



# County of Santa Cruz

## Department of Community Development and Infrastructure

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**Matt Machado** – Deputy CAO / Director

**Agenda Date: May 14, 2025**

Planning Commission  
County of Santa Cruz  
701 Ocean Street  
Santa Cruz, CA 95060

**Subject: Public hearing to review and provide recommendations to the Board of Supervisors regarding amendments to Santa Cruz County Code Use Charts 13.10.312, 13.10.322, 13.10.332, 13.10.352, 13.10.362, 13.10.372 and Sections 13.10.689, 13.10.690, 13.10.694, 13.10.700 to repeal the Hosted Rental and Vacation Rental Ordinances and adopt the Short-Term Rental Ordinance**

### **RECOMMENDED ACTIONS**

- 1) Conduct a public hearing to consider proposed amendments to the Santa Cruz County Code (SCCC).
- 2) Adopt the attached Resolution (Exhibit A), recommending that the Board of Supervisors:
  - a. Acknowledge that the proposed amendments are exempt from the California Environmental Quality Act (CEQA); and
  - b. Adopt an ordinance amending Santa Cruz County Code Use Charts 13.10.312, 13.10.322, 13.10.332, 13.10.352, 13.10.362, 13.10.372 and Sections 13.10.689, 13.10.690, 13.10.694, 13.10.700; and
  - c. Direct staff to submit coastal-implementing code amendments to the California Coastal Commission for certification.

### **EXECUTIVE SUMMARY**

The proposed amendments to Santa Cruz County Code (SCCC) Chapter 13.10 are the outcome of outreach and work done by the Short-Term Rental Ad-Hoc Subcommittee, which was formed by the Board of Supervisors on September 24, 2024. The proposed amendments aim to balance the economic benefits of short-term rentals with the need for neighborhood stability and housing protections. Additionally, the revisions are part of an ongoing effort to update and improve the County's regulatory framework, ensuring consistency with current policies, legal requirements, and land use goals. The proposed amendments include revisions to SCCC Use Charts 13.10.312, 13.10.322, 13.10.332, 13.10.352, 13.10.362, 13.10.372 and Sections 13.10.689, 13.10.690,

13.10.694, 13.10.700 to repeal the Hosted Rental and Vacation Rental Ordinances and implement the Short-Term Rental Ordinance.

The Planning Commission is requested to consider and recommend to the Board of Supervisors the proposed amendments.

### **Background**

To address the housing crisis and preserve neighborhood quality of life in Santa Cruz County, while balancing the economic benefits of short-term rentals, the Board of Supervisors formed the Short-Term Rental Ad-Hoc Subcommittee on September 24, 2024. Supervisors Cummings and Koenig were appointed to the Subcommittee which was tasked with meeting with stakeholders and drafting revisions to the County Code's short-term rental regulations to address issues including but not limited to: regulatory compliance, short-term rental noise violations, cooperation of hosting platforms, ordinance consolidation, saturation of non-hosted rentals (previously known as "vacation rentals"), tenant protections, and cost recovery efforts.

On March 11, 2025, the Short-Term Rental Ad-Hoc Subcommittee presented their findings to the Board of Supervisors. The Subcommittee proposed amendments to the County's Hosted and Vacation Rental Ordinances which included repealing the two ordinances and adopting a Short-Term Rental Ordinance. The proposed Short-Term Rental Ordinance consolidated the Hosted Rental and Vacation Rental Ordinances (SCCC Sections 13.10.690 and 13.10.694) and included the following significant revisions to the County's existing regulations: implementation of a county-wide limit on the number of non-hosted rental permits, implementation of short-term rental online hosting platforms responsibility to remove unpermitted listings, enhanced compliance and enforcement measures, and expansion of parcels eligible to be permitted as a hosted rental to include properties with accessory dwelling units and junior accessory dwelling units.

Acting on the Subcommittee's recommendation, the Board directed Community Development and Infrastructure staff to process the proposed amendments to the County Code, present them to the Planning Commission for their recommendation to the Board, and return to the Board with a proposed ordinance to implement the amendments.

