based on a consumer's use of a service, Utility Users Taxes (UUTs), have increasingly yielded important revenue streams. However, utilities will be especially stressed by climate change, and taxes or utility rates will have to increase substantially to pay to make key infrastructure more resilient. Climate change will increase the need for certain services, such as electricity (for uses such as air conditioning), and likely damage some existing systems, necessitating repair. UUTs are typically levied by cities on utilities such as electricity, water and telephone use. While voters have generally approved continuing existing UUTs, most ballot initiatives attempting to increase existing UUTs have failed in California since 2001 (CA City Fin 2019).

Additionally, local phone calls were traditionally a significant source of UUT revenue, but the advent of new technologies in telecommunication has made charges for local telephone calls a relic of the past. To respond to these changes, many cities have revised/modernized UUTs, however the majority of these ballot measures resulted in reductions in UUT fees. Climate change will have a significant impact on many utilities as cities will be required to modernize, harden, and relocate many power, gas, electric, water, and telecommunications lines. Voters facing the prospect of power outages or loss of other valuable utilities may be willing to approve UUTs targeted at improving utility infrastructure. Consequently, it's unlikely that UUT revenues can be used to fund resilience projects, other than supporting and moving existing infrastructure, requiring funding from other sources for other resilience tasks.

Business Licenses and Fees

These fees are generally collected for services rendered by a city or county and may include licenses for operating businesses within the community, recreational fees for community services such as a local swimming pool, and parking fees. These licenses and fees are generally subject to a vote by a city council or county Board of Supervisors. Parking fees may be used to support resilience projects in cases where parking lots/structures are threatened by coastal erosion.

Transient Occupancy Taxes

In looking for potential revenue sources to fund resiliency projects, cities (especially those on the coast) could look toward Transient Occupancy Taxes (TOTs). Sometimes referred to as hotel taxes, TOTs are levied on hotels and short-term rentals of less than 30 days. Under California law, cities and counties (for hotels and rentals in unincorporated areas) may levy TOTs with a two-thirds vote. According to the California State Controller's Office¹¹, the vast majority (over 90%) of cities and counties have some sort of TOT. The most common rate is 10%, but quite a few popular destinations in California have significantly higher rates that allow them to capitalize on the demand for tourism in the area. For example, Anaheim has the highest rate (15%), while Los Angeles, San Francisco, and a few other high-demand cities charge 14%. Although TOTs require a two-thirds vote, **these taxes are often popular since non-residents generally pay for them and they are often seen as a mechanism for reimbursing the costs of hosting visitors** (e.g., public safety, beach recreation). Since 2001, the majority of TOT measures have passed despite the requirement of a two-thirds vote.

One potential issue with TOTs is non-compliance. STRs offer a potentially lucrative source of TOTs if they are brought into compliance while still encouraging the existence of the rental. As discussed in the next section, TOTs from STRs have increased substantially as STRs have become increasingly popular and as more have been brought into compliance.

Transient Occupancy Taxes from Short-Term Rentals

Easier access to STRs through new platforms has not only increased access to popular destinations, such as the California coast, but also the potential to greatly increase revenues in these areas. In the City of Los Angeles, for example, revenue from short-term rental transient occupancy taxes go to the city's general fund and help pay for community services. However, in order to capitalize on this possibility, cities need to find a way to regulate STRs without imposing high costs on hosts. These costs, such as the murky regulatory environment or high permit fees mentioned above, can impose barriers to entry. This reduces the number of rentals the cities can collect taxes from, discourages small "Mom and Pop" hosts who cannot pay the high fees, and may force some STRs to continue without permits.

Table 6 below summarizes the revenue sources available to local governments in California, along with the typical use for any tax /fee increases, the political hurdles necessary for an increase, and the potential advantages and disadvantages of each tax/fee.

¹¹ California Cities Transient Occupancy Tax Revenue, Tax Rate, and Effective Date, Fiscal Year 2016-2017 <https://sco.ca.gov/Files/ARD-Local/LocRep/2016-17%20Cities%20TOT.pdf>

Table 6: Examination of Revenue Sources for California Cities

Local Fund Source	Often Used For:	Necessary Approval	Possible Advantages	Possible Shortcomings
Property Tax Levy	School Districts	Requires Ballot Measure: 2/3 for general levy; 55% for schools	Involves entire community	Raises Housing Costs
Special Assessment District (e.g., GHAD, IFD)	Protection against Geological Hazards	Requires Formation of District and Approval of Special Tax	Coastal Property Owners may have higher Ability to Pay	GHADs emphasize property protection over other uses
Sales Tax	Transportation	Revenues have lagged economic growth; Requires 2/3 Ballot Measure	Spread evenly across consumers	Lower income groups pay higher percentage (Regressive tax)
Developer Fee	Low Income Housing, Environmental Mitigation	Requires New Development	Often used to support Affordable Housing	Academic Studies indicate these fees raise the cost of housing in CA
Utility/User Fees	General Fund, Utility Improvement	Requires 2/3 Ballot Measure	Can be used to support utility resilience	Most increase measures have failed
Business Licenses and Fees	Providing Services, General Revenue	Requires City Counsel (or similar) Vote	Helps offset cost of public services	May be regressive. Limited ability to raise revenue
Transient Occupancy Tax	Parks and Recreation, General Fund Revenue	Requires 2/3 Ballot Measure or Increasing Hotels/ STRs	Increased Coastal Access correlated with higher TOTs	Requires new hotel construction or lowering STR restrictions

Financing Resilience for Local Communities

To return to the quote at the beginning of this section, resilience can be defined as “the ability of an urban asset, location and/ or system to provide predictable performance ... under a wide range of circumstances” (Brugman, 2009). Facing the threat of climate change, California cities need to increase their ability to fund and execute resilience. In all likelihood, climate change adaptation will require local governments to increase taxes and fees in a wide variety of ways, including property and sales tax increases as well as increases in utility rates or user fees to pay for infrastructure improvements.

In California, cities are limited in terms of their ability to raise revenues between the taxes and fees discussed above. As indicated in Table 6 above, each type of tax/fee has advantages and disadvantages. TOTs offer one of the most feasible methods of increasing taxes, particularly for

services oriented for visitors, such as maintenance of beaches and other public parks. Additionally, the potential to increase TOT revenue exists in the prospect of bringing existing STRs into compliance and promoting better regulations. For communities on the California coast, TOTs can provide needed revenues to offset the cost of serving visitors (e.g., public safety) as well as help preserve beaches and other sensitive coastal habitats. In addition to increasing TOT rates, many local communities have the opportunity to increase TOT revenue by allowing for more STRs or by bringing existing STRs into compliance (by paying TOTs). This would allow coastal communities to improve their resilience without burdening their populations and simultaneously increase coastal access for visitors by helping legitimize STRs as a source for affordable accommodations along the coast.

Table 7: Potential for City Revenue Sources to Finance Climate Resilience

Local Fund Source	Potential for Climate Resilience Finance
Property Tax Levy	Can help support property protecting infrastructure, especially for schools.
Special Assessment District (e.g., GHAD, IFD)	Can help support protection of private property, in particular shoreline protection.
Sales Tax	Can help support transportation infrastructure.
Developer Fee	Can make new developments more resilient.
Utility/User Fees	Can help support utility infrastructure resilience.
Business Licenses and Fees	Can help support local programs. Parking fees can help offset threats to parking.
Transient Occupancy Tax	Can help support beaches, parks, and visitor supporting services.



Case Studies— The Potential for Affordability on the Coast

California’s coast is available to all, which makes California’s coastal communities some of the most in-demand real estate in the country. California’s coastal cities tout beachfronts, plentiful coastal access, and offer a calm respite from the larger cities—or at least an escape from the Inland Empire’s heat. Unfortunately, many of California’s coastal communities have become unaffordable. Not everyone in California can afford to live in, or even visit, them.

This section examines a few case studies of different coastal communities in California. The first case study examines North San Diego County, specifically the Cities of Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside. This region showcases how affluent communities not only discourage construction of affordable housing and lodging but also have the most restrictive regulations on short-term rentals. Data from a summer 2018 sample of STRs demonstrates that

wealthier areas—in particular Del Mar—impose more restrictions and a higher degree of exclusivity in lodging, keeping costs high and inaccessible to most Californians.

Unlike North San Diego County, the second case study examines the different regulatory environments for STRs in Pismo Beach and the City of Santa Barbara. While STRs are legal in Pismo Beach, they are expensive to operate due to the burden of high permitting fees. Additionally, Santa Barbara’s near ban on STRs demonstrates how restrictive regulations increase the cost of accommodations and forces budget conscious visitors away from the coast.

In all of the sample cities, coastal access is limited due to the cost of housing, cost of overnight accommodations, and acute lack of supply for lodging in the high season. However, there are differences in the way each of these communities have approached the issue of providing coastal access via increased affordability and lodging supply. These differences contribute to dramatic disparities in affordability, which could be addressed through policy changes.

North San Diego County

The communities in North San Diego County line a popular stretch of the California coast and offer access to prime beaches, such as Del Mar City Beach, Carlsbad State Beach, Torrey Pines, Moonlight, Fletcher Cove, Oceanside, and many others. These seaside towns offer smaller communities and a well-maintained coastline often amenable to families. However, due to the lack of affordable real estate and accommodation, many Californians cannot afford to live in or visit these towns.

