

CITY OF SANTA ROSA
CITY COUNCIL

TO: MAYOR AND CITY COUNCIL
FROM: CLARE HARTMAN, DIRECTOR, PLANNING AND ECONOMIC
DEVELOPMENT DEPARTMENT
SUBJECT: SHORT-TERM RENTALS ORDINANCE AMENDMENTS

AGENDA ACTION: ORDINANCE INTRODUCTION

RECOMMENDATION

It is recommended by the Planning Commission and the Planning and Economic Development Department that the Council introduce an ordinance amending the text of Title 20 of the Santa Rosa City Code, Chapter 20-48, Short-Term Rentals, to revise and add new definitions and policies, and to incorporate technical changes including reorganization and clarifying language to improve functionality and aid in implementation and enforcement.

EXECUTIVE SUMMARY

The City's Short-Term Rentals (STR) Ordinance was adopted by the City Council on October 13, 2021. On August 9, 2022, the Council adopted minor amendments to the Ordinance limiting the number of non-hosted STRs within the City and providing code enforcement regulations. City staff and the public who have utilized, implemented, or enforced the Ordinance since its adoption have identified sections that would benefit from technical changes to assist in implementation and enforcement. The proposed Zoning Code text amendments include these technical changes, as well as the addition of new and revised definitions and policies that have been informed by prior City Council discussion, public engagement, and Planning Commission direction. New policies include: adding unit type restrictions, establishing a maximum number of STR Permits allowed per owner, prohibiting outdoor burning, adding outdoor lighting standards, trash and recycling facilities restrictions, and water conservation signage requirements. Revisions are also proposed for accessory dwelling unit (ADU) and code enforcement policies.

On April 27, 2023, the Planning Commission held a public hearing to consider the proposed STR Ordinance amendments and voted 4-2 (with one Commissioner absent) to recommend City Council adoption of the proposed amendments with the addition of a prohibition on outdoor burning at STRs.

BACKGROUND

STRs are a type of transient lodging where a dwelling unit, or portion thereof, is rented for a period of less than 30 days. STRs can be hosted or non-hosted. For hosted STRs the homeowner lives and sleeps on site and for non-hosted STRs the homeowner does not live and sleep on site during the rental period.

Prior to October 13, 2021, the City of Santa Rosa did not regulate STRs, other than prohibiting ADUs constructed after January 11, 2018 from being rented for less than 30 days, and requiring the remittance of Transient Occupancy Tax (TOT) and Business Improvement Area (BIA) assessments for rentals of less than 30 days.

In June 2021, the City created an email address (shorttermrentals@srcity.org) dedicated to receiving inquiries and suggestions related to STRs and potential new policies to regulate them.

In June 2021, the City launched a dedicated STR website (www.srcity.org/str) to provide information related to STRs.

On August 10, 2021, and September 14, 2021, recognizing that STRs were being operated in the City without operating standards or adequate regulations, staff presented the Economic Development Subcommittee (EDS) with information about how many STRs might be operating within City limits and the increasing frequency of STR-related complaints. Based on public testimony and the information presented, the EDS directed staff to take immediate action to preserve public peace, welfare, health, and safety by developing draft regulations for STRs. The draft regulations were created to address community compatibility, public safety threats related to wildfires and other potential emergencies requiring evacuation, limited housing stock, and the COVID-19 pandemic.

From August 17-31, 2021, the City conducted an online Short-Term Rentals community survey to help inform the development of a STR ordinance (see Community Outreach and Engagement section of this report for a summary of survey results).

On September 29, 2021, the City hosted a virtual public meeting targeting industry representatives to receive feedback on a potential STR ordinance.

On October 13, 2021, the City Council adopted Ordinance No. ORD 2021-011 to add Chapter 20-48, Short-Term Rentals to the Zoning Code to establish a regulatory framework for STRs (see Attachment 1). The Ordinance was adopted on an urgency basis, consistent with Government Code section 36937(b) and 36934, which allows the Council to adopt an ordinance to take effect immediately if findings can be made that the ordinance is necessary for the immediate preservation of public peace, health, or safety. Planning Commission review and recommendation is not required prior to

SHORT-TERM RENTALS ORDINANCE AMENDMENTS
PAGE 3 OF 19

Council action on an urgency ordinance. The staff report for the October 12, 2021, City Council Public Hearing is provided as Attachment 2 to this report.

