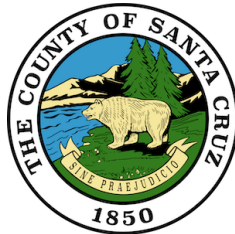


Proposed Changes to Santa Cruz County Code Ch 13.10 – Short-term rental & Vacation rental Laws

Short-Term Rental (STR) Adhoc Subcommittee Report

March 11, 2025



Agenda

1. Background
2. Problems
3. Timeline
4. Overview of Proposed Changes
 - a. Caps
 - b. Density Restrictions
 - c. Hosting Platform Accountability
 - d. Consolidation of Code
 - e. Application Standards, Limitations
 - f. 24/7 Hotline
 - g. Reducing Impacts on Housing
5. Community Feedback
6. Fiscal Impacts
7. Next Steps



Background

Ordinance History:

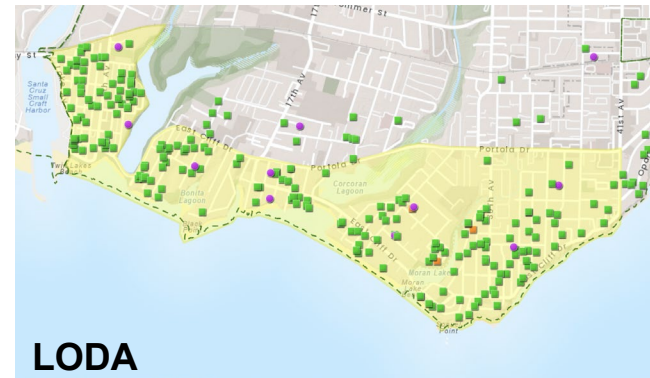
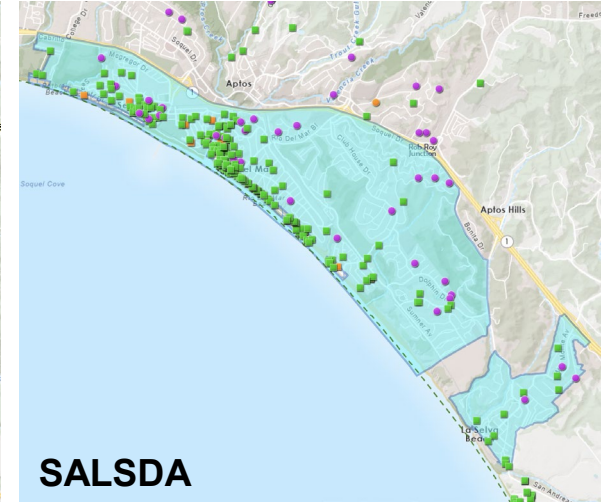
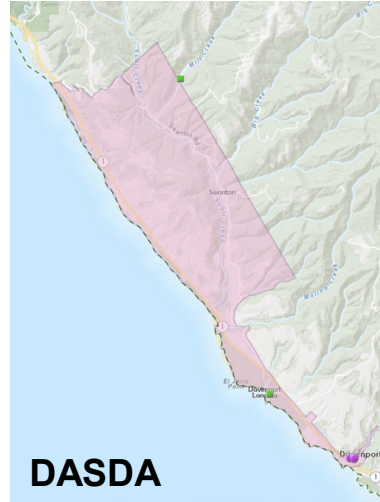
- Initial ordinance established: 2011
- Last update: 2020
- Dedicated Code Compliance Officer Funded: 2022

Current Caps:

- DASDA – 3 un-hosted, 4 hosted
- SALSDA – 241 un-hosted, 45 hosted
- LODA – 262 un-hosted, 18 hosted
- Countywide – *Unlimited un-hosted*, 250 hosted