Despite many similarities and close proximity, the five sample cities differ greatly in their degree of affordable accessibility as well as in demographic makeup. As Reineman’s (2017) work predicts, these communities are predominantly comprised of individuals who are wealthy, white, and typically older than the median age for California. The population of Del Mar is the oldest, wealthiest, and least diverse of the focus cities. On the other hand, Oceanside is much less expensive and more diverse.

Table 8: Demographics in North San Diego County Communities, SANDAG data 2018

City	Median Household Income	Median Age	Single Family Homes
Del Mar	\$ 129,880.00	48.6	60%
Solana Beach	\$ 111,476.00	44.2	47%
Encinitas	\$ 106,960.00	41.9	63%
Carlsbad	\$ 107,605.00	41	55%
Oceanside	\$ 67,754.00	36.8	53%

San Diego Association of Governments (SANDAG) statistics indicate that Del Mar is the least diverse with over 85% white residents, the most affluent, and also the oldest by median age. Encinitas and Solana Beach are also predominantly white and older. All three coastal communities are significantly less diverse than the rest of California overall. Homogeneity along racial and socioeconomic lines is a trend along the coast; the Californians with the easiest access to the coast by virtue of their residence tend to be white, affluent, and older (Reineman 2017). This is especially evident in Del Mar.

While North Coastal San Diego adheres to this trend, and the lack of access overall, Oceanside is an interesting outlier. The city is much more diverse than the others in the study. Additionally, housing is more affordable. Oceanside demonstrates that more affordability is possible, especially in terms of affordable housing and accommodation, if regulations are in place to promote supply and affordability.

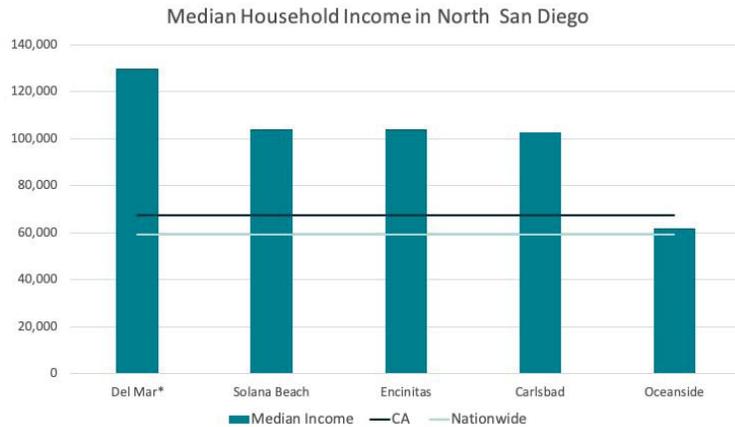


Figure 11: Median household income in North Coastal San Diego is higher than the statewide and national average.

Affordability on the North Coast

Housing affordability is especially important because coastal communities are not only more affluent on average than the rest of the state but also more expensive to live in. The housing shortage—and in particular the lack of affordable housing—is more severe in coastal cities. Simply put, a low-income household cannot afford to live in most of these communities due to a severe lack of more affordable options and multi-family housing. Typically, this lack of affordability creates an enclave of wealthier residents on the coasts and reduces access for lower-income households as they are pushed further inland. While the vacancy rates, according to a 2018 SANDAG assessment, are relatively high, the vacant homes are not affordable for most Californians. Furthermore, many homes in Coastal North San Diego County are second homes which sit unused for much of the year.

In most of the small coastal communities, median home prices and rent are much more expensive than the average for San Diego County. The notable exception is Oceanside. On the other extreme is Del Mar with a median home price nearly 3x the rest of the county. The high cost of living in these communities creates an especially acute need for affordable housing. The lack of affordable housing has been addressed in the San Diego Area Governments (SANDAG) housing needs assessment. This study helps planners determine how much housing needs to be constructed and to target that housing for specific income brackets: Very Low, Low, Moderate, and Above Moderate. The 2017 assessment found that the coastal communities in this case study alone need 5,521 homes for Very Low- and Low-Income households. The diversity in affordability, demographics, and housing needs between these coastal communities allows for comparison. Del Mar, for example, would be expected to have less ease of coastal access than Oceanside and more restrictive attitudes in local politics.



Figure 12: Housing costs in most coastal communities are far higher than the county as shown by percentages.

Affordable Accommodations

Finding affordable overnight accommodations in North San Diego coastal communities is nearly impossible during the summer high season. The meager number of affordable rooms does not begin to meet the needs of the surrounding population. The Coastal Conservancy defines Lower Cost Coastal Accommodations (LCCAs) as those with an average daily rate (ADR) 75% or less of the state average. For July 2019 (high season) this is estimated at \$140.70 per night. A prospective visitor might struggle to find such options in the coastal zone. Some cities, such as Del Mar, appear to have no affordable options at all. Del Mar, despite its popularity as a destination, offers only six hotels—with only 355 rooms between them—a scarcity which helps drive up prices (Schwing 2018, 2). Furthermore, hotels with rates less than \$140 in July typically offer that rate for a single full bed—hardly enough room for a family.

Although camping can provide a more affordable alternative for these families, there are limited options. In many of the coastal communities there are no tent camping sites, only RV parks. This imposes high equipment costs if visitors do not own an RV. In Carlsbad and Encinitas, there are State Beaches which offer tent camping, but these few sites are booked months in advance. This might be particularly problematic for a working-class family with less certainty of the stability of their financial situation and less predictability in time off. Furthermore, camping is not an option for all families as it has high equipment costs (Christensen & King 2017; Coleman 2016). Due to the barriers to entry and the limited availability, many families would not be able to turn to camping in the North San Diego Coastal area as an affordable accommodation option.

As discussed, the coast has lost many of its affordable options since 1989. The coastal region's tourism is especially seasonal, proving a challenge to the hotel business. Zervas (2016) discussed this issue, explaining that hotels face high fixed costs. This makes it especially difficult to adjust their supply of rooms to match demand—to scale up in the summer high season and scale down in the cooler months. As the cost of land on the coast has increased, economy range hotels have increasingly closed down and been replaced by upscale hotels and condominiums (Ainsworth 2017). In San Diego County, no discounted rooms have been included in new developments despite the mandate to provide affordability where feasible (Weisberg, 2015). Most recent hotel projects have been for the construction of upscale and luxury resorts (Access Denied, 2019). These new developments not only take existing LCAAs away from visitors but they also increase the associated costs of a visit by bringing in more high-end clientele and thus more upscale restaurants and shops. The areas with the most expensive hotels and fewest LCCAs typically impose the most restrictive policies on STRs, keeping prices high and lower-income visitors out.

Short-Term Rentals Provide Affordable Access

In order to evaluate the affordability of short-term rentals in North San Diego County, this paper examines data on the rental price of STRs in Del Mar, Solana Beach, Encinitas, Carlsbad, and Oceanside from summer 2018. For example, the average listing in Oceanside is \$150 per night, whereas in Del Mar the average is \$265. The data confirms the expectation that the more exclusive areas have less affordability. Furthermore, mapping the rental listings and their distance from the coastal zone shows that prices increase with proximity to the coast. Therefore, affordability decreases.

Table 9: Average Price for a Short-Term Rental in Select North San Diego County Cities for Two-Person Occupancy. Prices Determined by Capacity of the Rental.

City	All Listings	Private Room	Entire Home	Listings within .5mi of Coast	Private Room within .5 mile	Home within .5 mile
Del Mar	\$265.20	\$90.36	\$269.99	\$268.33	\$90.36	\$273.41
Carlsbad	\$153.72	\$133.90	\$156.50	\$174.27	\$152.05	\$175.20
Oceanside	\$150.62	\$117.55	\$157.00	\$166.10	\$126.52	\$167.82
Solana Beach	\$199.46	\$137.45	\$204.27	\$215.87	\$154.48	\$217.79
Encinitas	\$177.66	\$176.20	\$178.23	\$194.60	\$200.62	\$194.50

Figure 13 below shows a scatterplot of short-term rental listings from the summer (June, July, and August) of 2018 obtained from an independent source, Transparent Data (<https://www.seetransparent.com>). In this figure, affordable rentals (as defined by the California Coastal Conservancy) are depicted in green and unaffordable listings are depicted in red. As one gets closer to the coast, most listing become unaffordable; although, as indicated in Table 9 above, Oceanside still has many affordable listings within half a mile of the coast.

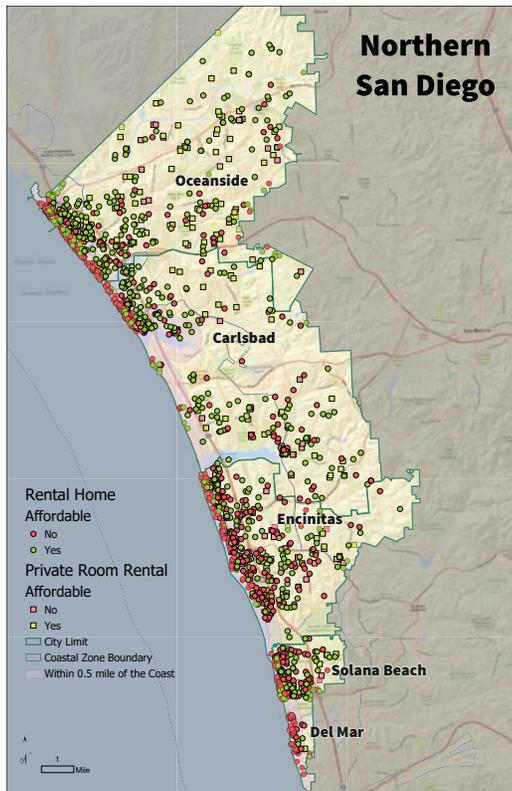


Figure 13: Distribution of STRs in North San Diego County Showing Affordability Increasing Further from the Coast. Special thanks to Dr. Kiersten Patsch for mapping.