On May 17, 2022, staff presented the EDS with a STR program update including permitting status, ongoing enforcement issues, and potential ordinance amendments. The EDS directed staff to bring forward Ordinance amendments on an urgency basis to stop accepting new applications for non-hosted STRs and to clarify that code enforcement penalties apply to permit holders and “operators in good standing.” The EDS also expressed support for establishing a STR Permit renewal fee.

On August 9, 2022, the City Council adopted Ordinance No. ORD-2022-008 (see Attachment 3) on an urgency basis to set a maximum number of 198 non-hosted STR Permits to be issued citywide and to clarify that enforcement penalties apply to permit holders and “operators in good standing.” The City Council also, by Resolution No. RES-2022-177 (see Attachment 4), established a STR Permit renewal fee and authorized the Director of Planning and Economic Development to approve future fee adoptions and changes to the STR Permit renewal process. The Staff Report for the August 9, 2022 City Council Public Hearing is provided as Attachment 5 to this report.

From August 2022 to present, multiple focus group meetings were held with industry representatives and neighborhood individuals and groups.

Between September 23, 2022 and December 19, 2022, the City conducted a second online public sentiment survey, in English and Spanish, to gather feedback on the STR Ordinance (see Community Outreach and Engagement section of this report for the results of the survey).

In October and December 2022 multiple in person pop up events were held at various locations throughout the City, including at the Mitote Food Park, Central Santa Rosa Library, Lighthouse Church and Santa Rosa Farmers Lane Farmers Market, to provide additional opportunities to reach community members that do not typically participate in formal public meetings and workshops.

On November 14, 2022 and December 12, 2022, the City held two virtual public meetings to receive community feedback on the STR Ordinance.

On November 16, 2022, City staff participated in the Santa Rosa Tourism Business Improvement Area Advisory Board meeting to provide an update on the STR program and solicit feedback on potential Ordinance amendments. Advisory Board members asked questions related to the STR Ordinance amendment timeline but did not provide suggestions or feedback.

On December 16, 2022, staff met with members of the Sonoma County Action Partnership Roseland Community Building Initiative (CBI) to discuss the STR program and request feedback on potential Ordinance amendments.

SHORT-TERM RENTALS ORDINANCE AMENDMENTS
PAGE 4 OF 19

On December 17, 2022, staff participated in a live radio broadcast on KBBF Radio 89.1 FM to provide background and updates on the STR program and to request feedback.

On April 27, 2023, the Planning Commission held a public hearing to consider the proposed STR Ordinance Amendments and voted 4-2 with one Commissioner absent to recommend City Council adoption of the proposed Amendments with direction to staff to include a prohibition on outdoor burning at all STRs citywide.

PRIOR CITY COUNCIL REVIEW

See Background section of this report above.

ANALYSIS

1. STR Permit and Code Enforcement Status

STR Permit Status:

As of May 15, 2023, 294 New STR Permit applications have been submitted; including 85 applications for hosted STRs and 209 applications for non-hosted STRs. Permitting status of the 292 applications is provided in the following table:

	<i>Approved / Issued</i>	<i>Pending / In Plan Review</i>	<i>Denied</i>	<i>Withdrawn</i>	TOTAL PERMITS
<i>Hosted</i>	59	18	1	7	85
<i>Non- Hosted</i>	171	15	8	15	209
TOTAL	230 (78%)	33 (11%)	9 (3%)	22 (8%)	294

Staff is also processing renewal applications. STR Permits are valid for one year from the date of issuance and cannot be extended. However, a property owner can apply to renew their STR Permit, if the Renewal application is submitted prior to the expiration of the original permit. Currently 72 Renewal STR Permit applications have been received.

Of all STR Permit applications received, five are located in a non-residential zoning district. Four of these applications represent non-hosted STRs and one represents a hosted STR. The remaining applications are in one of the City's residential zoning districts.

As of 2021, the City had 69,495 residential units, which includes single-family, multi-family and other types of units, including mobile home units. With the existing cap of 198 non-hosted STRs, the total residential units being used for non-hosted short-term rentals is less than 1% of the total residential units in the

City. As of the writing of this report, the total hosted STRs approved/issued and in plan review is 77, which, when added to the non-hosted cap of 198, is still less than 1% of the total residential units in the City. It should be noted that the current Ordinance prohibits STRs in accessory dwelling units (ADUs) and junior ADUs that were completed after January 11, 2018 (the effective date of the current ADU section of the Zoning Code). The current Ordinance also prohibits non-hosted STRs in the City's mobile home park (MH) zoning district.