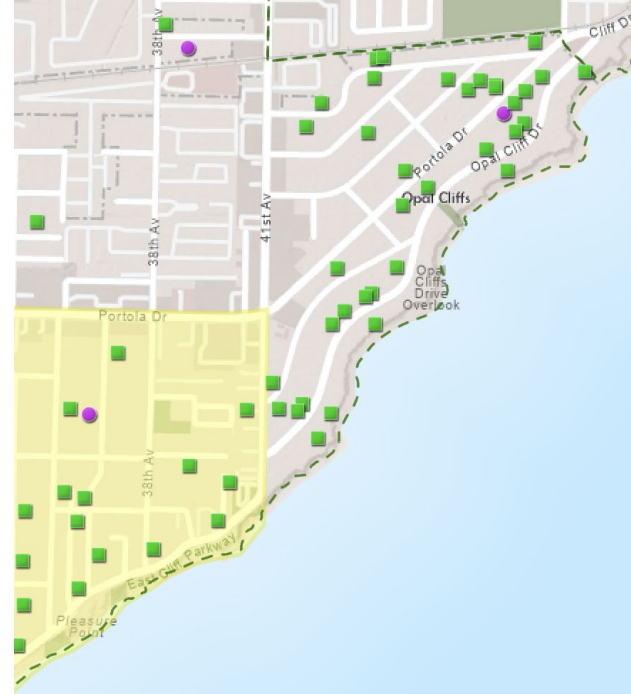
Board Actions:

- On September 24, 2024, the Board voted to establish an Ad Hoc Subcommittee to assess issues and recommend regulatory changes.
- **Key Objectives:**
 - Establish county-wide cap
 - Require hosting platforms only work with permitted rentals



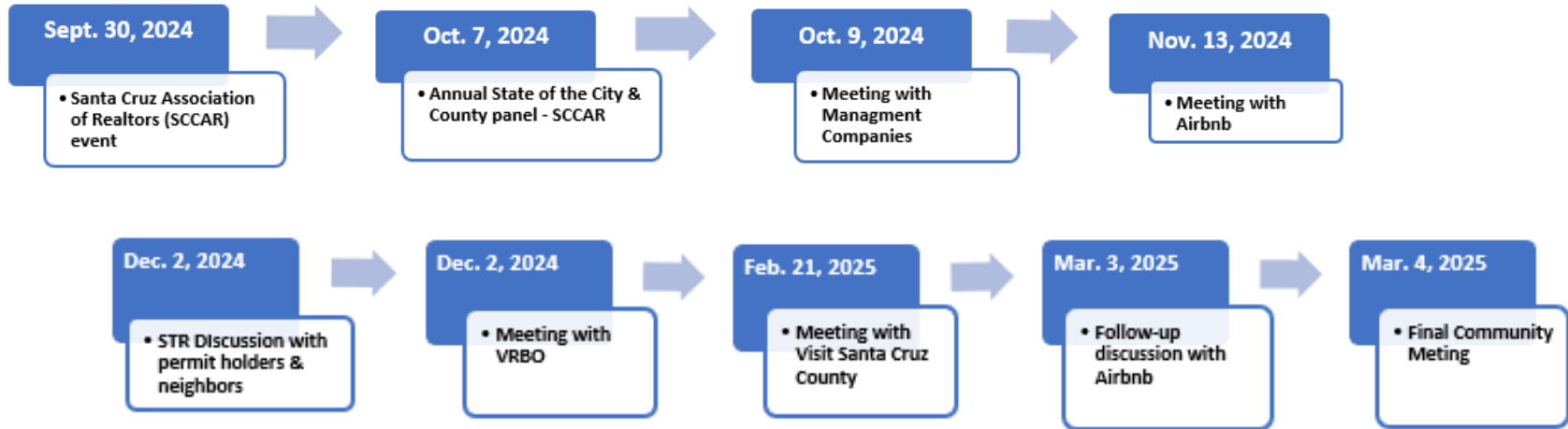
Problems

- *Housing Impacts*
 - Unregulated growth can displace long-term residents and lead to a strain on local infrastructure.
- *Community Disruptions*
 - Parking issues, noise complaints, and neighborhood conflicts.
- *Regulatory Gaps*
 - Existing code does not provide sufficient tools for enforcement or compliance.



