



CITY OF SANTA BARBARA

COUNCIL AGENDA REPORT

AGENDA DATE: December 8, 2015

TO: Mayor and Councilmembers

FROM: Planning Division, Community Development Department

SUBJECT: Possible Short-Term Home Sharing Rental Ordinance

RECOMMENDATION: That Council:

- A. Receive an update on the proposal to define, permit, regulate and tax short-term home sharing rentals in the City; and
- B. Provide direction to staff regarding the development of a short-term home sharing rental ordinance.

BACKGROUND:

Since March 2015, the City Council has been actively involved in addressing the proliferation of short-term rentals in the City. The Zoning Ordinance defines a short-term rental ("Hotel") as the renting of a building, or portion of a building that is designed for or occupied as the temporary abiding place of individuals for less than 30 consecutive days. This type of rental is considered a transient, commercial use similar to hotels, motels or bed and breakfast operations, and is prohibited in most residential zones of the City.

On June 23, 2015, the City Council directed staff to enforce the City's existing Zoning Ordinance regulations regarding vacation rentals and to develop an enhanced enforcement plan. On August 11, 2015, Council allocated funding for staff to conduct proactive enforcement of unlawful short-term vacation rentals. The effort is expected to take two to three years to complete the initial work, with ongoing enforcement efforts continuing into the future. Given the relatively long timeframe, City Council directed staff to return with an enforcement status report in six months, which will occur in early 2016.

At the August 11 meeting, in response to public input, the City Council also initiated a Zoning Ordinance Amendment to consider allowing short-term home sharing rentals. Due to the complexity of issues involved with short-term home sharing rentals, Council directed staff to first meet with the Planning Commission to refine the definition and general regulations for short-term home sharing, and then return to Council for further direction.

DISCUSSION:

Planning Commission Discussion

On October 15, 2015, the Planning Commission held a public hearing and discussed the opportunities and challenges of regulating short-term home sharing rentals (Attachment 1 – Planning Commission Staff Report). It is important to note that staff posed three specific questions to the Commission in order to focus comments on the concept of allowing and regulating short-term home sharing rentals, and deterred the Commission from getting into details of a potential ordinance. If an ordinance is further pursued by Council, staff expects to have several public meetings with the Planning Commission about those details. The Commission was not asked to consider their recommendations in light of staff workload or budget implications, as those issues are generally under the purview of the City Council.

The Planning Commission generally supported the concept of allowing short-term home sharing rentals in the City, but was cautious about the enforcement challenges, costs and staffing resources required to successfully implement such an ordinance (Attachment 2 – Planning Commission Minutes). Similarly, while the majority of the Planning Commission believed that short-term home sharing rentals should be “hosted,” with the homeowner or primary resident present during the guest’s stay, they recognized the significant challenge in enforcing such a requirement.

The Commission generally supported regulating short-term home sharing rentals by a land use permit and performance measures rather than an annually renewable license, similar to a business license. Commissioners acknowledged that the land use standards would need to be clearly defined and measurable and that additional staff may be required to proactively monitor and enforce the regulations.

Enforcement Challenges

The primary challenge with developing and enforcing an ordinance allowing short-term home sharing rentals is attempting to regulate activities within private residences that are not easily observed. In most cases, a physical inspection of the property will not inform staff about a potential violation. In addition, without the cooperation of management companies and hosting platforms, it is very difficult to track the number of total or consecutive rental days and to prove that a financial transaction has taken place. Accordingly, enforcement efforts must then focus on neighbors and/or staff monitoring and documenting activities, such as guests coming and going, potentially over very long periods, in order to confirm an alleged violation.

Another issue is that the City’s current administrative citation of \$100 per first offense is negligible in relation to the potential revenue generated by operating a short-term home sharing rental. Increasing the citation amount and/or requiring the owner to sign a settlement agreement could incentivize compliance and provide a proper deterrent to

unlawful short-term rentals; however, those methods are only useful once staff has confirmed that a violation has occurred.

If legalization and regulation of short-term home sharing is pursued by the Council, staff recommends that rentals be authorized via an annually renewable license, as opposed to a land use permit. Land use permits are typically issued after an applicant has demonstrated compliance with the applicable regulations and the permit approval runs with the land, and is not subject to a relatively easy revocation process. Regardless of the method used to permit short-term home sharing rentals, proving a violation would be challenging, as discussed above. However, if a license is revoked or not renewed for noncompliance, it is far easier to demonstrate a violation of the Municipal Code for operating a short-term home sharing rental without a license than it is to build up a case each time that the operator is alleged to be in violation of certain performance standards.

General Plan and Zoning Ordinance Considerations

When considering policy changes, an important analysis is determining consistency with the City's General Plan and Zoning Ordinance. The 2011 General Plan reaffirms the City's commitment to "living within our resources," which requires managing future growth. Changing existing zoning regulations to allow short-term overnight accommodations in residential zones could possibly alter the balance of land uses that is key to the character of the City. Furthermore, strict measures are currently in place to limit the amount of new commercial growth in the City, including overnight accommodations in hotels, motels and bed and breakfast establishments. Allowing homeowners to rent their homes out for short-term stays without similar growth control measures would be contrary to the City's General Plan goals and provide an economic advantage to home sharing rentals over hotels and motels.

The City's Zoning Ordinance is clear in that the regulations for the One-Family, Two-Family, and the Limited Multiple-Family Residence Zones are "designed and intended to establish, maintain and protect the essential characteristics of the districts, to develop and sustain a suitable environment for domestic life including the raising of children, and to prohibit all activities which would tend to be inharmonious with or injurious to the preservation of a residential environment." There is concern that short-term rentals of any type may negatively impact the character and dynamics of a residential neighborhood, and may contribute to other nuisances, such as noise, litter and on-street parking impacts.

