

Santa Cruz City Ordinance 2016-17

Summary of "Whereas" Imposing a Temporary Moratorium on Short Term Rentals.

-City of Santa Cruz is experiencing a **severe shortage of rental housing** in both single family homes and apartments, including loss of rental units and **displacement of tenants** as existing housing is being converted to vacation rentals.

-**Online technology** allows the marketing of short term/vacation rentals to a larger audience than in the past.

-Increasing numbers of short term/vacation rentals have raised concerns about the **preservation of residential neighborhood character** and integrity such as decreasing long-term rental opportunities and **increased rents for local residents**.

-An increasing number of **complaints about short term/vacation rentals** related to loud late-night parties, and increased traffic and parking issues.

-Any regulations adopted by the City may require review and certification by the **California Coastal Commission** before they could, if adopted, take effect within the Coastal Zone area of the City.

-The City Council finds that there is a **current and immediate threat to the public health, safety, and welfare** associated with the proliferation of short term/vacation rentals.

From the 2015-2023 Santa Cruz Housing Element.

Lower income residents often live in subsidized units and have limited housing choices. This creates a condition where upper income households who own homes and lower income persons who have subsidized units remain in the City. **However, moderate income families and the City's workforce, including teachers, public safety workers, nurses, and others, leave the community entirely, or find affordable housing elsewhere and commute to work in Santa Cruz. This trend impacts the quality of schools, affects traffic and commuting patterns, and makes it difficult for employers to attract and retain employees.**

In summary, the Housing Element addresses a range of challenges for the 2015-2023 period:

- Maintaining the diversity of the community by addressing the acute need to increase the supply of housing appropriate to the workforce and demographics of Santa Cruz;
- Improving the feasibility of developing workforce, special needs, and affordable housing and higher density projects;
- Improving neighborhoods in the community; and
- Protecting the City's environment.

In 2000, 53.5 percent rented.

In 2010, 56.7 percent rented.

According to the 2013 American Community Survey **61.5 percent of renter households in Santa Cruz are overpaying for housing.** Overpayment is defined as paying more than 30% of income for housing.

Housing Element makes no mention of short term rentals.

Santa Cruz General Plan 2030

References to Housing

RESIDENTIAL USES

- LU3.7 Encourage higher-intensity residential uses and maximum densities in accordance with the General Plan Land Use designations. Cf. LU4.1.
- LU3.7.1 Allow and encourage development that meets the high end of the General Plan Land Use designation density unless constraints associated with site characteristics and zoning development standards require a lower density. Cf. LU1.3.
- LU3.8 Allow the following residential uses to exceed the maximum densities in this chapter: Cf. LU1.3 and 3.7.1.
- Single-room occupancy (SRO) units;
 - Small ownership units (SOU);
 - Accessory dwelling units (ADU);
 - Density bonus units; and
 - Residential uses within areas designated High-Density Overlay District (HD-O).
- LU3.9 Protect and improve existing residential areas.
- LU3.9.1 Update the Seabright Area Plan through a community process that will consider design, density, intensity, and parking needs for the area. Cf. CD2.1.6, ED1.8.13, and ED1.8.14.
- LU3.9.2 Apply the Neighborhood Conservation Overlay District when necessary to preserve and maintain the area's housing stock.
- LU3.9.3 Develop a citywide rental inspection program.
- LU3.9.4 Maintain and expand City Historic Districts. Cf. HA1.8.2 and 1.9.

Santa Cruz Local Coastal Program.

REFERENCES TO HOUSING

- 4.1 **Maintain the current number of units** in the Beach Flats and provide residents opportunities to live in better quality units and better managed living conditions.
- 4.2 Promote more **family-oriented development** by requiring at least 50% of all new units to be two or more bedrooms.
- 4.3 Promote a diversity of new housing opportunities by amending the demolition conversion permit requirement from 100% replacement of affordable bedrooms to 50% replacement, in the Beach Area to be consistent with the rest of the City, as long as there is **no net loss of affordable units in the greater Beach and SOLA planning areas**. Additionally allow dilapidated units to be demolished, so long as replacement units have been identified.
- 4.4 Maintain an **aggressive housing code enforcement** program to insure that existing units meet health and safety codes.
- 4.5 The City will make a good faith effort to **provide affordable housing opportunities** for current residents displaced by changes resulting from the Plan and who are eligible for affordable housing in accordance with appropriate relocations laws.
- 4.6 The City of Santa Cruz shall continue to allocate Community Development Block Grant funds to the pro-active Target Area Code Enforcement and Nuisance Abatement Program.
- 4.7 The City of Santa Cruz shall continue to direct in-lieu housing trust fund and fees and HOME fund money to the Target Area Housing and Relocation Assistance Fund, to improve or replace substandard housing in the Target Area and Beach Flats.
- 4.8 When tax increment housing set-aside money become available, consideration should City of Santa Cruz -94- Beach/South of Laurel Area Plan LOCAL COASTAL PROGRAM — 1990-2005 Amended 2002 be given to establishing new construction as one of the high priorities of the fund. Additionally rehabilitation of housing within Beach Flats and other portions of the Target Area will be promoted.
- 4.9 **Conserve and rehabilitate existing housing stock** by improving the effectiveness of the City's Code Enforcement program and by offering inducements to current property owners that encourage their direct investment and voluntary compliance.