Subcommittee Process & Public Engagement

Subcommittee Meetings & Outreach:











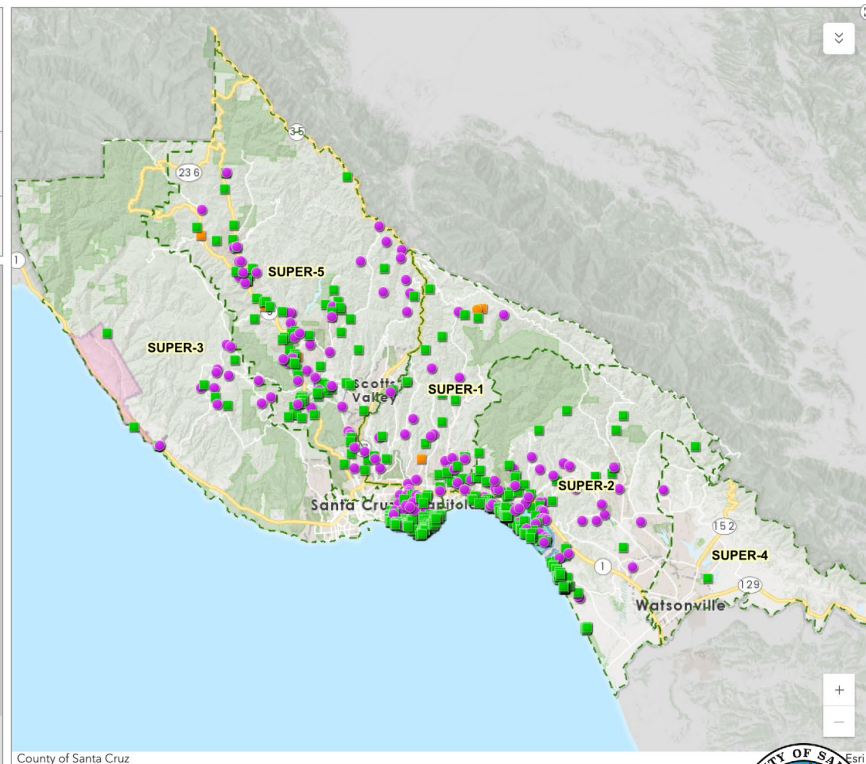
Proposed County-wide Cap

The proposal establishes a countywide cap of 270 permits of non-hosted STRs to manage long-term growth.

- Proposed caps were set based on existing permits and applications to prevent disruption.
- No reduction in current permits—existing STR owners retain their permits.

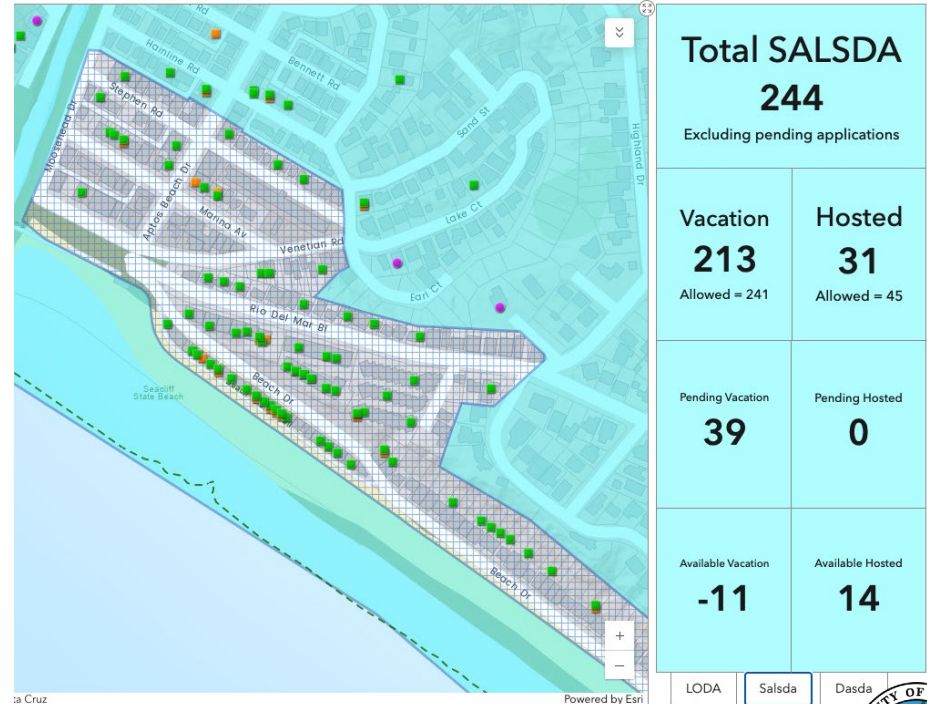
Total Vacation & Hosted	
863	
Vacation 679	Hosted 184
Pending Vacation 53	Pending Hosted 2