Additionally, STR listings in North San Diego County appear to be affordable or expensive in clusters. Figure 14 below constructs an average cost map which grouped the listings in 100-meter segments around average cost and color codes the average price for each 100-meter area. The map shows that prices of STRs cluster into groupings of high costs (for example, greater than \$500 a night) and low costs (less than \$100). Average prices are noticeably lower (the darker red) in Oceanside and further inland. Del Mar has more high-priced clusters (pale yellow, indicating more than \$500 per night). While in some areas STRs are largely unaffordable according to the cost per two people per night, in many cases they are still more affordable than hotels, partially because a group or family would need many rooms at a hotel rather than a single home. Additionally, the supply of STRs helps lower prices and reduce the price hikes in the summer season as discussed in previous sections (Zervas 2015).

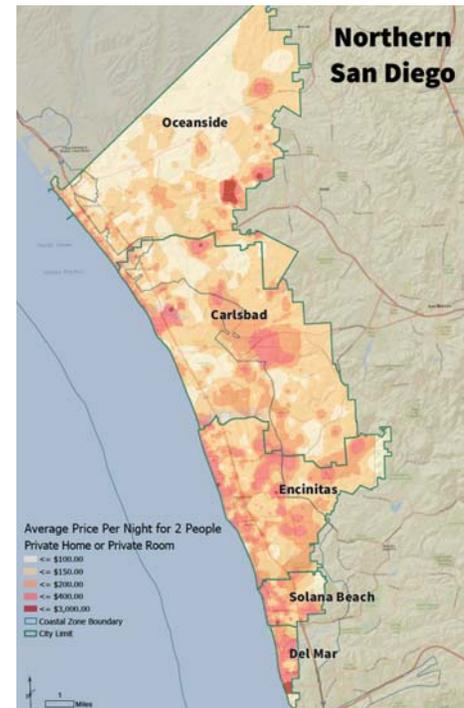


Figure 14: Distribution of Average Price of STRs in North San Diego County Showing Affordability Increasing Further from the Coast. Note that Del Mar, Solana Beach, and Encinitas have far fewer listings at less than \$100, or even \$150.

Finally, Table 10 and 11 below present affordability by number of listings. As the maps above suggest, the City of Oceanside has both the highest percentage and the highest number of affordable rentals, both homes and private rooms. The City of Carlsbad has similar percentages of affordable rentals, and Solana Beach and Encinitas also providing some affordability. Once again, Del Mar has the lowest percentage of affordable listings no matter how one looks at the data.

Table 10: Affordability (Defined here as 75% of California Average Daily Rate) for All Listings, compared to those within a half mile of the coast.

City	Affordable by Statewide ADR			
	Number	Percent of Listings	Within 0.5 mi of coast	Percent of Listings
Del Mar	12	16%	10	13%
Solana Beach	80	30%	40	15%
Encinitas	183	41%	78	17%
Carlsbad	229	52%	89	20%
Oceanside	455	52%	232	26%

Table 11: Comparing affordability of listings when defined using California ADR or the ADR of San Diego County, which is higher. Although there are more listings at 75% or less of SD ADR, Del Mar still lacks affordability.

City	Affordable by Statewide ADR		Affordable by Local ADR	
	Number	Percent of Listings	Number	Percent of Listings
Del Mar	12	16%	19	25%
Solana Beach	80	30%	103	39%
Encinitas	183	41%	233	52%
Carlsbad	229	52%	278	63%
Oceanside	455	52%	551	63%

Tourism as a Revenue Source

The lack of affordable accommodations not only impinges on access for low- and moderate-income Californians but also reduces the potential tax revenue of the municipalities. All of these coastal communities rely on tourism, and the coast is the primary draw. The cities of North San Diego County draw a large share of their tax revenues from the tourism industry, and one of the primary ways in which they do this is through Transient Occupancy Taxes (TOTs). As discussed, TOTs impose a tax on visitors when they stay in the community. Traditionally this tax was collected primarily through the hotel sector, but increasingly STRs have made important contributions to TOT revenues. In all of the North San Diego County cities examined here, TOTs make up a significantly higher portion of the tax revenue for that city when compared with the county overall.

TOTs have been rising over time, despite there not being a drastic boom in hotel construction or dramatic change in consumer preferences. This is likely due to the increased presence of STRs in the coastal accommodation market and efforts by municipalities to collect TOTs from them. Carlsbad and Oceanside are larger cities with greater tourist draw. They also tend to be more affordable and less exclusive than the Encinitas, Solana Beach, and especially Del Mar. These three smaller, more exclusive communities have seen similar growth in TOT revenues, although on a much smaller scale due to their smaller size and reduced number of lodging options. It is harder—and more expensive—to stay in one of these areas.

TOTs can offer municipalities a crucial source of funding for projects such as adaptation to climate change, affordable housing, and public services which tourists place increased demand on. They offer an alternative to GHADs where the residents pay for an independent authority tasked with protection from geological hazards such as sea level rise. Wealthier communities, such as Del Mar and Encinitas, possess GHADs. Solana Beach is also considering adopting a GHAD (City of Solana Beach 2019, 7). Oceanside, less wealthy and more diverse, does not possess a GHAD. The potential problem with GHADs is they tend to focus on armoring rather than more sustainable coastal options, which can reduce coastline and therefore coastal access. Due to the nature of the funds, they can also reinforce exclusivity as the residents nearest a particular stretch of coast pay for its protection.

In order to increase potential TOT revenues, coastal communities could turn towards STRs as a reliable source of revenue. While it takes years and millions in investment to build a hotel, STRs capitalize on and expand the use of existing property. To benefit from this revenue source, municipal governments need to embrace rules that balance the legitimate concerns of neighbors, particularly in residential neighborhoods, with California's stated goal of access for all. Restrictive STR regulations can hinder small, "Mom and Pop" rentals from the market through commercial zone restrictions and exorbitant permitting and licensing fees. The fewer the number of nights available in STRs, then the smaller the TOT revenue leading to a lost opportunity for a community to capture the benefits of the tourism market.

Regulating STRs

The policies cities enact determine how they structure the market for STRs and can affect access to the coast. Del Mar and Oceanside illustrate this dilemma well. They have chosen divergent responses to STRs that reflect the makeup of their communities. Del Mar has very restrictive regulations that prohibit STRs in residential zones and limit their operation to the Residential-Commercial (RC) zone and the Visitor Commercial (VC) zone. This means that homeowners in a residential zone cannot rent out their vacation home or spare room without risking fines. In 2017, the city attempted to pass additional restrictions to limit STRs to no more than 28 days out of the year and impose a minimum seven day stay for visitors, while restricting STRs to the Residential Commercial and Visitor Commercial areas of the city. In the interest of providing greater access to the coast, the law was rejected by the California Coastal Commission on the grounds the proposed ordinance would negatively impact public access and affordability (Schwing 2018, 2). The staff recommended no nightly minimum and a 180-day cap, while the Commissioners themselves eventually settled on a 3-day minimum and 100-night annual cap. Del Mar rejected the Coastal Commission position and is suing the state to overturn the decision. The attempt is indicative of the attitude in Del Mar towards STRs and the various ways cities enact policies which curtail affordability and reduce lodging supply.

Another policy which can detrimentally impact the affordability and supply of short-term rentals in these communities is permitting. While municipalities need to keep track of their STRs and collect transient occupancy taxes, the high cost of these permits prevents many potential hosts from renting and increases the costs of the rental. Permits range in costs and often come with secondary fees, such as costly inspections and business licenses. Cities in North Coastal San Diego attach a variety of fees to their STR permits. Solana Beach, for example, charges \$100 for a new permit and \$55 annually to renew; Encinitas' permit costs \$150; in Carlsbad the permit is free, but a business license is required at a cost based on revenue; and Oceanside's permit costs \$250. Information on Del Mar's permitting was unavailable due to the pending ban. These high costs can drive some hosts towards renting illegally and others to pass the costs on to their renters, reducing coastal access. These fees are summarized below in Table 12.

Even in cities that allow short-term rentals, there can be high costs that pose a barrier to entry for potential STR operators. Permitting is one example, and punitive fines are another. As discussed earlier in this paper, some regulations on STRs can impose high risks to the host. Fines accomplish just that. Imposed for violations of ordinances, these fines can work to enforce bans on STRs. In many cities the fines are aimed at long-term zoning compliance and obtaining back taxes. The crackdown in Encinitas showcases this with fines starting at \$250. Ordinance violations in Solana Beach start at \$500, and a second violation costs \$1000. While many areas impose these penalties, the amounts and causes are not easily discerned. Oceanside—which has the most permissive policies of this study—makes the penalty known, stating that a violation of policies will result in a misdemeanor and a fine up to \$1000. However, unlike many of the more exclusive communities their policy provides for a greater range of legal STRs. If cities wish to bring operators into compliance and preserve affordability, high penalties undermine this goal.

Oceanside, more affordable and diverse, is much more accommodating to visitors wishing to rent a home or room for a short stay and visit to the coast. Oceanside's policies make a trip to the beach and coast an affordable luxury to many Californians. The city allows short-term rentals in the residential areas provided rentals meet certain limits and adhere to its Good Neighbor Policy. Oceanside has many more STRs but it is also larger than Del Mar or Solana Beach. The higher

number of STRs offers visitors many more accommodation options, especially in high season when rooms on the coast are hard to find and campsites are booked. Similarly, Carlsbad offers more affordable STRs than the other North San Diego County coastal cities. The city requires short-term rental operators to comply with its Good Neighbor Guidelines as well, which include provisions about noise, trash, and parking.

