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How the California Coastal Commission Regulates Vacation Rentals

by **Bona Law PC**

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California's coastline is one of the state's greatest assets. It offers some of the best scenery in the world, draws countless tourists, and boasts some of the highest property values in the state. Coastal property offers many opportunities for California real estate investors, but a unique set of rules may apply. The **California Coastal Act (CCA)** regulates an area known as the Coastal Zone. Back in the 1970's, the state created the **California Coastal Commission (CCC)** to enforce the CCA. An issue that has caused controversy recently in cities and towns up and down the coast involves **vacation rental homes**, commonly known as short-term rentals (STRs). **The CCC must approve municipal regulations affecting coastal STRs. It recently rejected an ordinance in Del Mar that would have limited the duration of time STRs could be rented to the public.**

A voter initiative in 1972 first established the CCC, and it became a permanent part of the state government when the California Legislature enacted the CCA in 1976. It has jurisdiction over the Coastal Zone, and a significant part of its purpose is to preserve access to the coastline and public beaches. According to **state law**, the Coastal Zone extends from the U.S.-Mexico border to the California-Oregon state line. It begins at the "state's outer limit of jurisdiction" in the Pacific Ocean, and extends inland "generally 1,000 yards from the mean high tide line of the sea." The inland extent may be less than one thousand yards in urban areas, and more in undeveloped areas. Beachfront properties almost everywhere in the state are located within the Coastal Zone.

Short-term rentals have grown in popularity, partly thanks to online services like AirBnB. While they offer many benefits to both property owners and renters, they can also pose practical and **legal problems**. Residential properties that serve as short-term rentals, including houses and condominiums, can cause difficulties with neighbors if, for example, they result in an increase in traffic or noise. Using a residence as a vacation rental also arguably changes the property's use from residential to commercial, which can run afoul of zoning ordinances and other **local land use regulations**. Some states have enacted legislation regulating short-term rentals, but regulation in California is limited to a **patchwork** of municipal and county ordinances. These regulations may set minimum and maximum lengths for rentals to prevent excessive turnover of properties.

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The CCC takes an interest in local short-term rental regulations when they are likely to affect access to the coast. It found that a total ban on vacation rentals in **Laguna Beach**, for example, violated the CCA in 2017. Earlier this year, it approved a **Santa Cruz** ordinance capping the number of certain types of short-term rentals allowed within city limits.

Del Mar, located just north of San Diego, placed a moratorium on new vacation rentals in April 2016 so that the city's Planning Commission could **review** existing law. The Del Mar City Council later determined that city law did not allow short-term rentals, and created **regulations** that would allow them under strictly limited circumstances: minimum seven-day stays, for no more than twenty-eight days per year. It passed an ordinance containing this plan in November 2017, but still needed approval from the CCC. In June 2018, the CCC issued a **decision** rejecting the Del Mar ordinance. It held that the 28-day limit was too restrictive, and stated that the city should allow rentals for up to one hundred days per year.

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