Vacation and Hosted Rentals	
 Vacation	 Hosted
Pending Vacation and Hosted Rentals	
 Pending Vacation	 Pending Hosted
County Supervisor Districts	
	
Vacation and Hosted Rental Designated Areas	
 LODA - Live Oak Designated Area	 SALSDA (No Limit) - Sea Cliff/Aptos/La Selva Beach Designated Area
 SALSDA - Sea Cliff/Aptos/La Selva Beach Designated Area	



SALSDA Exception & Corresponding CAP Adjustment

- The number of non-hosted STRs in SALSDA is 213 total, with 94 of those in the Exception Zone.
- Key Clarification: Exception Zone properties are not to count toward block limit OR the overall SALSDA cap.
- *Solution: Instead of opening 94 new permits, the revised ordinance reduces the cap to 119 non-hosted STR permits to balance impacts.*



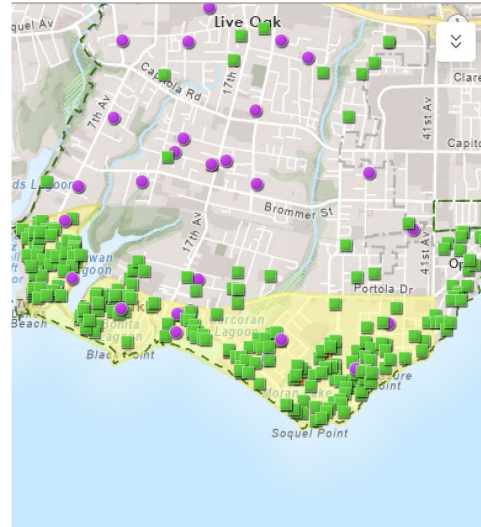
Rightsizing the Number of Available Permits

Phased Permit Drawdown (Starting Jan. 2026):

- Unused non-hosted STR permits reduced by 10 per year over five years in designated areas.
- Existing permit holders unaffected—as well as their ability to renew.

Language:

- Effective January 1, 2026, the total number of non-hosted permits in each area shall be reduced by 10 per year over a five-year period, if unused permits are available in designated areas or outside designated areas. No existing permit holder shall lose their permit or ability to renew it consistent with the provisions of Subsection (B)(3).



Total LODA 212 Excluding pending applications	
Vacation 202 Allowed = 262	Hosted 10 Allowed = 18

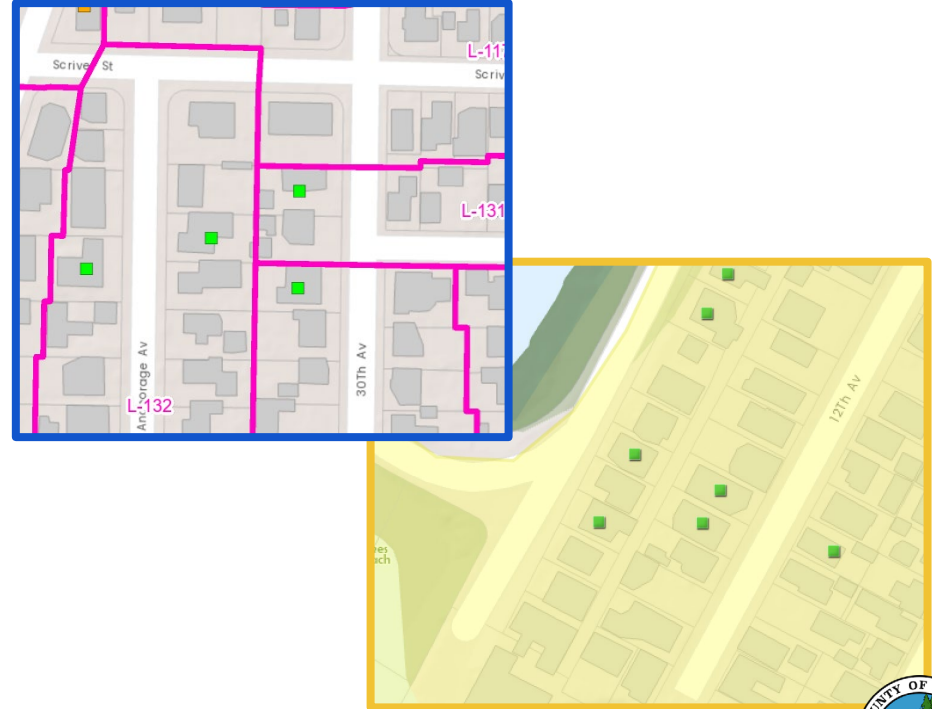
Stronger Location & Density Restrictions