STR Code Enforcement Status:

The following summarizes the status of STR-related code enforcement as of May 15, 2023:

- STR Related Complaints Received: 295
- Enforcement Cases Closed: 280
- Enforcement Cases Open: 15
- Administrative Citations Issued: 136
- Assessed Penalties: \$100,000.00

The 136 administrative citations are broken down by assessed penalties below:

- First citation: 98 at \$500
- Second citation: 25 at \$1,000
- Third citation: 13 at \$2,000

2. Proposed Zoning Code Text Amendments

The proposed Zoning Code text amendments are summarized below and are also fully identified in Attachment 6 to this report, where the proposed changes are shown in underlined and ~~strikethrough~~ format.

a. Section 20-48.010, Purpose.

Proposed modifications include only technical changes.

b. Section 20-48.020, Application of this chapter.

Proposed modifications include technical changes and language clarifying that Ordinance requirements apply to STR owners, agents, local contacts, short-term renters, and daytime guests of short-term renters.

c. Section 20-48.030, Definitions.

Proposed modifications include technical changes, deletion of unnecessary terms, and the addition of definitions for: Re-noticing Fee,

Short-Term Rental Permit Application – New, and Short-Term Rental Permit Application – Renewal.

d. Section 20-48.040, Short-Term Rental Permit requirements and limits.

- I. Permit requirements. Proposed modifications include technical changes and the addition of unit type restrictions including a prohibition on issuing new STR Permits for all ADUs (currently prohibited only in ADUs completed after January 11, 2018). Renewal of existing ADU STR Permits would be allowed subject to restrictions.

Recommended changes include adding language to prohibit income-restricted affordable housing, ADUs (except as noted above) and JADUs, student housing, dormitories, and single-room occupancy (SRO) facilities, senior, transitional, and temporary housing units from use as STRs to preserve these sensitive housing types for their intended uses. Staff has also added language clarifying that non-residential areas within buildings may not be used as STRs.

- II. Location requirements and permit limits. Proposed modifications include technical changes and the addition of a policy to limit STR owners to one hosted and one non-hosted STR Permit within city limits.

This additional policy is recommended based on prior Economic Development Subcommittee and City Council discussion and public input. Limiting non-hosted STR Permits to one per entity will provide more people with the opportunity to participate in this STR program.

- III. Initial application. Proposed modifications include technical changes, clarification of initial application requirements and processes, and the removal of unnecessary language related to Operators in Good Standing and New Operators.
- IV. Duration of Short-Term Rental Permit. Proposed modifications clarify that STR Permits are valid for one-year from issue date and that STR Permits are automatically void upon expiration but can be renewed subject to restrictions.
- V. Annual Requirement. Proposed modifications clarify the STR Permit annual renewal application process, requirements, and limits.

- VI. Neighbor notification. Proposed modifications clarify neighbor notification and renotification requirements.
 - VII. Transferability. Proposed modifications clarify language related to non-transferability of STR Permits and provide that any subsequent reapplication is considered a new STR application and is subject to all new STR Permit requirements including the 1000-foot separation requirement for non-hosted STRs.
 - VIII. Loss of Operator in Good Standing Status. This is a new section to clarify causes for an STR Permit applicant or holder to lose Operator in Good Standing status and clarifies that any subsequent reapplication is considered a new STR application and is subject to all requirements of a new STR Permit, including the 1000-foot separation requirement for non-hosted STRs.
 - IX. Denial. Proposed modifications include technical changes and addition of the following justifications for denial: unpaid code enforcement penalties or other City fees at the time of application submittal, the accrual of three or more verified violations in any one-year period and the loss of Operator in Good Standing status where the application cannot meet the requirements of a new STR Permit, including the 1000-foot distance requirement between non-hosted STRs.
 - X. Appeals. Proposed modifications clarify the appeal process for Director determinations on new and renewal STR Permit applications.
- e. Section 20-48.050, Registration requirements.
- Proposed modifications include only technical changes.
- f. Section 20-48.060, Occupancy and parking requirements.
- Proposed modifications include technical changes and clarify parking space size requirements which are consistent with City parking design standards.
- g. Section 20-48.070, Operating requirements (formerly Operational standards).
- Proposed modifications include technical changes, reorganization of the section so that it includes all General and Life Safety operating requirements, and the addition of policies related to outdoor lighting, trash and recycling facilities, water conservation, exit, fire, and emergency

signage. In addition, the Planning Commission added a recommendation to prohibit outdoor burning at STRs (including recreational fires, firepits, outdoor fireplaces, barbecues/grills, and bonfires).