Table 12: Short-Term Rental Regulations

Jurisdiction	Attitude toward STRs	Key Regulations
Del Mar	Very restrictive . The City attempted a limit of 28 days per year (blocked by California Coastal Commission). In Court proceedings with California Coastal Commission.	Attempt to prohibit almost all STRs Zone Restrictions: Not permitted in Residential Zones, only permitted in Residential Commercial and Visitor-Commercial and where the development allows it Night Caps: Proposed 28 days per calendar year. 7 night minimum for all stays
Solana Beach	Fairly restrictive . Rentals allowed in Residential areas if stay is over 7 days, but enforcement of penalties is strict.	Zone Restrictions: Prohibited in Residential areas if less than 7 days Fees and Permit: \$100 new permit fee with \$55 renewal, \$500 fine for first STR policy violation Taxes: Host has to collect TOTs
Encinitas	Recent crackdown to be more restrictive .	Zone Restrictions: Single family and duplex dwellings only. Multi-family dwellings and condominiums are prohibited from usage as short-term rentals in residential zones. Fees and Permits: \$140 permit annually, policy violation fines starting at \$250 Taxes: 10% transient occupancy tax hosts are to collect from renter
Carlsbad	Very restrictive except in the coastal zone.	Zone Restrictions: Banned in residential areas except in the coastal zone; required to comply with "Good Neighbor Guidelines" Permits and Fees: Permit required (free) and business license required (cost variable) Taxes: STRs are subject to a 10 percent transient occupancy tax as well as a \$1 per room per night Carlsbad Tourism Business Improvement District assessment due monthly to the city.
Oceanside	Permissive in coastal zone.	Permits and Fees: All STR operators are required to apply for a STR permit (fee required) unless the STR property is a hosted unit or part of a gated HOA; violations are a misdemeanor with up to \$1000 fine Policies: Minimum 2-night stay, curfew on daytime guests at 10pm, and limits on overnight occupancy Taxes: TOT collected by Airbnb in agreement with City Night Caps: Minimum 2-night consecutive stay

The different approaches of Del Mar and Oceanside reflect the nature of regulations in these communities. Del Mar restricts affordability through little affordable development and harsh restrictions on STRs, preserving the exclusivity of the community. Oceanside's policy is not perfect, but the openness to STRs aligns with the diversity of the community and lower housing costs. Oceanside is one of the few coastal communities that has not carved out an affluent, exclusionary enclave for its residents on the coast. Del Mar, and other communities with strict regulations severely limiting the ability of STRs to operate along the coast, reduce the supply and affordability for visitors. Communities with more reasonable regulations—designed to create harmony between STRs and permanent residents—can promote STRs, thereby increasing the supply of accommodations and lowering cost. This helps promote access to the coast without costly investments in new hotels or campgrounds.

City of Pismo Beach

In Pismo Beach the story of short-term rentals and affordability is more complicated. Pismo Beach's policy is touted as one of the model STR ordinances by the California Coastal Commission, yet the city lacks affordability in accommodations. While the City is open to short-term rentals, possibly because of its reliance on tourism for the economy, it's like the majority of the other North San Diego cities: white, wealthy, and older, demographics which have been shown to dominate the coastal zone in the state (Reineman 2017). Despite this similarity, Pismo Beach has a more permissive regulatory environment than Del Mar and other small, wealthy towns. The city is more open to the existence of STRs without attempting bans and stringent restrictions on rental operators. However, without measures to reduce costs there remains a persistent lack of Lower Cost Coastal Accommodations (LCCAs) to meet the needs of the majority of Californians and provide access for all.

Affordability in Pismo Beach

Pismo Beach is an affluent area, like much of the coast, with high median incomes and home values out of reach for most Californians. The concentration of affluence in housing creates a need in Pismo Beach and in Santa Barbara, as it did in North San Diego County, for the construction of intentional housing for those of lower means. The Regional Housing Needs Assessment conducted by Pismo Beach (2019) revealed the city needs 62 homes to meet the needs of extremely low, very low, and low-income families—41% of their overall housing need. Like much of the coastal region, these costs and lack of affordability push families inland and away from coastal access.

Affordable Accommodation and STRs

The lack of affordability in Pismo Beach extends to both traditional lodging options and short-term rentals despite the city's hospitableness. The city appears to lack any affordable hotel options. It is, however, close to state beaches with camping options. As previously mentioned, those options fill up quickly and may not meet the needs of all visitors. In particular, camping may not be an option for those who lack the means to purchase equipment.

While STRs offer lower rates than some hotels, this study found only 38 rentals that would be considered Lower Cost Coastal Accommodations (LCCAs) by the Coastal Conservancy standard. This amounts to only 25% of all rentals in the area. It is worth noting that almost all (96%) of Pismo Beach rentals are within a half mile of the coast where prices tend to be higher, but that percentage of affordability is still very low.

Although Pismo Beach generally embraces STRs, the city requires operators to apply for a permit—at cost of \$399—and a business license, totaling over \$450 in comprehensive fees. This permit cost has the impact of (1) discouraging homeowners from becoming hosts and therefore reducing the supply of rental, and (2) passing on that high cost on to visitors in the form of higher rates. Overall this reduces affordability. Mapping the location of STRs in Pismo Beach shows that they overwhelmingly are near the coast but also expensive. The location is ideal for visitors, but likely inaccessible to those with stricter budget constraints because of the lack of lower cost accommodations.

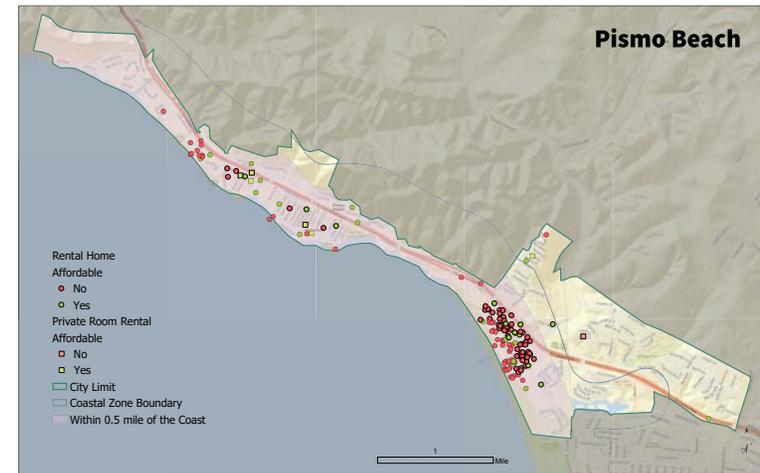


Figure 15: Mapping the STR listings in Pismo Beach shows the close proximity to the coast and general lack of affordability.

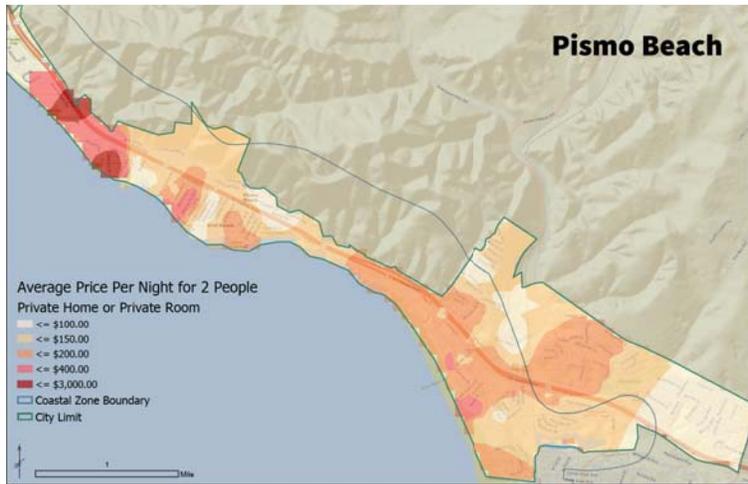


Figure 16: Looking at average cost clusters for Pismo Beach shows the concentration of expensive listings.

Reliance on Tourism

Although there are not sufficient LCCAs in either Santa Barbara or Pismo Beach, there are many hotels. These fill up in the high season and the campgrounds book up far in advance. There are over 150 hotels between these two communities, and both derive much of their economic base from tourism. Pismo Beach collects nearly half its revenue via TOTs, and their collection has increased over time¹². This reliance on tourism may contribute to Pismo Beach's openness to STRs as part of its efforts to foster tourism and keep the town thriving. In fact, Pismo Beach's STR policy notes that the loss of TOT revenue in part motivated the regulation. With the high cost of new hotel construction, existing informal home sharing and the promise of more STRs via new platforms offer a much faster source of renewable tax revenues. This may explain why Pismo Beach lacks the affordable hotels that Oceanside offers but has a relatively permissive STR policy. The caveat is, of course, the high fees which keep affordability low and impact access to the coast.

Regulating Short Term Rentals

Despite the over \$500 cost to operate a legal STR, Pismo Beach has been heralded by the Coastal Commission for its model STR ordinance. However, the combined cost of the permit application, business license, and the added delay of inspections reduce the ability of operators to charge affordable rates for their rental listings. The city allows short-term rental operators to share their primary residence year-round with no nightly cap if they are present for the duration of the stay and pay the \$500 in fees associated with obtaining a permit. If the STR is not the primary residence, or the operator is not present, the unit has to be in specific zones. While there is a limit of 182 days per year on unhosted stays, the duration means a unit can be rented for more than the entirety of the high season.

