

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 –
SECOND READING (PART 1)

AGENDA ACTION: ORDINANCE ADOPTION

RECOMMENDATION

This ordinance, introduced as part of a broader package of amendments at the June 6, 2023, Regular Meeting by a 6-1-0 vote (Fleming no), amends the text of Section 20-48.040 of Title 20 of the Santa Rosa City Code, Chapter 20-48, Short-Term Rentals, to provide a 30-day grace period, following the adoption of the ordinance, to submit applications to renew expired Short-Term Rental Permits issued during the first year of the Short-Term Rental Ordinance.

On June 6, 2023, after a duly noticed public hearing, Council introduced a series of amendments to the text of Chapter 20-48, Short-Term Rentals. Council directed that (a) staff return as quickly as possible with an amendment to provide the 30-day grace period set forth in this proposed ordinance, and (b) staff return at a later date with a comprehensive ordinance setting forth the remaining amendments introduced on June 6th. The ordinance presented here is thus the first step of a two-part ordinance adoption.

EXECUTIVE SUMMARY

The City's Short-Term Rentals (STR) Ordinance was adopted on October 13, 2021. On August 9, 2022, the Council adopted minor amendments to limit the number of non-hosted STRs within the City and to provide code enforcement regulations. On April 27, 2023, following community engagement and based on Council direction, the Planning Commission held a public hearing and voted 4-2, with one member absent, to recommend that the Council adopt amendments to the Ordinance to address technical changes and add new and revised definitions and policies.

On June 6, 2023, the Council considered the proposed amendments and directed staff to make several changes to the Ordinance, organized in two groups. First, provide a one-time 30-day grace period for Permit holders whose Permits were issued within the

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first year of the Ordinance and expired without a Renewal application being timely submitted. Second, revise the Ordinance to: (a) provide a permanent 30-day grace period for submitting renewal applications, (b) clarify that allowed outdoor burning at non-hosted STRs only includes natural gas and propane appliances, (c) clarify that outdoor burning limitations do not apply to hosted STRs, (d) provide for transfer of STRs to family members under certain circumstances, (e) allow Owners with multiple STR Permits to retain those permits, (f) require hosted STR Permit applicants to file an affidavit that they will live on site, (g) provide a tiered violation penalty schedule, (h) require a fine for first violations of TOT/BIA and operating without a Permit, (i) clarify that after a third violation a Permit is revoked permanently, (j) keep a cap on non-hosted STRs, starting with current level and reduced over time through natural attrition, prohibit new non-hosted STR Permit applications, and provide for reconsideration of the cap by Council in two years, and (k) require the City to send renewal reminder notifications to Permit holders. Council directed staff to return with the second reading of the first group of revisions (part 1, above) at the June 20, 2023 Council meeting, and to return with the second group of changes (part 2, a through k, above) for a second reading at a future Council meeting.

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.

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. 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.

On August 9, 2022, the City Council adopted Ordinance No. ORD-2022-008 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, 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.

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On June 6, 2023, the City Council held a public hearing to consider a series of proposed amendments to the STR ordinance, Chapter 20-48. The Council directed staff to bring the amendments back in two parts for second reading and adoption as follows:

1. First part to provide for a 30-day grace period, following the effective date of the Ordinance amendment, for Permit holders whose Permits were issued within the first year of the Ordinance and expired without a Renewal application being timely submitted; and
2. The second part to address the remaining elements of the introduced Ordinance, including:
 - a. Allow Permit holders a 30-day grace period following the expiration of their Permit to submit a Renewal application;
 - b. Prohibit outdoor burning at non-hosted STRs, with the exception of natural gas and propane appliances (such as BBQs, grills, heaters and fire pits);
 - c. Clarify that outdoor burning regulations do not apply to hosted STRs;
 - d. Allow a transfer of an STR Permits, under certain conditions, to a spouse, domestic partner, parent, child, legal guardian or beneficiary of a trust;
 - e. Maintain the proposed limit of one non-hosted STR Permit per property owner but allow those with existing multiple STR Permits to retain and renew those Permits;
 - f. Require applicants for hosted STR Permits to provide an affidavit stating that they will be living on the property;
 - g. Provide a tiered penalty schedule for violations, with one tier for minor violations and one for major violations, with a higher fine amount for major violations;
 - h. Require a fine for the first penalty for TOT/BIA violations and for operating an STR without a Permit – no warnings for these violations;
 - i. Clarify that after a third citation the Permit will be revoked and the property owner will not be able to reapply at any time for a new Permit;
 - j. Maintain cap for non-hosted STR Permits, reducing the cap through attrition as permits are vacated or revoked, do not accept new applications for non-hosted STRs, and return to Council in two years to reassess the non-hosted STR cap; and

- k. Set up a program to send reminder notices to Permit holders letting them know when their Permit will be expiring.

PRIOR CITY COUNCIL REVIEW

See Background section of this report above.

ANALYSIS

The proposed Ordinance includes additional language to Zoning Code Section 20-48.040(E), Annual Requirement, to allow an additional 30 calendar days from the effective date of the proposed Ordinance amendment to submit a Renewal Short-Term Rental Permit application under specified circumstances. This language would apply to Permits that were issued within the first year of the original Ordinance (between October 13, 2021 and October 13, 2022) and that expired prior to the effective date of this proposed Ordinance amendment. If adopted on June 20, 2023, the effective date of the Ordinance will be July 21, 2023. As such, applicants with expired Permits that were issued in the first year of the Ordinance would have until August 21, 2023 to submit a Renewal Short-Term Rental Permit application.

If adopted, City staff will send e-mail notification to all applicable Permit holders to notify them of the 30-day window to submit a Renewal application.

The proposed Ordinance also includes language to clarify that in the event that any non-hosted Short-Term Rental Permit was issued for a property within 1,000 feet of an expired non-hosted Permit that is subsequently renewed based on this Ordinance amendment, both STRs would be able to retain their Permits regardless of the distance between them. This language has been included to address a situation where reviving an expired Permit would cause another validly issued Permit to become invalid due to the distance requirements between non-hosted STRs.

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.

ENVIRONMENTAL IMPACT

The proposed amendment has been reviewed in compliance with the California Environmental Quality ACT (CEQA) and the City Council has determined that adoption of this ordinance is exempt from CEQA under CEQA Guidelines Section 15060(c)(2) because the activity 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, the Ordinance is exempt

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from CEQA under CEQA Guidelines Section 15061(b)(3) because it can be seen with certainty that there is no possibility that this Ordinance or its implementation of the Amendment 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.

BOARD/COMMISSION/COMMITTEE REVIEW AND RECOMMENDATIONS

On April 27, 2023, the Planning Commission held a public hearing and reviewed a series of 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 a 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.

NOTIFICATION

A second reading of an Ordinance is not a public hearing, and therefore notification is not required. For the June 6, 2023 public hearing regarding this item, 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>).

ATTACHMENTS

- Ordinance

PRESENTER

Sue Gallagher, City Attorney