Prior Economic Development Subcommittee and City Council discussion included interest in adding policies related to lighting, and other potential nuisance causing issues. Additionally, lighting and trash concerns have been expressed by STR neighbors. Water conservation and emergency signage is required by all other lodging types.

h. Section 20-48.080, Enforcement.

This section has been rewritten to better clarify general enforcement remedies and options, and to provide an overview of how complaints may be submitted. New language includes the following:

- Reenforces that Local Contact failure to respond pursuant to the requirements of this chapter constitutes a violation of the STR Permit;
- Aligns penalties for STR violations with California Government Code provisions applicable to STRs, as well as for violations which are indirectly related to STRs, and indicates when and how such penalties shall be assessed; and
- Establishes the circumstances under which revocation proceedings are triggered and provides clarifying language as to the types of violations that constitute verified violations for purposes of revocation proceedings.

3. Zoning Code Text Amendment Findings

Pursuant to Zoning Code Section 20-64.050(B), amendments to the text of the Zoning Code may be approved only if all of the following findings are made; staff response to each, which were also supported by the Planning Commission, are also provided:

- A. The proposed amendment is consistent with the goals and policies of the General Plan, and any applicable specific plan.

Response: The proposed amendments further existing policies related to economic vitality, police services, fire protection, and noise and do not allow density beyond what is currently allowed. Further, the Residential section of the Land Use and Livability Element of the General Plan includes seven residential land use classifications that are established to provide for a development of a full range of housing types, with a goal to

“maintain a diversity of neighborhoods and varied housing stock to satisfy a wide range of needs.” While the Short-Term Rental Ordinance allows for a more transient occupancy of residential units in the City, it would not permanently remove those units as residential, and therefore would not impact the City’s ability to meet its Regional Housing Needs Allocation (RHNA), as set by the State of California. The units would continue to count toward the City’s overall housing stock and would not be altered such that they could not be immediately returned to longer-term residential use at the end of the one-year term of a Short-Term Rental Permit. Further, the concentration requirements within the Short-Term Rental Ordinance, which limits non-hosted Short-Term Rentals to no more than one within a 1,000-foot radius, further limits the impact of these short-term residential leases on the City’s overall housing stock.

- B. The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City.

Response: The proposed amendments strive to improve and enhance implementation and enforcement of the STR Ordinance to ensure STRs are compatible with the neighborhoods in which they are located. Further, the proposed amendments limit the number of non-hosted STR Permits that a single entity can own to encourage a fairer distribution of non-hosted STR Permits and the proposed amendments prohibit STR activities in all accessory dwelling units which have not previously received an STR Permit and in other sensitive housing types.

- C. The proposed amendment is internally consistent with other applicable provisions of this Zoning Code.

Response: Except where explicitly identified, such as the extension of quiet hours from 9:00 p.m. to 8:00 a.m., the proposed amendments have been reviewed and found by staff and the Planning Commission to be internally consistent with all other provisions of the Zoning Code. In addition, Zoning Code Section 20-22.010, Purpose, identifies that the purpose of Zoning Code Chapter 20-22, Residential Zoning Districts, is to determine the type of land use permit/approval required for each use identified as allowed in each of the City’s residential zoning districts, and provides basic standards for site layout and building size. Zoning Code Section 20-22.020, Purposes of the Residential Zoning Districts, further identifies specific purposes for each residential zoning district. While this section of the Zoning Code identifies residential units as the primary use, it also allows compatible accessory uses. Such compatible accessory uses allowed by-right, or with the approval of a Minor Use Permit or Conditional Use Permit, include neighborhood serving retail uses; home occupations, including those that allow both clients and customers to visit the home occupation; community care facilities, both large and small; emergency

shelters; supportive and transitional housing; rooming or boarding houses; organizational houses (dormitory, sorority, monastery, etc.); child and adult day care uses; and bed and breakfast inns. While the Short-Term Rental Ordinance allows for a more transient occupancy of traditional residential units, it would not permanently remove those units for residential use. The units would continue to be residential in nature and would not be altered such that they could not be immediately returned to longer-term residential use at the end of the one-year term of a Short-Term Rental Permit.