### **Analysis**

Santa Cruz County is in the midst of a severe housing crisis, particularly for low-income residents, and is now ranked as the most unaffordable housing market in the U.S. according to the June 2024 "Out of Reach" report<sup>1</sup>. A worker would need to earn \$77.96 per hour to afford a two-bedroom rental at fair market rate, far surpassing the housing wage in the San Francisco metropolitan area. This affordability gap has exacerbated homelessness, with 6,632 low-income renter households unable to secure affordable housing, and over half of extremely low-income

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<sup>1</sup> [NLIHC Releases Out of Reach 2024! | National Low Income Housing Coalition](https://nlihc.org/resource/nlihc-releases-out-reach-2024), <https://nlihc.org/resource/nlihc-releases-out-reach-2024>.

households spending more than half their income on rent, according to the 2024 Santa Cruz County Housing Needs Report.

Adding to these challenges is the rapid growth of short-term rentals, particularly non-hosted rentals, which have further strained the housing market. Hosted rentals, where the owner, or a long-term resident, remains on-site typically cause fewer disruptions to the neighborhood and better maintain neighborhood cohesion. In contrast, non-hosted rentals involve renting out an entire property without the owner present. These rentals remove homes from the long-term rental market, and disrupt neighborhood stability - leading to increased noise, traffic, and a loss of community continuity. With over an estimated 70 unpermitted vacation rentals operating in unincorporated Santa Cruz County, local regulations are being bypassed, further reducing the housing stock.

On March 11, 2025, the Subcommittee proposed the following amendments to the County Code:

**1. Implementation of a Countywide Cap on Non-Hosted Rentals.**

Under the current Code, there is no limit on the number of non-hosted rental permits that can be issued through the unincorporated county, with the exception of three “Designated Areas”: the Live Oak Designated Area (LODA), Sea Cliff/Aptos/La Selva Beach Designated Area (SALSDA), and the Davenport/Swanton Designated Area (DASDA).

To determine an appropriate cap, the Subcommittee analyzed data from the County’s Vacation and Hosted Rental dashboard<sup>2</sup>, which tracks existing short-term rental permits and applications. As of March 2025, there were 263 permitted non-hosted rentals and 7 pending permit applications outside the designated areas, leading to the proposed cap of 270 non-hosted vacation rental permits outside the designated areas (see section 13.10.694(D)(4)(c)(i) of the proposed ordinance).

**2. Revision of the Cap on Hosted Rentals.**

A non-substantive adjustment to the hosted rental cap is proposed as well. Currently, County Code limits the number of hosted rentals countywide to 250. However, for consistency with the caps for non-hosted rentals, a cap for hosted rentals outside of the designated areas is also defined. Under current regulations, 66 hosted rentals are allowed within the designated areas. That number was then subtracted from 250, the total number allowed countywide, to yield 184 hosted rentals. As such, a cap of 184 hosted rentals is recommended outside of the designated areas (see section 13.10.694(D)(4)(c)(ii) of the proposed ordinance).

**3. SALSDA Exception Zone Clarification and Cap Reduction.**

The current Vacation Rental Ordinance excludes certain areas from the SALSDA cap, but contains some ambiguity as to whether non-hosted rental permits issued in the following streets and areas should be counted toward the overall cap in the SALSDA:

Pot Belly Beach Road; Las Olas Drive; those residentially zoned parcels in the

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<sup>2</sup> <https://sccgis.maps.arcgis.com/apps/dashboards/8213708434d74b57b5f7069edeac2f7d>

Rio Del Mar flats consisting of parcels fronting on Stephen Road, Marina Avenue, and Venetian Road between its intersection with the Esplanade and Aptos Beach Drive to its intersection with Lake Court and Stephen Road; those parcels fronting on or gaining access from Cliff Court or fronting on or gaining access from Rio Del Mar Boulevard between its intersection with Aptos Beach Drive and Beach Drive to its intersection with Kingsbury Drive, Cliff Drive, and Beach Villa Lane; Beach Drive; and Via Gaviota.

Current practice is that permits issued within the “SALSDA Exception Zone” counted toward the SALSDA cap of 241 non-hosted rental permits. In reviewing the Code, the Subcommittee believes that the existing practice does not follow the intent of the original ordinance. Therefore, the proposed ordinance clarifies that the Exception Zone within SALSDA is not subject to either county-wide or SALSDA caps or block limits (see section 13.10.694(C)(8) of the proposed ordinance).

As of March 2025, there were 94 non-hosted rental permits in the SALSDA Exception Zone. The Subcommittee recommended that the non-hosted permits issued in the Exception Zone should be subtracted from the current SALSDA cap of 241 to create a new cap of 147 permits in an effort to minimize the impact of making 94 permits available within SALSDA (see section 13.10.694(D)(4)(a)(i) of the proposed ordinance).