Data on Airbnb Growth Rate

Fortune Magazine (April 2015):

-Worldwide Airbnb has a listing growth rate of 200% per year.

Host Compliance (2015):

-Short term rentals have grown to 4,000,000, a 10 fold increase in 5 years.

Los Angeles Staff Report (2015):

-Airbnb listings in L.A. tripled in 19 months to 12,270 hosts.

Business Insider (Sept 2016)

-Between 2009 and 2016 Airbnb has had a compound annual growth rate of 153 percent.

Orange County Register (Sept 2015)

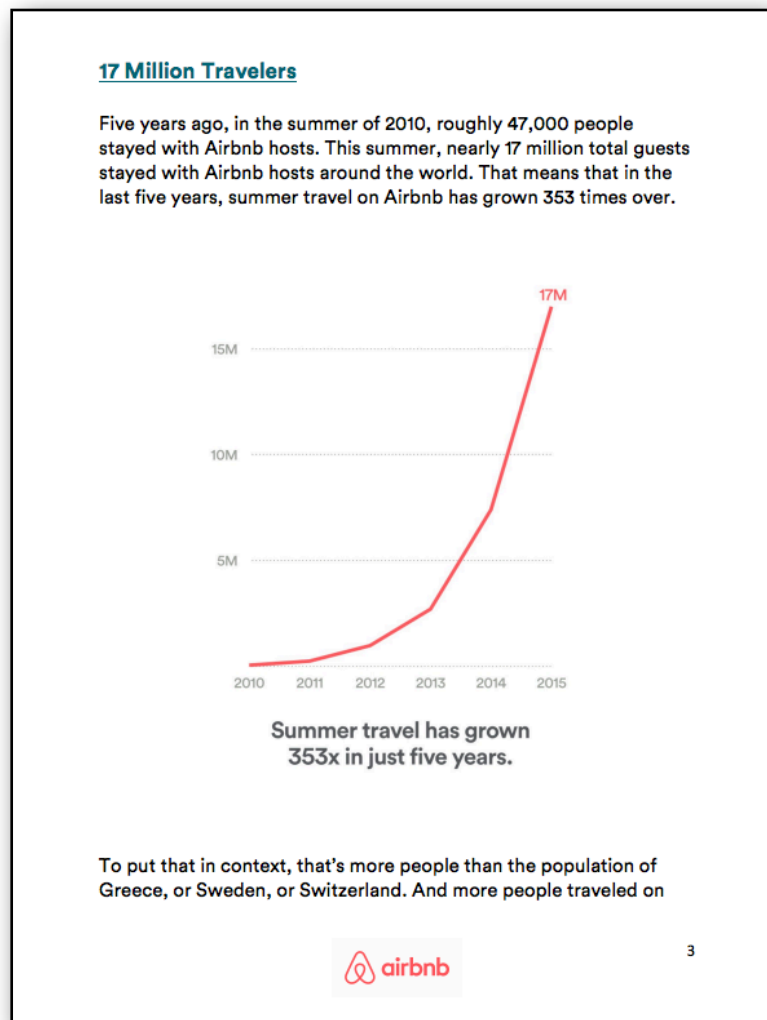
-Airbnb listings in Orange County went from 230 to 2,600 in two years.

San Francisco Business Times (May 2016):

-Airbnb (post ordinance) has been adding properties at a rate of 57% per year.

Airbnb:

The screen shot to the right is from the Airbnb website reporting that summer travel growth over the last five years has multiplied by 353 times over.



Comparison of set up process for licensed B&B vs. Airbnb

	Licensed B&B	Airbnb
City Design Review?	Yes	No
Off-street Parking?	Yes	No
Owner's Name & Number?	Yes	No
Neighbor Notifications?	Yes	No
Neighbor Input on Limits?	Yes	No
Planning Comm. Hearing?	Yes	No
City Council Hearing?	Yes	No
Historic Property?	Yes	No
1,500 foot Density Limit?	Yes	No
Historic Pres. Report?	Yes	No
Use Permit Fees?	Yes	No
Fictitious Business Filing?	Yes	No
6-12 month Permit Process?	Yes	No
Enrollment in TMD Tax?	Yes	No
Audits by Finance Dept?	Yes	No
Commercial Mortgage Rates?	Yes	No
Commercial Insurance Policy?	Yes	No
Health & Fire Inspections?	Yes	No
Business Pers. Prop, Tax?	Yes	No
I.D. Sign on Building?	Yes	No