- D. The proposed amendment has been reviewed in compliance with the California Environmental Quality ACT (CEQA).

Response: See Environmental Impact Section of this report below.

4. Community Outreach and Engagement

Staff continuously maintains a dedicated STR website <https://www.srcity.org/STR> and responds on an ongoing basis to inquiries and Ordinance suggestions sent to the shorttermrentals@srcity.org email account. As noted in the Background section of this report, community outreach and engagement took place in 2021, prior to Council's adoption of the initial STR Ordinance, and in 2022, following adoption of the Ordinance amendments. Below is a summary of both the 2021 and 2022 engagement efforts.

2021 Community Outreach Results Summary

Between August 17, 2021 and August 31, 2021, the City conducted an online Short-Term Rental community survey to help inform a STR urgency ordinance. The survey, which was promoted through a press release and on the City's website, newsletter and social media, received 2,357 total responses. Note the survey did not distinguish between hosted and non-hosted STRs.

Survey responses included support for the following:

- Establishing a permit requirement and occupancy limits;
- Extended quiet hours;
- Noticing of adjacent property owners;
- Requiring a limit on the number of STRs allowed by owner;
- Advertising requirements;
- Annual renewal requirements;
- A limit on the number of rental nights allowed per year; and
- Enforcement policies that include fines and removal of license/ability to operate STR.

When asked where STRs should be permitted, 49% of respondents selected commercial zoning districts and 42% selected residential neighborhoods. A full August 2021 STR Survey Results Report can be reviewed as Attachment 7 to this report.

2022 Community Outreach Results Summary

As requested by City Council, and outlined in the Background section of this report, between August 2022 and April 2023, City staff led a robust outreach process to provide opportunities for the community to discuss the STR program and suggest potential areas for improvement.

STRs in the City generate strong opinions – both in favor and opposed. This situation is not unique to Santa Rosa and can be seen across Sonoma County and throughout California and the nation related to this issue. The 2022 engagement efforts have derived results that are similar to those received from the community prior to and after the adoption of the STR Ordinance and its subsequent amendment.

An online public sentiment survey was conducted between September 23, 2022, and December 18, 2022 (a full STR Survey Results Report is attached to this report as Attachment 8). The survey results, which garnered 1,927 total responses (after removal of obvious and self-identified duplicates), are summarized below. Included here are responses that relate to demographic information and for which significant difference of opinion was measured. Due to rounding, some response totals may not equal 100 percent. Note, not all survey questions are included in the below summary; therefore, the item numbers used here may not correspond to the actual survey question number seen in the Survey Results Report.

The survey also included a section for open-ended feedback, which garnered 876 responses (see Attachment 8).

a. Demographic information (respondents could choose all that apply):

- 87% of respondents are full-time Santa Rosa residents
- 76% own residential property in the City
- 15% live in rental property in Santa Rosa
- 22% own commercial property in the City

b. STR Ownership (respondents could choose all that apply):

- 87% are not STR owners
- 13% own an STR in the City or another jurisdiction

c. Living proximity to a STR (respondents could choose all that apply):

- 17% live near a hosted STR
 - 36% live near a non-hosted STR
 - 21% do not live near a STR
 - 36% are unsure if they live near a STR
- d. The existing cap of 198 non-hosted STRs citywide:
- 63% responded that the cap should be unchanged or that fewer non-hosted STRs should be allowed
 - 35% responded that there should be no cap or that more non-hosted STRs should be allowed
 - 3% did not answer
- e. Should the City limit how many STRs an entity can own:
- 68% responded yes
 - 29% responded no
 - 3% did not answer
- f. The existing 1000-foot minimum distance requirement between non-hosted STRs in single family dwellings:
- 65% responded that the 1000-foot minimum distance should be unchanged or made larger
 - 29% responded that the 1000-foot minimum distance should be made smaller or eliminated
 - 5% did not answer
- g. The existing 1000-foot required minimum distance between new non-hosted STRs in single family dwellings Downtown:
- 60% responded that the required minimum distance should be the same as citywide
 - 35% responded that the required minimum distance should be less Downtown
 - 5% did not answer
- h. The 1000-foot required minimum distance between non-hosted STRs in multi-family units citywide and Downtown:
- 66% responded that non-hosted STRs in multi-family units should be separated by 1000-feet, more than 1000-feet, or not allowed in multi-family units

