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RE: Municipal Code And Local Coastal Program Amendments for Short-term Rental Ordinances

Dear Chair Boss 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 provide comments on the draft Short-Term Rental (STR) Ordinance. We appreciate the considerable work undertaken by staff to translate prior Council direction into proposed regulatory language. Because STR policy intersects with housing, tourism, coastal access, neighborhood compatibility, and municipal finance, careful calibration of the regulatory framework will be essential to ensure the ordinance achieves its intended objectives without creating unintended consequences. The following comments are offered to help strengthen the ordinance from a planning, implementation, and policy perspective.

At the outset, it is important to evaluate **whether a managed STR licensing framework could better achieve the City's policy objectives within the zoning structure currently proposed**. The draft ordinance proposes that under Title 30 (Inland), STRs and homeshares would be prohibited in all residential zones (RS, R-2, R-M, R-MH) and allowed only in nonresidential zones that permit residential or mixed-use development. Under Title 28 (Coastal), homeshare activity would be permitted in residential zones, while STRs would be prohibited in single-family and two-family zones and limited to a defined STR License Area generally corresponding to certain multifamily and commercial zones. Within this framework, the Commission should evaluate whether a managed licensing system could provide clearer regulatory control in the areas where STRs are permitted. Several coastal jurisdictions have adopted capped STR programs that limit the number of licenses while maintaining enforceability and transparency. The City of Carpinteria, for example, regulates STRs through a lottery-based permit allocation system that establishes a fixed cap on licenses and distributes them through a random lottery among eligible applicants. This model prevents the uncontrolled proliferation of STRs while preserving a limited number of visitor-serving accommodations and maintaining a clear regulatory structure. A similar approach could allow Santa Barbara to maintain firm limits on STR activity while still allowing a carefully managed number of units in appropriate zones.



Another structural issue that deserves careful evaluation is **the requirement that residential properties convert to hotel use classifications in order to operate as short-term rentals**. Under the City's current regulatory framework, residential properties seeking to operate as STRs must convert to a hotel zoning classification. While this process has occurred in some cases and may continue under the proposed ordinance, it raises important land-use considerations. Hotels are purpose-built commercial lodging facilities with distinct development standards and operational characteristics. Short-term rentals, by contrast, operate within existing residential structures and do not alter the physical form, density, or built environment of the property. Requiring residential properties to convert to hotel zoning creates a mismatch between the actual use of the property and the zoning classification applied to it. Zoning designations are generally intended to reflect the physical form, development intensity, and character of land uses. When zoning classifications are used primarily as a regulatory mechanism rather than reflecting the actual built environment, it can introduce inconsistencies within the zoning code and complicate long-term planning.

It is also important to evaluate **the administrative complexity of the proposed regulatory framework and how it may affect implementation and enforcement**. The draft ordinance includes multiple cross-references between Title 28 and Title 30, layered licensing provisions, and detailed operational requirements. While comprehensive regulation is important, complex regulatory structures can increase administrative workload, create confusion for applicants, and complicate enforcement. Simplifying licensing pathways and consolidating operational standards could significantly improve clarity, compliance, and administrative efficiency and cost.

Because the ordinance represents a significant policy shift, **including a requirement for annual program reporting and evaluation would strengthen the regulatory framework over time**. Establishing an annual report to the Planning Commission and City Council would allow the City to monitor key indicators such as the number of STR and homeshare licenses issued, compliance and enforcement activity, Transient Occupancy Tax revenues associated with STRs, and any observable housing or neighborhood impacts. Regular reporting would provide a data-driven mechanism to evaluate whether the ordinance is achieving its intended objectives and allow policymakers to make adjustments if necessary. Incorporating a structured review process would help ensure that the regulatory framework remains transparent, responsive, and informed by measurable outcomes.

It is also important to recognize that **Coastal Act consistency will ultimately be evaluated by the California Coastal Commission**. Because the ordinance includes amendments to the City's Local Coastal Program, it will require Coastal Commission certification. The Coastal Act emphasizes maintaining a range of visitor-serving accommodations that support public access to the coast. Section 30213 calls for the protection of lower-cost visitor accommodations, while Section 30222 prioritizes visitor-serving uses in coastal areas. Short-term rentals often function as part of this lodging spectrum, particularly for families, multi-generational groups, extended stays, or visitors who require kitchen facilities and residential amenities not typically available in traditional hotel rooms. The Commission should evaluate whether the remaining lodging supply would continue to provide the range of accommodation types envisioned under Coastal Act policies if STR availability is significantly reduced.