Block Density Limits:

- No new non-hosted STR permit shall be approved if it would exceed 20% density on a single block – SCCC 13.10.694(D)(4)(b).

Proximity Limitations for Non-Hosted Rentals

- An STR permit cannot be issued if it results in a property being adjacent to two or more permitted non-hosted STRs – SCCC 13.10.694(D)(4)(d).



Hosting Platform Accountability

Proposal:

Hosting platforms (e.g., Airbnb, VRBO) must ensure only permitted properties are listed on their sites. If the County identifies a non-compliant STR listing and notifies the platform, the platform must remove it within 10 days or face an administrative penalty of up to \$1,000 per listing per day.

Definition of Non-Compliant Listings – Properties lacking a valid permit as well as those operating with expired, revoked, or invalid permits.

- Roughly 70 listings are paying Transient Occupancy Tax but are not permitted.
- These properties will be notified to obtain a permit or be removed.

Legal Precedent:

- Modeled after Santa Monica's Home-Sharing & Vacation Rental Ordinance (§ 6.20).
- Upheld by the U.S. Court of Appeals (2019), reinforcing local enforcement authority.



Consolidation of County Code

Consolidation of STR Ordinances – Simplifies the regulatory framework while introducing new provisions.

- Merges Chapter 13.10.690 (Hosted Rentals) and Chapter 13.10.694 (Non-Hosted Rentals).

Why It Matters:

- Numerous provisions in both chapters overlap.
- Consolidation streamlines updates and improves enforcement clarity.
- Brings us into alignment with the standard verbiage (Short-term Rentals) used by jurisdictions across the State.



Higher Permit Standards

Enhanced review process to ensure responsible STR operation.

- Site visit requirement
- Site plan
- Stronger ownership verification to prevent fraudulent applications or misleading submissions.
- Clearer permit renewal criteria based on compliance history.



Higher Standards cont.

One STR Permit Per Parcel:

- Restricts ownership of multiple STR permits per parcel.

Vehicle Parking – Encroachment Exception:

- If a property has an encroachment preventing frontage parking, the STR applicant must remove the encroachment before receiving a permit – SCCC 13.10.694(D)(8)(k)(iv)(2).



Improved Reporting & Oversight

STR Hotline Implementation:

- Centralized hotline for all STR properties (both hosted and non-hosted).
- Enables timely responses to neighborhood concerns.
- As outlined under SCCC 13.10.694(D)(3)(a).

Mandatory Signage for Non-Hosted Rentals:

- All non-hosted rentals must display a visible sign indicating the property is a permitted STR; and
- The Short-Term Rental Hotline must be the largest and most visible text on the sign - SCCC 13.10.694(D)(8)(i).



Expanded Eligibility

Hosted Rentals – Accessory Dwelling Units (ADUs) & Junior ADUs (JADUs):

- Hosted rental permits allowed for properties with an ADU or JADU if [...] the property owner or an immediate family member resides in the ADU or JADU while renting the primary dwelling – SCCC 13.10.694 (B)(1)(a).



