



April 6, 2016

San Luis Obispo County Planning and Building Department  
County Government Center, Room 200  
San Luis Obispo, CA 93408

Re: Planning Department Hearing of April 8, 2016  
1726PAC, LLC Minor Use Permit for a Residential Vacation Rental

Dear Ladies and Gentleman,

By way of introduction, my name is Chuck Davison, President and CEO of Visit San Luis Obispo County. I am writing in connection with the above referenced application to support residential vacation rentals in San Luis Obispo County that pursue licensing to operate legally.

On June 10, 2015 the County Board of Supervisors approved the formation of a Tourism Marketing District (TMD). The San Luis Obispo County TMD is comprised of all lodging businesses, including existing and future, within the incorporated and unincorporated areas of San Luis Obispo County. Lodging businesses are defined as all business that are assessed transient occupancy tax (TOT) in each respective jurisdiction. The combination of the various lodging businesses constitute a “unique lodging mix” that provides numerous opportunities for visitors to San Luis Obispo County.

The purpose of the TMD as outlined in the Management District Plan dated June 10, 2015 is for lodging businesses throughout the county to “engage in joint marketing, advertising, sales and promotional efforts.” The goals are to increase demand for and revenue from lodging sales. The TMD will also work to increase the average length of stay, thus adding to total lodging revenue as well.

There are over 1,300 lodging businesses in San Luis Obispo County. They include hotels and motels, Bed & Breakfasts, Residential Vacation Rentals and select recreational vehicle (RV) parks. Of the 1,300 lodging businesses, approximately 940 are Residential Vacation Rentals. The majority of Residential Vacation Rentals in San Luis Obispo County are in the unincorporated areas with the largest concentration in the Coastal Zone.

On May 12, 2015 the San Luis Obispo County Civil Grand Jury submitted a report regarding Residential Vacation Rentals. “Working or Not: Challenges in Enforcing Coastal Vacation Rental Regulations” was an investigative report that focused on the coastal areas of Avila Beach, Cambria and Cayucos. We concur with the findings of the report and endorse and supplied feedback regarding its recommendations. A key finding of the report was the identification of “a significant number of unlicensed vacation rentals.” It was estimated up to 50% of all vacation rentals may be unlicensed. An additional problem noted is the use of “preemptive licenses” for residential vacation rentals. This is where a property owner obtains a zoning clearance and TOT certificate in an effort to preclude a

neighbor from securing a license to operate a vacation rental. This is particularly problematic in the communities of Cambria and Cayucos where stringent distance separation rules exist. For example, in Cayucos, there are approximately 270 licensed residential vacation rentals available, yet nearly one-half of them do not rent their homes out and do not collect any TOT. This problem would be exacerbated if there was not a process (Minor Use Permit) by which property owners could request approval of vacation rental nearby another licensed, yet unused rental.

Consequently, we support property owners who pursue legitimately licensed and operated lodging businesses that are vacation rentals. San Luis Obispo County should reward those individuals that play by the rules and want to contribute TOT. We support all such applicants that follow the formal; public review process to seek authorization to operate under the existing ordinance.

It is worth noting, there has not been a new hotel or motel approved in Cayucos for over a decade. Given the increasing popularity of the Central Coast and the North Coast in particular, there must be ways to expand visitor-serving capacity using the existing inventory of potential accommodations. Enter, Residential Vacation Rentals as a way to increase the capacity in an environmentally-neutral fashion.

In conclusion, please consider the facts relative to the above-referenced application. It is the diversity of the visitors serving accommodations in our county that makes for an ideal experience when enjoying the Central Coast. It is critical to expand the capacity of all lodging businesses in an effort to capture the ever-increasing demand. Please feel free to contact either of us if you have any questions.

Sincerely,

A black and white image of a handwritten signature in cursive script, which reads "Chuck Davison". The signature is written in white ink on a black rectangular background.

Chuck Davison

President and CEO

Visit San Luis Obispo County