While the City's rules promote the supply of additional accommodations and in turn increased access to the coast, the expensive fees create a barrier to entry for potential short-term rental operators and thus restrict the number of potential accommodations along the coast. As expenses of permitting, licensing, and potential fines are passed on to renters, affordability diminishes. This reduces access for those who need access the most. It also reduces the City's TOT revenue since fewer properties are registered and therefore fewer taxes being collected.

Table 13: Short Term Rental Regulations in Pismo Beach

Jurisdiction	Attitude toward STRs	Key Regulations
Pismo Beach	Relatively Permissive	<p>Zone Restrictions: Allowed in almost all residential zones and planned zones at primary residences</p> <p>Permit and Fees: \$399 permit application fee, business license required (fee required), minimum violation \$750</p> <p>Taxes: host collects TOTs</p> <p>Night Caps: Limited to 182 days per year <i>without the owner present</i></p>

¹² Data compiled from the Comprehensive Annual Report for 2018 in Pismo Beach. <https://www.pismo beach.org/DocumentCenter/View/53246/FY-2018-Annual-Financial-Report>

Santa Barbara

Unlike Pismo Beach, Santa Barbara has a restrictive policy towards short-term rentals. The city has more in common with Del Mar and their attempted ban on STRs. The City of Santa Barbara regulates STRs as hotels for zoning purposes. Therefore, the City of Santa Barbara considers any listings operating outside of areas already zoned for hotels illegal. With this ban, the city removed the option for many homeowners to rent out unused space to visitors and confined visitors to tourist areas. These rules reinforce the exclusivity of the community and impose great risk to hosts who may be forced to list their vacant property illegally. Such listings also do not contribute to city TOT revenues.

Affordability in Santa Barbara

Santa Barbara's policies towards STRs reflect the expense and exclusivity of the city overall. The median home price in Santa Barbara, according to Zillow.com (2019) is \$1.14 Million—almost twice the average for Santa Barbara County let alone California overall. Santa Barbara's assessment reveals the need for 1,461 additional homes in the Very Low- and Low-income categories, or 47% of their total housing need. The lack of affordability extends to hotels as well. In Santa Barbara the ADR in July 2018 was \$227.60, and a prospective visitor only finds a couple of options with “affordable” rates in July—two with rates less than \$137 nightly. These options are further from the beaches and appear not to offer sufficient beds (at that rate) for a family to stay overnight. Santa Barbara is close to state parks with campgrounds as well as RV parks; however, as previously discussed, there are limitations not only on the number of sites but also on the viability of camping as an option for some families.

STRs, Legality, and Zoning in Santa Barbara

The study of rental listings from summer 2019 reveals the nuances of the Santa Barbara policy on the affordability of STRs. The City of Santa Barbara is unique, in this study, because in 2015 it began a “heightened enforcement program” of its zoning regulations with the objective to remove STRs from areas where they had been allowed before 2015 (Kracke v. City of Santa Barbara, 2019). **By classifying rentals as “hotels,” and therefore restricting them to zoning that allows hotels within the city, Santa Barbara has greatly reduced the affordability of rentals near the coast.** These zoning laws, then, allow very few legal rentals within close proximity to the coastline as shown in Figure 16. The crackdown on rentals outside the commercial zone, including those in the coastal zone, constituted a change in policy for the city. Prior to 2015, the city had an informal practice of recognizing and allowing STRs provided they paid TOTs and received no complaints (Kracke v. City of Santa Barbara, 2019). In 2010 and 2014, the city attempted to bring more STRs into compliance, hoping to increase TOT revenues (Kracke v. City of Santa Barbara, 2019).

In 2015, Santa Barbara changed its enforcement and began what constitutes a ban on STRs, because even where zoning allowed for STRs, other requirements and the difficulty of navigating the system prevent operation¹³. As a result, only 7% of all listings in Santa Barbara fall within a half mile of the coast and meet the California Coastal Conservancy's definition of Lower Cost. Although one-third (33%) of citywide listings are affordable, these cluster further from the coast as shown in Figure 17. Many of the more affordable listings for Santa Barbara were actually outside of the city limits where the regulations are less strict. Furthermore, obtaining a permit to legally operate a STR in Santa Barbara is nearly impossible. The City in 2017 had not issued a permit in over two years, according to a recent lawsuit, even for homes in the correct zoning (Santa Barbara Short Term Rental Alliance, 2017). Many homeowners face this obstacle even after going through the costly process of inspections—and even remodels.

The city's ban on STRs violates the California Coastal Act and fails to comply with the California Coastal Commission, according to a recent lawsuit (Kracke v. City of Santa Barbara, 2019). The Court found that Santa Barbara's enforcement of zoning regulations changed the access and use of the coast, and that in order to do so they would have needed permission from the Commission to remove STRs in the coastal zone since STRs allow access for more visitors, especially those of lower incomes. A ban on STRs, because of the access they provide, would not be legally enforceable (Kracke v. City of Santa Barbara, 2019).

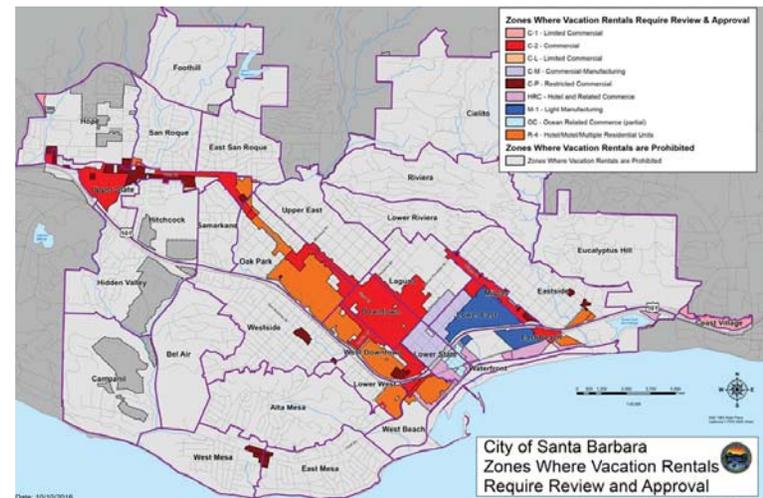


Figure 17: Map provided by the City of Santa Barbara showing zoning where hotels (and STRs) are legal, 2017.

13 Council Member for the City of Santa Barbara is quoted in the Ventura Superior Court findings as stating: “I think it’s incredibly confusing...it truly isn’t possible, except in very rare circumstances for someone to provide the off-street parking, to meet the code requirements, to actually pull that off, as evidenced by there’s only one who—after a two-year process—to successfully navigate that system” (Kracke v. City of Santa Barbara, 2019, 9).

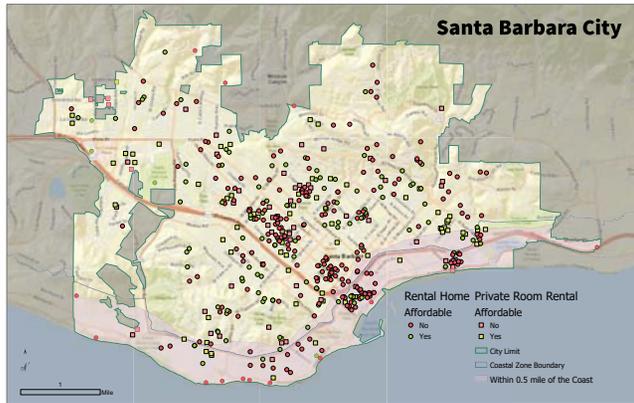


Figure 18: Summer 2018 STR listings for the city of Santa Barbara. Listings do not adhere entirely to the map of legal areas and tend to be less affordable along the coast (only 7% of listings within a half mile are Lower Cost Coastal Accommodations)

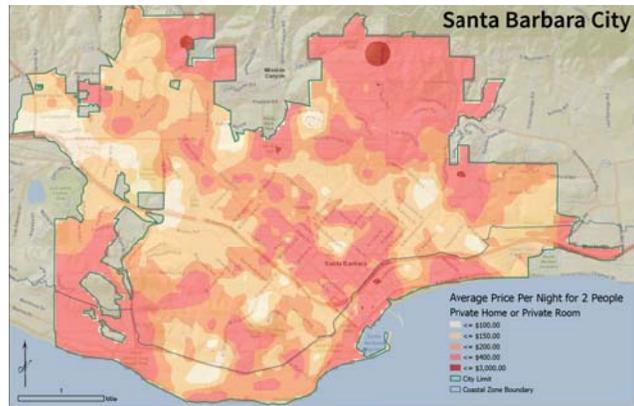


Figure 19: A map of average price clusters in Santa Barbara City, showing the high cost (yellow) along the majority of the coast.

Regulating Short Term Rentals

Santa Barbara and Pismo Beach make an interesting comparison of policy implications since their policies differ significantly in how they regulate STRs. Santa Barbara shares much in common with Del Mar, severely restricting STRs and thereby reducing the supply of coastal accommodation. In Santa Barbara, STRs constitute hotels for zoning purposes and are therefore illegal if operating outside of the areas where hotels are allowed. With this ban, the city removed the option for many homeowners to rent out unused space to visitors and confined visitors to tourist areas. These rules and regulations reinforce the exclusivity of the community. Such listings also do not contribute to city TOT revenues. **Bans on STRs claim to preserve neighborhood characteristics and promote public safety; however, they really succeed in restricting access to expensive coastal communities and preserving their exclusivity.** With little local support for affordable housing development or lower-cost accommodation options (the most feasible being STRs), many inland low-income and underserved populations are effectively barred from visiting the City of Santa Barbara.