- 29% responded that the required distance should be less than 1,000-feet or removed entirely
- 6% did not answer

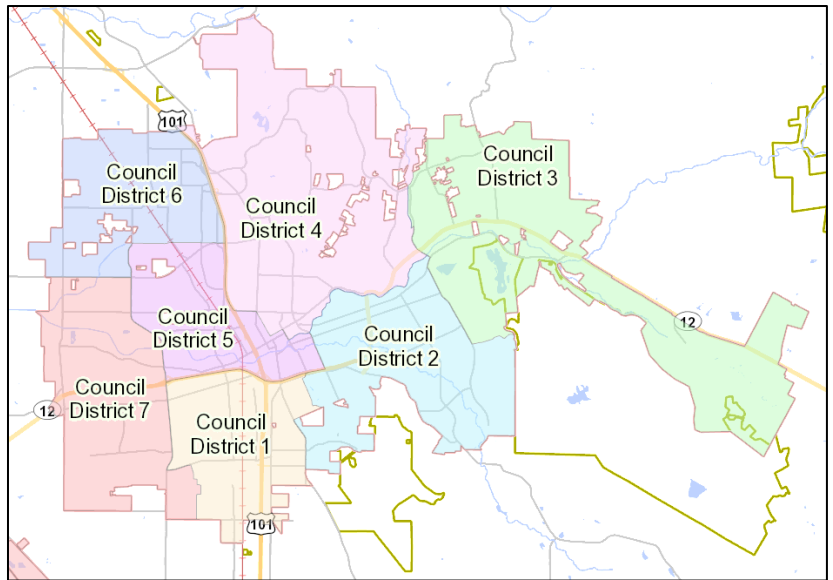
i. Code enforcement penalties:

- 75% responded that the existing penalties are adequate or not harsh enough
- 19% responded that they are too harsh
- 6% did not answer

j. Respondent's Council district:

- 1: 4%
- 2: 12%
- 3: 11%
- 4: 33%
- 5: 6%
- 6: 6%
- 7: 5%

10% of respondents do not live within City limits, and 10% did not respond.



In addition to the survey responses, public comments received via email, during community meeting breakout room sessions, at pop up events, and through focus group meetings have tended to follow common themes, some of which are summarized below.

STR Advantages Cited:

- Economic benefits including tax revenue generated directly and the potential for STR related activities to increase sales tax revenue.
- Positive impact on businesses that support STRs like property management firms, concierge, housecleaning, and landscaping services.
- STRs provide a good investment opportunity.

SHORT-TERM RENTALS ORDINANCE AMENDMENTS

PAGE 14 OF 19

- STRs provide an overall positive impact on the tourism sector by helping Santa Rosa remain an attractive and affordable market.
- STR guests frequently visit local attractions/businesses/restaurants.
- STRs offer alternative lodging opportunities for traveling families, professionals who may be working in Santa Rosa for a short time, and potentially those escaping a natural disaster, among others.
- STRs provide a way for individuals to keep their homes in challenging economic times.
- Non-hosted STRs are seen as providing greater income and flexibility than long-term rentals.
- Non-hosted STRs allow families/individuals who live in different places for periods of the year to make money (to support mortgage and other expenses) while they are away.

STR Disadvantages Cited:

It is important to note that STR opposition is directed almost exclusively at non-hosted STRs.

- Non-hosted STRs are hotels/businesses that would otherwise not be and should not be allowed in residential zoning districts.
- The 1000-foot non-hosted separation did not apply to those first able to get a permit so has not reduced overconcentration in certain neighborhoods.
- STRs are not subject to the same degree of inspections and restrictions (including ADA compliance) so have an unfair advantage over other lodging types.
- Given Santa Rosa's ongoing housing crisis, each STR potentially removes a residential unit that could be used by someone/a family hoping to live full-time in the community.
- STRs inflate real estate prices – for potential buyers and renters however neighbors who may want to sell their homes have to disclose a STR nearby – potentially negatively impacting home values.
- The possibility that any non-hosted STR stay could turn into an incident like what has already been seen locally and in other jurisdictions requires neighbors to be constantly on alert.