Reducing Impacts on Housing

Prevention of Tenant Displacement for STR Conversions:

- If an STR conversion requires tenant eviction, the owner must pay the tenant six months' rent (SCCC 13.10.694(D)(5)(c)).
- Proposed remedies align with the County's existing tenant protections (Chapter 8.43)

Permit Cap of 1 Per Individual/Entity:

- This restriction is intended to prevent corporate monopolization and promote a more equitable distribution of STR permits.
- Proposal - No one person or entity shall be issued more than one short-term rental permit, either for a hosted rental or a non-hosted rental – SCCC 13.10.694(D)(4)(e).



Community Meeting – Feedback Received

Key Takeaways from Public Meetings:

- General support for:
 - establishing STR hotline & platform accountability standards; and
 - density restrictions to limit overconcentration.
- Concerns about:
 - Staff inspections exceeding STR scope; and
 - Economic impact from proposed drawdown of unused STR permits



Fiscal Impacts

Point of Clarification:

- No reduction in current permits—existing STR owners retain their permits.

Notification Plan:

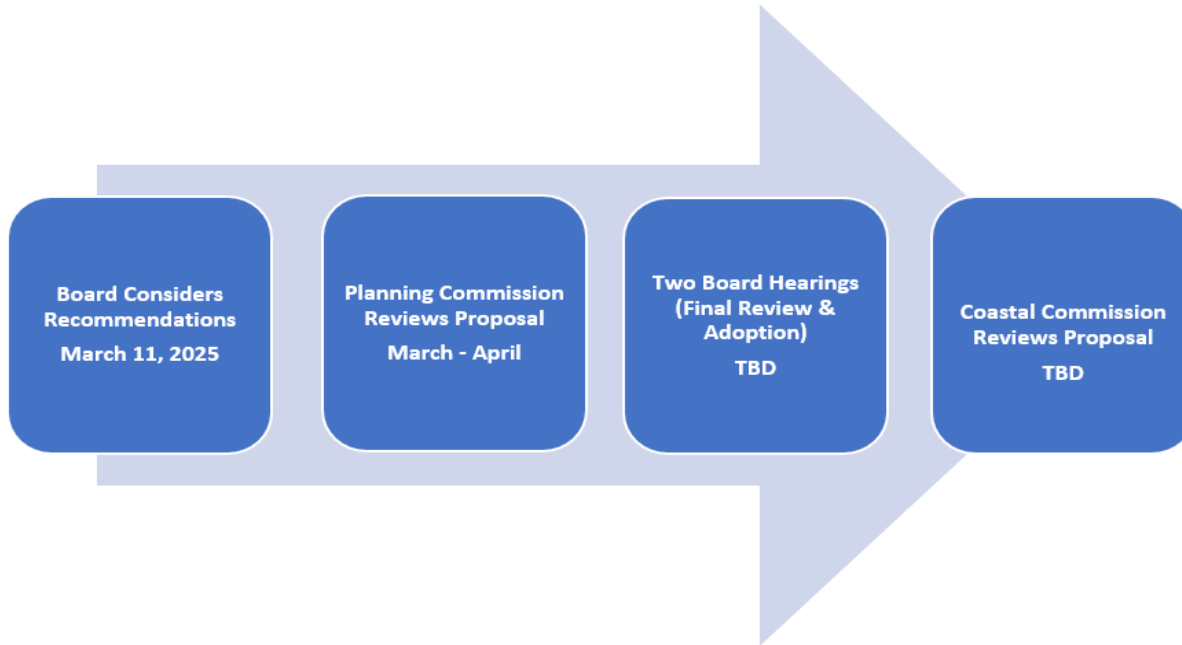
- Letter campaign to existing hosts, operating without a permit to ensure they are aware of the proposed changes and take the necessary steps to come into compliance, prior to the laws effective date.

Long-Term Support for Hotels:

- Restricting STR growth could impact the County's tourism economy, therefore the Subcommittee recommends further discussion with Visit Santa Cruz County to solicit feedback on ways of supporting the continued expansion of the hospitality industry.



Next Steps



Questions?