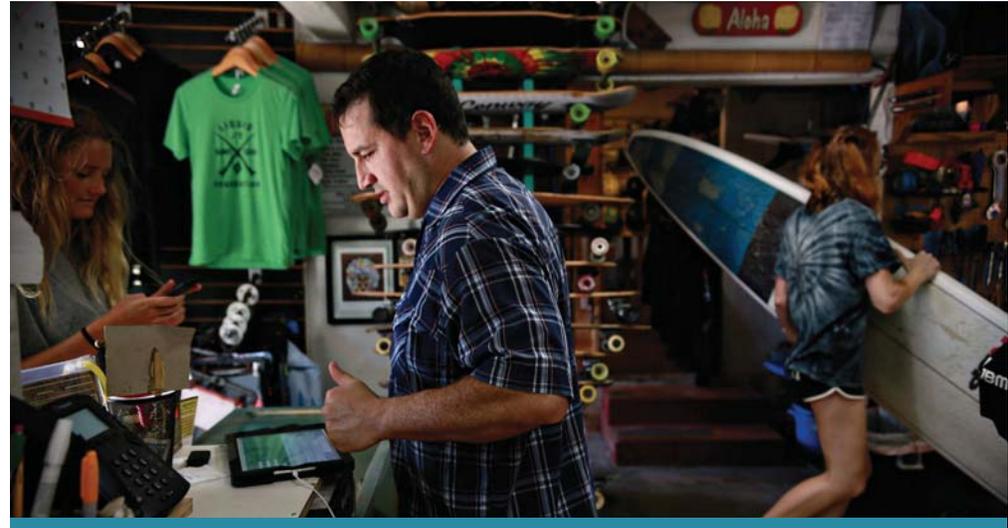
Table 14: STR Regulations in Santa Barbara City

Jurisdiction	Attitude toward STRs	Key Regulations
Santa Barbara	Very Restrictive, STRs effectively banned	<p>Zone Restrictions: Considered hotels and therefore illegal outside of areas within the commercial zone that allow hotels</p> <p>Permits and Fees: Permit required, if STR is in hotel district and therefore legal</p> <p>Taxes: Required to be collected</p>

Discussion

The case studies in this section indicate that restrictions on STRs can take many forms—from outright bans to high permitting/licensing fees to restricting visitors to areas which already serve tourists through more traditional overnight accommodations. Perhaps unsurprisingly, our case studies also show a very strong correspondence between communities, like Del Mar and Santa Barbara, which have limited affordability for traditional long-term rentals and have few affordable options for potential homeowners who are not already affluent and restrictions on short-term rentals. One common argument against STRs is that they increase prices for long term residents and lead to gentrification. However, the case studies in this section indicate that the areas restricting STRs the most (Del Mar and Santa Barbara) are also areas that have already limited affordability for long-term residents. Conversely, the City of Oceanside has more affordability for both long-term and short-term residents than any other coastal city in this study. Oceanside has also created a “Good Neighbor Policy” (included in an appendix to this study), which does levy significant penalties against STR hosts and tenants who violate these policies, indicating that cities can strike a balance between protecting and preserving residential neighborhoods and allowing access to the coast. Our case studies also reveal, however, that many policies that are designed to preserve residential neighborhoods along the coast, already enclaves of affluence, effectively limit options for middle class and underserved communities who not only have been priced out of the residential market but now find themselves restricted out of the short-term rental market as well. Access for all has now become access for the affluent only.

Pismo Beach also represents an interesting case study since its policies have received some support within the coastal community. Unfortunately, a close inspection indicates that Pismo Beach still has a limited number of affordable rentals despite being more accommodating than some other communities. Our analysis reveals that Pismo Beach’s permitting and licensing fees are quite high even compared to other communities in this study. Pismo Beach also restricts STRs to primary residents. Ostensibly a policy limiting STRs to primary owners reduces the demand for second homes. However, like most other coastal communities in these studies (except Oceanside), Pismo Beach’s home prices are already beyond the means of the vast majority of Californians, restricting STRs to primary homeowners simply restricts affordability of STRs. Similarly, high permitting and licensing fees discourage homeowners with more modest (and hence affordable) accommodations from renting out their homes short-term. In many cases, this may lead to homes that are unoccupied despite a high demand for STRs.



Solutions

Access for All

The California Coastal Act guarantees “maximum access”¹⁴ to California’s iconic coast and beaches. To that end, the Coastal Commission has endorsed promoting coastal access and prohibiting private beaches anywhere in California. However, as discussed in more detail in the first section of this study, among many threats to coastal access in California the most significant is the high cost of coastal real estate which has forced millions of Californians to migrate inland to find more affordable housing. This inward migration has disproportionately impacted people of color and Californians from low to moderate-income groups. Those displaced inland face much higher costs for a coastal visit than those living closer to the coast. Today, too many of California’s beaches have become effectively inaccessible to minority communities and lower income residents.

One possible method to increase access to the coast is to promote affordable overnight accommodations. Although Californians have a variety of options for staying on the coast, most are expensive and many are unavailable during peak season between June and September. The same factors that have driven up the price of residential real estate along the coast have also driven up the cost of overnight accommodations in that area. Studies by the California Coastal

¹⁴ 1976 California Coastal Act, Section 30210.

Conservancy and the California Coastal Commission indicate this problem is getting worse: many low-cost accommodations have closed and in many cases, the real estate has been transferred to other uses.

Short-Term Rentals

Short-term rentals (STRs) have long been one of the alternative lodging options available to California's coastal visitors. STRs use existing homes and structures to provide additional accommodation for coastal access. Since most homes are unoccupied some of the time, STRs provide a simple, sustainable solution to the problem of coastal access. When planning for sea-level rise, using short-term rentals in existing structures may be a more sustainable alternative to building new structures for lodging on the coast. Unlike hotels, increasing the quantity of available STRs does not require more construction along California's coast. In simple economic terms, allowing more STRs increases the supply of short-term accommodations on the coast. Further, many STRs provide kitchens and accommodations for multiple households, further lowering the costs of overnight stays, especially for low and moderate-income groups and large families.

Limiting STRs along the coast, particularly during the busy summer months, limits coastal access. During the summer, traditional overnight accommodations are scarce and often must be booked months in advance. Every family that cannot find or afford a short-term rental is a family that cannot stay overnight on the coast and perhaps cannot visit at all.

At the local level, one of the primary reasons given for discouraging STRs is that short-term renters contribute to noise, parking problems, and may otherwise disrupt a quiet residential neighborhood. In many ways, these arguments against STRs are a replay of the arguments used to block other types of housing in coastal communities that led to the housing crisis in the first place. **These STR restrictions imply that Californians, who can no longer afford to live near the coast, can now no longer afford to visit the coast.**

Best Practices for Regulating STRs

The case studies and literature review contained in this paper point toward regulatory practices that can allow access to the coast while also ensuring that neighborhoods remain safe. However, some regulations pertaining to STRs can also have the effect of limiting access, especially for lower income households and underserved communities. To ensure regulations promote access, we recommend the following best practices.

Best Practice	Rationale
Simple, streamlined registration	Reduces the costs to operators as costs are passed on to renters and reduce affordability
Make permitting easy and swift	Allows for more affordability by making it easier to increase the supply of STRs and also encourages registration with the City
Cities require TOT payment and cooperate with STR platforms where possible	Ensures TOTs are collected from all operators
Allow STRs in most or all coastal neighborhoods	Increases affordability near the coast, helping increase coastal access for those who need it most
No minimum on number of nights	Ensures that families who cannot afford multiple nights can still visit the coast
Maximum night cap of 180 nights or more. No night cap on shared space rentals	Helps promote affordability via greater supply of STRs supported by Commission
Ensure compliance with "Good Neighbor Policies" and make renters aware of rules	Promotes harmony between STRs and the residents neighboring them and promotes public safety
Require parking when reasonable	Reduces traffic associated with STRs and promotes agreement with local residents. Reduces parking costs for visitors

Best Practice: Simple, streamlined registration, especially for owners renting out their homes for limited periods.

The case study of Pismo Beach in this report is particularly instructive. Although Pismo Beach is accommodating to STRs in many regards, its permitting fee, coupled with a business license requirement, push costs up to over \$450 per rental per year. By comparison, a California Driver's License costs \$37 and is typically good for several years. Costly inspections of residences already in compliance with local codes should be limited to properties that are rented more frequently.

Best Practice: Make permitting easy and the process swift.

In addition to lowering permitting fees, communities should make it easy and quick for owners to legally register their property for as a short-term rental and pay the required transient occupancy taxes. Allowing online registration, providing a one-page registration sheet, and ensuring the permitting process is straightforward and efficient are among the ways communities can achieve this goal.

Best Practice: Cities should require and enforce the payment of TOT taxes on STR rentals, collaborating, when possible, with STR Platforms to ensure maximum collection.

The generation of TOT taxes by STRs is an important benefit to the communities where rentals are allowed, and communities should maximize the collection of those taxes to support local services. When possible, cities should collaborate with STR platforms to ensure that all taxes are collected. This practice is already underway in some coastal areas, including the City of Carlsbad. These practices ensure that all STRs are in compliance with the tax policies and generate revenues that can be used to increase resilience.