- STRs can pit neighbors against neighbors.
- STRs have a negative effect on neighborhood cohesiveness and character. (e.g., fear of allowing children to play outside when you know nothing about the people staying next door).
- STR owners are making money at the expense of neighbors' ability to peacefully enjoy their homes/outdoor spaces.
- Non-hosted STRs reduce community connections and potentially reduce the number of students in neighborhood schools, community volunteers, and "regulars" at local businesses and restaurants.
- The frequent turnover of guests (including disruptions caused by late night arrivals) damage feelings of community and safety and people on vacation do not consider impacts on neighbors and often do not keep the same waking hours of surrounding homes.

ISSUES

Based on the responses received from the community outreach and engagement noted above, as well as the written correspondence received since the adoption of the STR Ordinance, the following potential additional Ordinance amendments have been identified, in no particular order:

- Prohibit non-hosted STRs in residential zones.
- Decrease, increase, or eliminate non-hosted STR cap.
- Reduce or increase required non-hosted setback.
- Provide alternative separation requirement for multi-family units (limit by distance between units or number per building; not distance from property line to property line).

Staff and the Planning Commission are not recommending any of the above-noted changes at this time. Implementation of any of the above suggestions would likely create a situation where existing STR Permits filed and issued in good faith would become non-conforming. Further, to date, staff has not received direction to make any fundamental changes to the Ordinance. The above noted suggestions would be a major shift from the regulations that were adopted by Council in October 2021. The changes recommended by staff at this time are to maintain the Ordinance as adopted, with non-substantive, technical updates to ensure that the regulations are clear and implementable.

FISCAL IMPACT

Approval of this action, to amend the existing Short-Term Rentals Ordinance, does not have a direct known fiscal impact on the General Fund. In 2022, one-time funding was provided for a temporary City Planner, Code Enforcement Officer and Senior Administrative Assistant to help in the initial processing of new STR Permit applications and violation complaints. Moving forward, processing of new and renewal STR Permit applications, as well as Code enforcement, will be folded into the Planning and Economic Development Departments budget.

A comparison of TOT and BIA received for STR stays in 2021 and 2022 can be seen in the following table.

	2021	2022
TOT remitted		
Q1	60,617	166,764
Q2	157,768	329,349
Q3	269,679	347,495
Q4	261,451	238,619
TOTAL	\$749,715	\$1,082,227

	2021	2022
BIA Assessments		
Q1	20,205	55,588
Q2	52,589	109,783
Q3	90,150	115,955
Q4	87,058	79,541
TOTAL	\$250,002	\$360,867
TOTAL TOT and BIA	\$999,717	\$1,443,094

TOT remittances for STR stays in 2022 exceeded 2021 figures by \$332,512 and BIA assessments for 2022 exceeded those of 2021 by \$110,865. Total TOT and BIA received in 2022 showed an increase of \$443,377 year over year.

ENVIRONMENTAL IMPACT

Adoption of the proposed Amendments is exempt from the California Environmental Quality Act (CEQA) under CEQA Guidelines Sections 15060(c)(2) because adoption of the Amendments will not result in a direct or reasonably foreseeable indirect physical change in the environment, and because it is not a project as defined in CEQA Guidelines Section 15378, as it has no potential for resulting in a physical change in the environment, directly or indirectly. Additionally, or alternatively, adoption of the Amendments is exempt from CEQA under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that adoption or implementation of the Amendments would have a significant effect on the environment,