Closely related to this issue is **the role that short-term rentals play in providing a type of visitor accommodation that is not typically supplied by traditional hotels**. Santa Barbara's lodging market is largely composed of hotel rooms designed for individual travelers or small parties. Short-term rentals frequently serve a different type of visitor demand, particularly for larger families, multi-generational travel groups, reunions, and visitors staying for extended periods who require multiple bedrooms, shared living space, and kitchen facilities. These types of accommodations can be difficult to replicate within traditional hotel inventory. In many coastal communities, STRs function as a "missing middle" lodging type, bridging the gap between individual hotel rooms and larger residential-style accommodations. Evaluating whether the proposed ordinance preserves this range of visitor lodging options may help ensure that the City continues to provide diverse accommodations for visitors.

While fiscal implications are not under the purview of the Planning Commission, it's important to evaluate what the reduction of STR activity would do to the City's general budget. Short-term rentals currently generate a measurable and recurring source of municipal revenue through the Transient Occupancy Tax (TOT). According to the City's published TOT reports, as of January 31, 2026 the City had collected approximately \$2.7 million in TOT from short-term rentals year-to-date. In prior reporting periods, STR-generated TOT has ranged between approximately \$2.7 million and \$2.9 million annually, representing roughly 10 to 12 percent of the City's total TOT revenue. These funds contribute directly to the City's General Fund and support a wide range of municipal services. A clear fiscal analysis will be important for understanding the potential impacts of reducing STR activity, including the projected reduction in TOT revenue and whether alternative revenue sources may be required to offset that loss.

Closely related to this issue is **the assumption that restricting STR activity will significantly increase long-term housing supply**. Empirical research from several jurisdictions suggests that the housing impacts of STR restrictions are often modest. Properties used for short-term rentals represent a wide range of housing situations. In some cases, they are primary residences that are rented occasionally when the owner is traveling. In other cases, they may be homes temporarily vacant due to work assignments, extended travel, family obligations, or life transitions. Some properties may be inherited family homes that are maintained through periodic rental income, while others are homes that owners plan to occupy in the future, such as during retirement or relocation. In these situations, short-term rental activity does not necessarily remove a unit from the long-term housing market in the first place. When STR activity is restricted, these properties do not automatically convert into long-term rental housing. Owners may retain the property for personal use, allow extended family to use the home, occupy it periodically while planning a future move, or sell the property to an owner-occupant rather than place it into the long-term rental market. Given Santa Barbara's geographic constraints, limited developable land, and strong demand for both primary and secondary homeownership, it is important to evaluate whether the proposed ordinance is likely to produce measurable increases in long-term housing availability.

In reviewing the operational provisions of the ordinance, it is also important to evaluate **whether the homeshare requirement that a host be physically present during a rental may be overly restrictive**. While host presence can improve accountability, the current language does not appear to account for common homeowner circumstances such as extended travel, temporary work assignments, or family obligations that require short-term absences. Under the proposed definition, a homeowner who leaves town for several weeks could be prohibited from allowing a homeshare during that period even if the dwelling remains their primary residence. Allowing limited non-hosted stays while maintaining a primary residence requirement may better reflect normal residential patterns while still preventing the conversion of homes into full-time vacation rentals.

Finally, experience in other jurisdictions shows that **highly restrictive STR policies can push activity into unlicensed or noncompliant operations**, creating enforcement challenges. When visitor demand remains strong but legal pathways for operation are extremely limited, some activity may shift outside the licensing system. When this occurs, it becomes more difficult to enforce operational standards and collect applicable taxes. A regulatory framework that allows a limited, clearly defined number of permitted STRs may provide the City with stronger oversight tools while maintaining compliance with licensing, tax collection, and operational standards.

Short-term rentals present legitimate policy considerations related to housing availability, neighborhood compatibility, and enforcement. At the same time, they function as part of Santa Barbara's visitor accommodation system and contribute to the City's economy and tax base. As the Commission evaluates this ordinance, careful consideration of these structural, fiscal, and policy issues will help ensure that the final regulatory framework is balanced, enforceable, and aligned with the City's long-term planning objectives.

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

Sincerely,



Jennifer Berger, 2026 President