#### **4. Hosting Platform Responsibilities and Legal Precedent.**

Under the proposed new code sections, 13.10.695 and 13.10.696, hosting platforms such as Airbnb and VRBO must ensure that only permitted properties are listed on their sites. If the County notifies a platform of a non-compliant short-term rental listing, the platform must remove the listing within 10 days. A listing is considered noncompliant if it lacks a permit or if the associated permit is invalid, expired, or revoked.

The recommended code additions would enable the County to require hosting platforms to only advertise legal short-term rentals, creating another mechanism for enforcement which would theoretically be more effective than the current practice of taking action on one unpermitted short-term rental at a time.

The proposed new code sections regarding hosting platforms are modeled after Santa Monica’s Home-Sharing & Vacation Rental Ordinance (§ 6.20), which was upheld by the U.S. Court of Appeals for the Ninth Circuit in 2019. This legal precedent reinforces the County’s ability to enforce compliance and preserve local housing stock.

#### **5. Consolidating the Code.**

Existing sections SCCC 13.10.690 and 13.10.694 were consolidated and reorganized as part of the proposed Short-Term Rental Ordinance. The proposed ordinance provides a more streamlined regulatory framework while introducing new enforcement provisions to address community concerns.

#### **6. Stricter Permit Limitations.**

The following limitations to short-term rental permits are proposed:

- Vehicle Parking –In situations where on-site parking cannot be provided and there are existing encroachments into the public right-of-way that prevent parking along the frontage of the property, the encroachments will be required to be removed (see section 13.10.694(D)(9)(n)(iv) of the proposed ordinance).
- Permit Cap Per Individual/Entity and Per Parcel: No one person or entity may be issued more than one short-term rental permit, either for a hosted rental or a non-hosted rental. Additionally, a parcel may either have a hosted or non-hosted rental permit. These restrictions are intended to prevent the consolidation of permits and promote a more equitable distribution of short-term rental opportunities (see sections 13.10.694(D)(4)(e) and 13.10.694(D)(4)(f) of the proposed ordinance).

## **7. Enhanced Tenant Protections.**

If a new short-term rental permit would require the eviction of an existing tenant, the applicant shall be liable to pay the lessee six months of the dwelling's actual rent at the time of the eviction (see section 13.10.694(D)(5)(c) of the proposed ordinance).

## **8. Improved Reporting and Oversight.**

**Short-Term Rental Hotline:** The County will utilize a centralized short-term rental hotline applicable to all short-term rental properties, including both hosted and non-hosted rentals which will serve as a centralized resource for receiving and addressing complaints or inquiries related to short-term rentals, ensuring timely responses to neighborhood concerns and regulatory compliance.

Additionally, all short-term rental properties shall display a sign that includes the County's short-term rental hotline number and a fee will be added to as part of application fees to cover costs associated with the hotline. This results in a new signage requirement for hosted rentals, where previously no signs were required (see section 13.10.694(D)(3) of the proposed ordinance).

## **9. Stronger Location and Density Standards.**

- Revision of block density within the Designated Areas to state that no new short-term rental shall be approved if its approval would result in a block density greater than 20 percent, when counting parcels on the same block (see section 13.10.694(D)(4)(b) of the proposed ordinance).
- Limitation on Proximity of Non-Hosted Rentals: A non-hosted rental permit will not be issued if it results in another parcel being adjacent to two or more parcels with non-hosted short-term rental permits (see section 13.10.694(D)(4)(d) of the proposed ordinance).

## **10. New Permit Application Requirements.**

- Applicants will be required to register with the CruzAware<sup>3</sup> alert system (see section 13.10.694(D)(5)(a)(v) of the proposed ordinance).
- All new hosted and non-hosted rental permit applications may require an on-site inspection of the property by County officials to verify compliance with

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<sup>3</sup> CruzAware, <https://cruzaware.genasys.com/portal/en>

applicable safety, habitability, and zoning requirements. Site inspections will also confirm adherence to permit application standards outlined in section 13.10.694(D)(5)(b) of the proposed ordinance.

