



December 18, 2025

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RE: Municipal Code Amendments for Short Term Rental Ordinance (PLN2025-00485)

Dear Chair Wardlow and Commissioners.

The Santa Barbara Association of REALTORS® (SBAOR) represents more than 1,200 REALTORS® across the South Coast who live and work in the communities they serve. Our members help families and businesses navigate housing and real estate decisions, and we work closely with local governments and community partners to advance practical, community-focused housing solutions. We share the City's goal of ensuring Santa Barbara remains a place where people can live, work, and thrive.

Thank you for the opportunity to comment on the Short-Term Rental (STR) policy direction and the questions presented in the December 18, 2025, Staff Report. We understand the Commission is not reviewing a draft ordinance at this time but rather providing guidance to staff on how to translate prior City Council direction into regulatory language. Because this phase will materially shape any future ordinance, the Commission's recommendations are critically important.

Based on the City's documented enforcement outcomes, longstanding regulatory practices, and the policy questions before you, we respectfully urge the Commission to recommend an approach that is measured, evidence-based, and aligned with sound land-use planning and Coastal Act principles.

We respectfully encourage the Commission to recommend:

- Building on the documented success of the City's enforcement program
- Aligning regulatory tools with actual impacts rather than assumptions
- Using objective, performance-based standards consistent with regional best practices
- Preserving a range of visitor-serving accommodations in the Coastal Zone
- Providing reasonable transition periods that promote compliance and predictability

Since August 2023, the City's Short-Term Vacation Rental Enforcement Program has demonstrated that STR-related concerns can be effectively addressed through focused enforcement and compliance tools. The program has recovered significant back-taxes and penalties, achieved high rates of voluntary compliance, reduced the number of unlawful operations, and operated within budget.



These outcomes indicate that the principal issue has been non-compliance, rather than the STR use itself. Future regulation should therefore build on this demonstrated effectiveness rather than rely on increasingly restrictive structural limitations that are not supported by Santa Barbara-specific evidence.

It is important to acknowledge that in some jurisdictions, particularly those with weak enforcement and high investor concentration, short-term rentals have been associated with reductions in long-term housing availability and upward pressure on rents. For example, academic research has found that STR platforms can *decrease the availability of long-term rental properties and contribute to higher long-term rental prices* in some markets, although the magnitude varies greatly by location and local conditions.

At the same time, there is evidence from actual regulatory outcomes that reducing or banning STRs does not reliably increase housing supply or improve housing affordability. In New York City, for example, recent STR restrictions that drastically reduced listings did *not* significantly increase the supply of long-term housing or tame rising rents and vacancy remains near historic lows.

These findings suggest that while STRs can have localized effects in certain contexts, removing them does not, on its own, solve broader housing affordability challenges, particularly in markets characterized by deep structural constraints on supply, high development costs, and persistent demand.

Concerns about speculative investment are legitimate where STRs operate at scale without oversight. However, speculative impacts arise from lack of regulation and enforcement, not merely from the existence of STR activity. Local conditions matter: structural supply constraints and strong market demand can amplify any such effects.

Santa Barbara has the ability to regulate based on performance, compliance, and concentration, rather than relying on blunt ownership-based assumptions. Distinguishing between operational impacts and ownership structure, and designing tools that target conduct and concentrations rather than default to ownership counts, will be more effective and legally defensible. Many STRs are locally owned, smaller-scale operations in which supplemental income contributes to the homeowner's ability to remain in their community; adverse speculation is most pronounced when units are acquired and operated solely as commercial portfolios without meaningful enforcement or compliance requirements.

For many years, STRs operated openly while the City collected Transient Occupancy Tax (TOT) and Business License Tax (BLT) revenues. During this period, property owners made substantial financial decisions such as purchasing homes, investing in improvements, and assuming long-term obligations in reasonable reliance on the City's regulatory practices. While the City has clear authority to modify its policies prospectively, principles of predictability and good governance support reasonable transition periods and measured implementation, particularly where prior City actions signaled acceptance of an activity over an extended period.

Responses to Staff Report Questions

1. Parking Standards for STRs and Homeshares

Question: Do you agree with the draft parking standards for STRs and homeshares?

Response: We do not recommend parking standards that exceed those already applicable to comparable residential uses. The record does not demonstrate that STRs or homeshares generate parking impacts materially different from long-term residential occupancy. Parking concerns are more appropriately addressed through occupancy limits, operational standards, and enforcement rather than additional parking requirements that may have the unintended effect of precluding compliance in established neighborhoods.

2. STR Process in Inland Zones

Question: Do you agree with the STR process in the inland zones?

Response: We do not recommend the use of discretionary approval processes for STRs in inland zones because discretionary land-use review is not well-suited to regulating STR activity. STR-related concerns such as noise, parking, occupancy, and trash are operational in nature and are not related to changes in land-use intensity, site

design, or physical form. Discretionary review is traditionally used to evaluate those latter considerations, which are not materially affected by short-term occupancy.

A more appropriate regulatory model is demonstrated by the City of Goleta, which addresses STR impacts through objective, performance-based standards and ongoing enforcement, rather than discretionary land-use entitlements. This approach aligns regulatory tools with actual impacts, promotes consistency and predictability, and enables direct response to documented issues.

3. STR Process in the Coastal Zone

Question: Do you agree with staff's recommendation on the STR process in the Coastal Zone?

Response: We recommend a balanced approach consistent with Coastal Act policy, recognizing both the City's enforcement success and the Coastal Act's emphasis on maintaining a range of lower-cost visitor-serving accommodations and broad public access to the coast.

The California Coastal Commission has repeatedly, and most recently in 2024, identified the continued loss of lower-cost coastal accommodations as a statewide concern. Low-cost accommodations are defined not solely by nightly rates, but by overall functionality and affordability.

Short-term rentals contribute to this objective by providing accommodation types that hotels often cannot, including lodging suitable for large families, multi-generational households, family gatherings, and groups traveling together; shared accommodations that reduce per-person costs; and access to kitchens and longer stays that lower overall trip expenses. Overly restrictive STR processes in the Coastal Zone risk narrowing lodging diversity and accelerating the loss of lower-cost options, outcomes that would be inconsistent with Coastal Act objectives.

4. Limiting Owners to One STR License

Question: Should the City's STR licensing program limit owners to only one STR license at a time?

Response: We do not recommend limiting owners to a single STR license, as this approach is not tied to impacts and does not advance the City's stated policy objectives. A one-license cap regulates ownership rather than operational performance, disproportionately affects small local owners, is readily circumvented by more sophisticated operators, and risks undermining compliance and enforcement. Performance-based and concentration-based tools are more precise and defensible.

5. Six-Month Grace Period

Question: Do you agree with the six-month grace period?

Response: We do not believe a six-month grace period is sufficient. Given the City's longstanding regulatory practices and tax collection related to STR activity, a longer transition period would better support orderly compliance and administrative efficiency. A transition period of 12–24 months would provide greater predictability while allowing the City to implement new requirements effectively.

Conclusion

The question before the Commission is not whether STRs can be regulated, but whether the regulatory tools chosen are proportional, evidence-based, and aligned with Santa Barbara's demonstrated enforcement success, housing realities, and Coastal Act obligations.

Thank you for your consideration and we look forward to continuing working with the City on this important policy.

Sincerely,



Summer Knight, 2025 President