would not be detrimental to the public interest, health, safety, convenience, or welfare of the City. The Ordinance is also exempt from CEQA pursuant to CEQA Guidelines section 15301 in that no new development or construction is authorized by the Ordinance and nothing in the Ordinance permits any expansion of use beyond the level of land uses already existing in the City. Single-family homes that are rented on a short-term basis will still be used as single-family homes and in a manner that is not substantially different from how they would be used if they were occupied by full-time residents or long-term renters. In addition, the Ordinance is exempt pursuant to CEQA guidelines sections 15307 and 15308 as an action taken to assure the maintenance, restoration, enhancement and protection of natural resources and the environment, in that requiring a short-term rental permit program that imposes standards related to water conservation, refuse management, noise, outdoor burning and emergency evacuation serves to further protect natural resources and the environment.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On April 27, 2023, the Planning Commission held a public hearing and reviewed the proposed amendments to the Short-Term Rental Ordinance. During the public hearing the Commission heard from members of the public on both sides of the issue. Ultimately, the Commission voted 4-2, with one Commissioner absent, to adopt the resolution recommending that the City Council adopt the proposed text amendments to Zoning Code Chapter 20-48, Short-Term Rentals, as recommended by staff. Included in the motion was a friendly amendment to prohibit outdoor burning at short-term rentals, which includes recreational fires, firepits, outdoor fireplaces, barbecues/grills, bonfires, and other similar items. The Commission was concerned about allowing any kind of burning at STRs where out-of-area visitors may not have a full understanding of the impacts wildfires have had on the Santa Rosa community.

Four of the Commissioners agreed with staff's recommendation and found that the proposed amendments would provide additional and necessary clarification to the regulations. The majority also determined that, because the original STR Ordinance was adopted less than two years prior, and because there has not been any direction from the City Council for major changes to the Ordinance, that substantial changes such as prohibiting STRs from residential zoning districts is something that the Commission did not want to recommend at this time.

The two dissenting votes were on either side of the issue, as noted below:

- Commissioner Peterson stated that he considers non-hosted STRs to be hotels, which are not compatible in residential neighborhoods. Specifically, he finds that non-hosted STRs are not consistent with the purpose of the residential zoning districts and land uses of the Zoning Code or General Plan. He recommended the City ban non-hosted STRs City-wide.
- Commissioner Sanders stated an interest in increasing the proposed limitation on the number of non-hosted STR permits a single property owner could obtain from

SHORT-TERM RENTALS ORDINANCE AMENDMENTS

PAGE 18 OF 19

the recommended one per property owner to a maximum of three per property owner. He questioned, if a single property owner is not limited on the number of long-term rentals they can own, why should they be limited to only one short-term rental with the proposed Ordinance amendments.

Other comments that were provided by individual Commissioners but did not have a majority support and did not make it into the ultimate recommendation, include the following:

- An interest in including a different citation fine schedule for lesser violations. For example, maintain the proposed fines for noise violations, but provide reduced fines for more minor violations such as an error in an STR advertisement.
- Require a minimum trash receptacle size for STRs.
- Require a minimum two-night stay at STRs.

NOTIFICATION

Pursuant to Zoning Code Section 20-66.020(D), Alternative to Mailing, if the number of property owners to whom notice would be mailed would exceed 1,000, the City may, as an alternative to mailing and on-site posting, provide notice by placing an advertisement of one-eighth page in at least one newspaper of general circulation 10 days prior to the hearing. The proposed Zoning Code text amendments would affect properties Citywide, therefore, a one-eighth page advertisement was placed in the Press Democrat. The notice was also sent out via GovDelivery email, through the City's various social media sites, and was posted at City Hall and the City website, including the Short-Term Rental website (<https://www.srcity.org/3625/Short-Term-Vacation-Rentals>). Pursuant to Government Code Section 65091, where necessary, the City has incorporated notice procedures to the blind, aged, and disabled communities. These procedures include audio amplifier/assistive listening device support at public meetings, closed captioning, and optical character recognition conversion of electronic notices.

ATTACHMENTS

- Attachment 1 – City Council Ordinance No. ORD 2021-011
- Attachment 2 – October 12, 2021 City Council Staff Report
- Attachment 3 -- City Council Ordinance No. ORD-2022-008
- Attachment 4 – City Council Resolution No. RES-2022-177
- Attachment 5 – August 9, 2022 City Council Staff Report
- Attachment 6 – Proposed Zoning Code Text Amendments – Redline
- Attachment 7 – August 2021 STR Survey Results Report
- Attachment 8 – September 23 to December 19, 2022 STR Survey Results Report
- Attachment 9 – Draft Minutes of April 27, 2023 Planning Commission Meeting
- Attachment 10 – Planning Commission Resolution No. PC-2023-013

SHORT-TERM RENTALS ORDINANCE AMENDMENTS
PAGE 19 OF 19

- Attachment 11 – Public Comment
- Ordinance

PRESENTER

Shari Meads, Senior Planner