Best Practice: Allow STRs in most or all coastal neighborhoods.

Some coastal cities (e.g., Carlsbad) allow STRs to operate in the Coastal Zone, promoting coastal access with fewer restrictions. However, many communities (e.g., Santa Barbara) have restricted STRs to commercial zones where hotels already exist. This practice significantly reduces the availability of short-term rentals and often pushes visitors into already busy tourist areas. If this commercial area is away from the coast (as is the case for much of Santa Barbara) then such policies may also increase traffic/parking problems along the coast as more families decide to drive to the beach. Restricting rentals to commercial zones further from the coast also increases the rates of those STRs nearest the coast, pushing low- and moderate-income Californians to less sought-after areas. The net effect here is, once again, a reduction in access to the coast for low- and moderate-income households.

Best Practice: To ensure maximum access, communities should not place minimum restrictions on the number of nights that a residence can be rented.

Del Mar and many other coastal communities have placed restrictions on the minimum number of nights a visitor must stay. Placing three-night or seven-night restrictions on renting limits access, especially for families who can only afford a one- or two-nights' stay.

Best Practice: Discourage restrictions which limit the total number of nights a residence can be leased as an STR.

Some jurisdictions have imposed a maximum number of nights per year that a residence can be leased as an STR. These restrictions also reduce the supply of overnight accommodations on the coast. For example, when Del Mar imposed a 28-day maximum, the California Coastal Commission staff recommended that this restriction on coastal access be modified to a 180-night maximum (or "cap"); however, the final Commission recommendation was for a 100-night cap.

Best Practice: Communities should expect short-term renters to adhere to all rules and regulations regarding noise, excess visitors, and trash. All short-term renters should be made aware of this when they check-in.

The City of Oceanside's **Good Neighbor Policy** (in appendix) provides a good example of this best practice. The city provides all short-term renters with a one-page overview of city rules for STRs including fines for those who violate these rules. These rules limit noise and trash and additional visitors are limited to day-time hours. The City of Oceanside's policies include serious fines (and in some case eviction) for those who violate these policies.

Best Practice: In communities where parking is an issue, communities should require STRs provide adequate parking. Communities and short-term rental owners should also encourage local modes of transportation besides cars, such as STR-provided bicycles, local buses and shuttles, bike rentals, etc.

By encouraging rental owners to provide parking, hosts and cities can reduce the impact of traffic on the surrounding neighborhoods and also makes the cost of visiting less expensive for visitors who avoid parking costs or the cost of citations for illegal parking. It should also be noted, however, that some cities (e.g., Santa Barbara) have used parking requirements to create barriers to entry for new STRs. The increasing availability of short-term bike rentals by private vendors may also reduce parking at busy beaches and other coastal sites.

Enforcing these regulations will require some additional city resources. However, the transient occupancy and other taxes generated by STRs and the visitors they bring in should generate more than sufficient revenue to cover these costs. These regulations should also be enforced fairly, and enforcement should not be aimed at reducing the supply of STRs but rather at making sure all operators are following city regulations and tax policies.¹⁵

Creating Policies that Encourage Access for Low Income and Underserved Communities

Increasing STRs along California's coast will, by definition, increase access and will also likely lower prices. However, given the high price of accommodation, there may still be an affordability gap for many coastal visitors. The state, local governments, non-governmental organizations, homeowners, and short-term rental platforms must work together as stakeholders in order to ensure access for all. This process will likely involve a give and take among all stakeholders, but the ultimate goal should be clear: to make California's coast more accessible to everyone.

¹⁵ The importance of fair enforcement is illustrated by the ruling in *Kracke v. City of Santa Barbara*. The case centers around a change in enforcement by the City. Prior to 2015, Santa Barbara had conducted amnesty programs to "bring into compliance" STR owners and increase their collection of TOTs. However, after 2015 the City began "aggressive" enforcement of its zoning regulations, resulting in reducing the number of STRs, many of which were in the coastal zone. The key issue in the case was that by reducing the number of rentals in the coastal zone, the City effectively limited access, and this "development" required approval from the California Coastal Commission. The judge ruled that in light of this, and the lack of Commission approval for the change in enforcement, the City must return to the practices from prior to 2015 and allow STRs in the coastal zone.

In order to encourage access for low and moderate-income groups as well as underserved communities, the state or local communities may need to take other steps. We believe the following steps should be given serious consideration:

Recommendation	Rationale
State agencies, local governments, foundations and community organizations could support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast. STRs should be part of the solution.	Cooperation with NGOs helps these programs reach those most in need of easy access to the coast. STRs better serve large groups and families due to multiple rooms and varied facilities, such as kitchens. Many STRs are also more affordable for these groups.
Expand the Explore the Coast Overnight Program to Include STRs and include STRs in other pilot programs	It is easier to expand the supply of affordable accommodations through STRs, unlike other lodging forms such as hotels and campgrounds which require new construction on the coast.
Create affordable STR program with determined eligibility	Eligibility criteria helps ensure that Californians most in need of affordable accommodation have access to those STRs with affordable rates

Recommendation: State agencies, local governments, foundations and community organizations could support and fund programs that encourage or subsidize low-income families or those from underserved communities to stay overnight near the coast. STRs should be part of the solution.

A number of non-governmental organizations could be involved in sponsoring programs that would encourage greater access from underserved communities. For example:

- **Jr. Lifeguards:** Most coastal communities in Southern California have Jr. Lifeguard programs. However, access to these programs is often limited by how far households are willing to take their kids to these programs. Since these programs are typically during weekday mornings, STRs may help a group from underserved areas stay during the week.
- **Churches:** Coastal community churches may wish to sponsor church groups from underserved communities. Cities may wish to devote a share of transient occupancy taxes to support outreach efforts between communities of faith, which also create access to the coast.
- **Environmental and Social Justice Groups:** Environmental and social justice groups may wish to support or foster programs that encourage access to the coast. This could include subsidizing programs such as the Jr. Lifeguard and interfaith programs mentioned above.
- **YMCAs or Similar Organizations: (e.g., Scouts):** Local YMCAs, scouting, and similar organizations can sponsor overnight trips to coastal communities. Affordable STRs can provide part of the solution.

- **Surfing Organizations:** Local or national surfing organizations may wish to sponsor surfing events that encourage surfers from underserved areas.
- **Other Community Organizations:** Organizations such as Veterans of Forign Wars (VFW), Chambers of Commerce, and various other local groups could sponsor alliances with underserved groups to sponsor coastal access.
- **Foundations:** Both community foundations and larger foundations may wish to sponsor or subsidize programs that encourage visitors from underserved communities to come to the coast. Local governments can partner with these foundations.

Recommendation: The state or local governments should expand pilot programs which increase coastal access. STRs should be part of the solution.

For example, in 2017, the California legislature approved [AB 250](#), which requires the State Coastal Conservancy to develop and implement a specified Lower Cost Coastal Accommodations (LCCA) Program intended to facilitate improvement of existing and development of new lower cost accommodations within one and a half miles of the coast. Although current lower-cost accommodations categories include hotel and motels, hostels, camping, RVs and trailers, dorm rooms, and residential outdoor education facilities (ROEFs) they do not include short-term rentals. We recommend that the State Coastal Conservancy work with the legislature to recognize short-term rentals as an additional category as part of the Explore the Coast Overnight program. As discussed in this paper, unlike other coastal accommodations, it's relatively easy to expand the supply of affordable STRs if the correct programs and incentives are in place. In contrast, creating new hotel rooms or other overnight accommodations is much more costly and also leads to more development along the coast, which many coastal groups oppose.

Recommendation: Create an Affordable STR program which provides reasonably priced overnight accommodations for eligible households.

Even with reduced restrictions on STRs in coastal communities, many families may be left out. Inexpensive STRs may be booked long in advanced by more experienced users. To ensure maximum access, the state (or possibly local governments) should consider a program which makes affordable STRs available eligible households. Eligibility might include means testing using household income or other legal criteria. The end goal would be to encourage access to the coast for families who might not go otherwise. Local governments may consider waiving or lower taxes and STR providers may consider waiving or lowering their booking fees.

Such a policy is also consistent with several recent Coastal Commission decisions involving the development of hotels along the coast. For some hotel developments the commission has required that 25% of rooms be set aside as affordable. Providing affordable STRs could be part of a city or county's local coastal program or could be used to mitigate for other development along the coast.

One simple solution would be to create a lottery which distribute visitor passes (ranked by number or letter) to eligible California households. These households would be allowed to book affordable STRs (and possibly other accommodations) before households with lower lottery outcomes. Eligibility could be based on income, zip code, or any other legal mechanism.

Conclusion

Short-term rentals provide a relatively simple way to increase access to the coast. Since most STRs use already existing property, they should be considered a relatively sustainable solution which can significantly increase the availability of overnight accommodation along the coast.

The expansion of STRs over the past few years has created concern in many coastal communities about neighborhood disturbances and has led many communities to enact severe restrictions on STRs. As stated in the recent *Kracke v. City of Santa Barbara* decision involving the City of Santa Barbara's ban on STRs in the Coastal zone, these restrictions effectively limit access to the coast, particularly for lower income households and underserved communities. STRs need to be properly regulated. However, as the *Kracke* case demonstrated, too frequently local regulations are designed specifically to restrict access to STRs and hence access to the coast. Increasing coastal access regulations should be simple and transparent to all, and registration should be simple, inexpensive, and swift. Costly inspections on already permitted residential property should be avoided. The goal of any community registration process should be to help STR owners comply with existing rules and regulations and to pay their taxes (generally transient occupancy taxes), not to exclude visitors from accessing the coast.