#### **11. Hosted Rental Expanded Eligibility.**

- The proposed ordinance would allow up to three bedrooms to be used for short-term lodging under a hosted rental permit, which is an increase of one bedroom<sup>4</sup>(see section 13.10.694(C)(3) of the proposed ordinance).
- The proposed ordinance includes provisions to allow parcels with Accessory Dwelling Units (ADUs), Junior Accessory Dwelling Units (JADUs), or both to obtain hosted rental permits provided that the property owner or an immediate family member resides in the ADU or JADU while renting the primary dwelling (see section 13.10.694 (D)(7)(c)(i) of the proposed ordinance).
- Applications for hosted rental permits for parcels with ADUs or JADUs shall be processed as an Administrative Use Permit which requires public noticing, whereas all other hosted rental permits shall be processed as Minor Use Permits, which does not require public noticing<sup>5</sup>(see section 13.10.694 (D)(7)(b)(i) of the proposed ordinance).

#### **12. Rightsizing the Number of Permits Available.**

Effective January 1, 2026, the total number of non-hosted permits in each designated area shall be reduced by up to 10 permits per year over a five-year period, if unused permits are available in designated areas. No existing permit holder shall lose their permit or ability to renew it pursuant to section 13.10.964(D)(4)(a) of the proposed ordinance.

#### **13. Designated Area Block Map Adjustment.**

Revised procedure for block map adjustments to require a decision by the Planning Commission to clarify the application process for a block map adjustment and to include a public hearing<sup>6</sup> (see section 13.10.694(D)(4)(b)(iii) of the proposed ordinance).

### **GENERAL PLAN CONSISTENCY**

The proposed Code amendments are consistent with the objectives, policies, general land uses, and programs specified in the General Plan. Overall, the proposed amendments are consistent with the County's General Plan chapters 2 and 4: Built Environment and Housing Element, and are in support of the following policies:

- BE-1.5.6 Implementing State Law
- BE-2.4.2 Regulation of Home Occupations
- BE-2.5.1 (LCP) Short-Term Rental Regulation
- BE-2.5.3 (LCP) Short-Term Rentals in Coastal Tourist Areas
- BE-3.5.1 (LCP) Visitor Accommodations for All

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<sup>4</sup> The Subcommittee's proposed ordinance had revised the Hosted Rental definition to state that "one or more" bedrooms could be used under a hosted rental permit. Staff revised that definition to limit to a maximum of three bedrooms

<sup>5</sup> The Subcommittee's proposed ordinance was revised to include this language.

<sup>6</sup> The Subcommittee's proposed ordinance was revised to include this language.

- BE-3.5.5 (LCP) Small-Scale Visitor Accommodations in Neighborhoods
- BE-3.5.7 (LCP) Accommodating Visitors in Rural Areas
- H-2.4 (AFFH) Protection of Existing Rental Housing

However, section 13.10.694 (D)(7)(c)(i) of the proposed ordinance conflicts with chapter 2 policy BE-2.5.2 (LCP):

**“BE-2.5.2(LCP) Short-Term Rentals and ADUs.** Do not allow short-term rentals in ADU or on properties where ADUs are located, recognizing the importance of ADUs in addressing housing needs as small units that are affordable by design.”

The existing General Plan may be viewed online here:

<https://cdi.santacruzcountyca.gov/Planning/PolicyPlanning/General,TownVillagePlans.aspx>.

## **LOCAL COASTAL PROGRAM CONSISTENCY**

The proposed amendments do not promote conversion of agricultural lands, or conflict with coastal access or with protected resources. They also preserve opportunities for visitor-serving accommodations near the coast. The proposed amendments to SCCC Chapter 13.10 would apply within the Coastal Zone and will be incorporated into the County’s Local Coastal Program. After adoption by the Board of Supervisors, the approved amendments will be submitted to the Coastal Commission for review and approval.

## **ENVIRONMENTAL REVIEW**

Enactment of these amendments to the Santa Cruz County Code are exempt from the California Environmental Quality Act ("CEQA") pursuant to CEQA Guidelines Section 15061(b)(3), the "common sense" exemption, because the amendments are relatively minor adjustments to existing regulations and implement additional limitations and enforcement provisions related to short-term rentals, an already permitted use in the County Code. The regulations included in the proposed ordinance function to limit the impacts of the allowed uses, and therefore no significant environmental impacts are reasonably foreseeable. A Notice of Exemption has been prepared and is included as Exhibit D.

Submitted by:

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Reviewed by:

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*Planning – Policy Section*

**Exhibits**

- A. Planning Commission Resolution
- B. DRAFT Ordinance (Clean)
- C. DRAFT Ordinance (Underline/Strikethrough)
- D. Draft CEQA Notice of Exemption