Glossary

Affordable Housing: In California, housing is designated as affordable based on an area's median household income. Housing is deemed affordable if costs—rent or a mortgage, including utilities—account for no more than 30% of a household's income spent. Communities in California set aside some housing for "very-low income" families, those earning less than 50% of area median income; however, the demand for this housing significantly exceeds the supply.

Business License: Many cities require business licenses to allow individuals/companies to conduct business within a jurisdiction. The cost of a license typically varies by the sales/profit of that business. Some jurisdictions require short-term rental operators, or **hosts**, to obtain a business license at an additional cost to a rental permit.

California Coastal Commission: A twelve-member governmental body established by voter initiative in 1972 and later made permanent by the 1976 California Coastal Act. It plans and regulates the use of land and water along the coastal zone and is tasked with enacting the policies of the California Coastal Act via quasi-judicial authority. The Coastal Commission provides regulatory oversight for land use and public access in the California Coastal Zone.

California Coastal Conservancy: A State agency established in 1976 to protect and preserve natural lands and waterways, improve access to the coast, and support coastal economies. A non-regulatory agency, the Conservancy supports projects and resource plans on issues pertaining to the coastline and watersheds.

Coastal Zone: The region where a body of water borders and intersects with land. Generally, the California coastal zone extends 1,000 yards from the mean high tide line of the ocean, or to the first major ridgeline in rural/recreational areas.

Gentrification: The process of investing in, repairing, or rebuilding an area that is deteriorating or blighted, which is accompanied by an influx of more affluent households. Gentrification typically changes the character of a neighborhood and displaces low-income families.

Geologic Hazard Abatement District (GHAD): GHADs allow the formation of local property tax districts for the purpose of prevention, mitigation, or control of geological hazards. These projects are funded by additional property tax levies within a GHAD. GHADs may be used to protect property against coastal erosion.

Good Neighbor Policy: Typically, part of a broader city ordinance, this policy regulates disturbances in residential neighborhoods, particularly for short-term rentals. These policies require occupants of short-term rentals to limit noise, trash, late night visitors, and other behavior that could damage the quality of life in the neighborhood. The City of Oceanside has a Good Neighbor Policy—which is included in this report—and this policy provides an example of legislation which could be used to govern conduct in short-term rentals.

Host: The owner of a residential property who rents out some or part of that space to visitors on a short-term (less than 30 day) basis.

Hotel Tax: See Transient Occupancy Tax.

Lower-Cost Coastal Accommodation (LCCA): The California Coastal Conservancy defines LCCAs as accommodations which have a daily rate that is 75% or less of the statewide average daily rate (ADR) for an overnight accommodation for a given time period. This report uses the LCCA rate for July 2019, \$140.72.

Non-market good or service: Economists refer to goods, which are provided for free (often by nature), as non-market goods. Unlike market goods, which have prices and are valued accordingly by the market, non-market goods are often undervalued since their provision is free.

Maximum Capacity: The number of people who may legally inhabit a short-term rental, often defined as the number of beds + 2; although, the number may be fewer in certain cities due to local ordinances or host restrictions.

Mean High Tide Line: The average of the maximum line of intersection between the water at high tide and the land. This defines the coastal boundary and in California, the boundary of public land. According to the California Coastal Act, all land seaward of the mean high tide line is public property. Note that the mean high tide line will shift with sea level rise.

Mello-Roos: The 1982 Mello-Roos Community Facilities Act was created in the wake of Proposition 13 to provide an alternate method of financing necessary public improvements and services. It allows an authority to set up a Community Facilities District (CFD) with an associated Special Tax that can be used for necessary improvements and services that otherwise lack funding. The Special Tax is levied against each property in the CFD.

Mom and Pop: While originally a colloquial term applied to any small business, academic literature on short-term rentals often refers to hosts, who lease their own home or a second home, as “mom and pop” operators. Mom and Pop operators are particularly sensitive to restrictions on short-term rentals.

Multi-Family Dwelling: A building or structure that is designed to house several different families in separate housing units. The most common type of multi-family dwelling are apartment buildings. Multi-family dwellings can only be constructed where a certain level of density is permitted. These buildings differ from Single Family Detached Dwellings, where each structure houses one family.

Permit Fee: The cost charged by a city or county to obtain legal documentation of a short-term rental. Typically, these permit fees are non-refundable.

Property Tax: A tax assessed on real estate holdings levied by the governing authority of the jurisdiction where the land or property is located.

Proposition 13: A proposition passed by California voters in 1978 which lowered property taxes by about 57%. Tax increases are limited to no more than 2% per year. As a result of Proposition 13, many homes and businesses are assessed and pay taxes at a much lower rate than the market value of the property.

Registration: In this report, the term refers to the process by which a homeowner notifies the city or municipality that they intend to rent out their space as a short-term rental and agrees to pay the associated transient occupancy taxes.

Resilience (to Climate Change): The characteristic of any system to maintain its integrity despite shocks from extreme weather and other phenomena accelerated by climate change. Financial resilience is the ability of communities to raise funds for climate change adaptation.

Restrictive Zoning: Also referred to as Exclusionary Zoning, restrictive zoning is the use of zoning ordinances to exclude certain types of construction or land use inside a community. Many California cities have restrictive zoning laws which impede the development of multi-family and other types of affordable housing.

Sales Tax: A tax levied on sales, typically retail sales. In California, the state sales tax rate is set at 7.25%. This rate is made up of a base rate of 6% plus a local rate of 1.25% that goes directly to city and county budgets. Cities and counties can add additional sales tax levies to fund local projects, such as transportation.

Short-Term Rental (STR): A home or room available to rent for a period of less than 30 days.

Tax Increment Financing (TIF): TIF refers to additional property tax levies within a set district to raise funding (e.g., for climate change resilience). GHADs and Mello-Roos levies are two examples of TIFs.

Transient Occupancy Tax (TOT): A tax charged to travelers when they rent out a space for less than 30 days, such as a hotel room, home, hostel room, etc. TOTs are levied by cities and counties (for unincorporated areas), and revenues collected go to these jurisdictions. In California, TOT rates range from 10% to 15%.

Utility User Tax (UUT): A tax paid by the users of a public service, such as electricity, water, telephone, sewage, trash, and natural gas.

Willingness to Pay (WTP): An economic concept referring to the largest sum of money an individual will pay for a “non-market” good or service, such as a trip to the beach. WTP is often used as a measure of demand for non-market goods, such as a day at the beach.

Zoning: A legislative process which divides an urban area into different zones with specific uses, such as residential, commercial, industrial, etc. Each zone is regulated with regard to density, location, size, and type of construction permitted. In California, as in most states, local authorities largely determine zoning. Some communities’ policies can lead to restrictive zoning, which often limits the development of multi-family housing or use of short-term rentals.

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From: [Jane Justis](#)
To: [Council](#)
Cc: [Bob Justis](#); [Justis, Jane](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 3:11:22 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes.

We have reservations for a two week stay in April 2021, and are very much looking forward to our time there as we had to cancel our visit last March. If we cannot stay in the vacation rental we have currently reserved in Morro Bay we will choose to visit a different city.

Sincerely,

Jane Justis
Colorado Springs

From: [Jonni Gstettenbauer](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 1:18:03 PM

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Dear Morro Bay City Council,
Please please keep having the great vacation rentals in the whole Morro Bay Area!!!
We love it there and have been coming for more than 15 yrs!!
Thank you
Jonni and Greg Gstettenbauer and family

Sent from my iPhone

From: [Eriksson, Sofie E](#)
To: [Council](#)
Subject: STR Regulation Ordinance
Date: Thursday, September 17, 2020 2:18:16 PM

inspect, review, monitor, analyze, copy, record and retain any communications sent from or received at this email address.

Dear Morro Bay City Council,

We travel several times a year, usually only by car as we really enjoy activities and the outdoors – car travel allows for bringing bikes and other sports equipment. We are good and clean neighbors and have never had any issues at any place we have stayed. We spend money locally when we arrive; at restaurants, shops, souvenir stores and in the case of Morro Bay area - golf course, souvenir shops, as well as on kayak rentals. Additionally the cleaning crews and other maintenance on the rental homes we use are typically local firms from my understanding.

Without vacation rentals, we would not be coming to your area and access the beautiful Coastline nearly as often.

Again, we have been good neighbors and enjoyed the many residents we have met in our travels to your city/area and others. I am sure that from time to time renters are not perfect neighbors, but that goes for permanent neighbors as well and that is why there are city ordinances and rental companies/owners need to carefully look at history of incidences and reviews of the renter. Again, I have neighbors where I live I wouldn't have chosen if I had the opportunity. Having homes/rentals remain uninhabited which may be the case for some homes should the restrictions become too significant is not an option without downside. That can result in squatters, looting and other issues.

Our favorite vacation rentals are unique in many ways and in most cases are not replaceable. We appeal to the City Council to not pass any regulations that would eliminate or greatly reduce the available inventory of active licensed vacation homes. If we could not stay in a vacation rental in Morro Bay we would choose to visit a different city. When we go on trips we like to cook, and be active that is why we are not a hotel family.

Please accept this communication as public input to the upcoming Meeting Agenda Item regarding Short Term Rental (STR) Regulations scheduled for Sept 22, 2020.

Best regards,
Sofie Eriksson

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