Conclusion

Since June 2015, staff and the Council have been open to developing regulations that would allow short-term home sharing rentals to be permitted and regulated differently than vacation rentals. However, after thoughtful consideration, staff does not recommend further pursuit of a home sharing ordinance at this time.

Since June, it has become clearer to staff that it is very difficult to distinguish between vacation rentals and home sharing rentals. They both involve the renting of individual bedrooms or entire homes for less than 30 consecutive days, and both are incredibly difficult to monitor and enforce.

There is a growing concern with vacation rentals and home sharing in the City, the region, and throughout the world. Many cities are attempting to address the issues and balance opportunities and impacts. None are finding it easy, and there are no simple solutions. Until all hosting platforms cooperate with each other and local jurisdictions to regularly report bookings or provide other methods to confirm compliance with local regulations, pursuing short-term home sharing rental regulations at this time is not an efficient use of staff resources, and it would likely place a tremendous burden on individuals and neighborhoods.

If Council agrees, staff will continue to enforce the current zoning regulations and use the additional staff dedicated to vacation rental enforcement to proactively enforce short-term home sharing rentals, with a priority on those for which complaints have been filed.

BUDGET/FINANCIAL INFORMATION:

Since June 2015, the City has stopped accepting new business license applications for any type of short-term rental operation. The City continues to collect Transient Occupancy Taxes (TOT) from any existing vacation rentals and short-term home sharing rentals that have not ceased operation due to enforcement action. In Fiscal Year 2015, the City's General Fund received approximately \$1.19 million in TOT revenues from the 349 registered short-term vacation and home sharing rentals. With the staff recommendation to continue enforcement of existing zoning regulations, this General Fund revenue stream will diminish over time with increased enforcement.

ATTACHMENT(S): 1. Planning Commission Staff Report (October 15, 2015)
2. Planning Commission Minutes (October 15, 2015)

PREPARED BY: Elizabeth Limón, Project Planner

SUBMITTED BY: George Buell, Community Development Director

APPROVED BY: City Administrator's Office



City of Santa Barbara California

PLANNING COMMISSION STAFF REPORT

REPORT DATE: October 8, 2015
AGENDA DATE: October 15, 2015
PROJECT: Potential Ordinance Amendment to Allow Short-Term Home Sharing Rentals
TO: Planning Commission
FROM: Planning Division, (805) 564-5470, extension 4569
 Renee Brooke, City Planner
 Elizabeth Limón, Project Planner

I. INTRODUCTION

Short-term home sharing rentals occur when a resident hosts visitors in their home for a fee for less than 30 consecutive days. Currently, all residential short-term rentals are in violation of the Zoning Ordinance.

On August 11, 2015, the City Council initiated an ordinance amendment to consider allowing short-term home sharing rentals in the City. Council also directed staff to meet with the Planning Commission to refine the definition and types of home sharing that may be acceptable. The purpose of this Planning Commission meeting is to hold a public hearing and discuss the opportunities, challenges and enforcement issues regarding short-term home sharing rentals.

II. BACKGROUND

On June 23, 2015, the City Council held a public hearing and discussed the growth of vacation rentals, another form of short-term rentals, in the City. At the conclusion of the public hearing, the Council was unanimous in their support for continued enforcement of the City's existing Zoning Ordinance regulations prohibiting all residential short-term rentals, unless properly permitted. Noting concerns regarding neighborhood compatibility and the loss of housing to a commercial enterprise, Council directed staff to develop a proactive enforcement program. Council also directed staff to develop a work program to define, regulate and permit short-term home sharing rentals anywhere residential uses are allowed.

On August 11, 2015, the Council allocated additional funding to the City Attorney's Office, Finance Department and the Planning Division's Zoning and Enforcement Section to conduct proactive enforcement of unlawful vacation rentals. The departments are working closely together and expect the effort to take two to three years to complete the initial work, with an ongoing need for enforcement resources beyond. Given the enforcement complexities and the long timeframe, City Council directed staff to return with an enforcement status report in six months.

The City Council also initiated a Zoning Ordinance Amendment to consider allowing short-term home sharing rentals. Again, due to the complexity of the issues involved in developing these new regulations, the Council directed staff to meet with the Planning Commission to refine the definition and types of short-term home sharing rentals that may be acceptable. Staff will then return to Council to confirm the parameters prior to drafting an ordinance and completing the review process.

Existing Zoning Ordinance Definitions

The City's Zoning Ordinance contains distinct definitions for residential units and hotels, which have existed for decades. The length of stay, less than 30 days, determines the transient nature of home/room rentals.

The sharing economy and use of the Internet to book commercial transactions (transportation, rooms or homes) did not exist when the City's zoning definitions and regulations were adopted. Applying existing regulations to this new and rapidly expanding phenomenon has proven challenging.

The City Attorney has determined that renting out homes/rooms for a fee for less than 30 days is currently a Municipal Code violation based on the definition of hotel in the Zoning Ordinance.

SBMC §28.04.395 Hotel:

“A building, group of buildings or a portion of a building which is designed for or occupied as the temporary abiding place of individuals for less than thirty (30) consecutive days including, but not limited to, establishments held out to the public as auto courts, bed and breakfast inns, hostels, inns, motels, motor lodges, time share projects, tourist courts, and other similar uses.”

Accordingly, a Zoning Ordinance amendment will be required to implement a short-term home sharing rental program. Adding relevant, modern definitions and clarifying regulations will be beneficial to both the public and staff.

As described below, many cities do not define short-term home sharing rentals in their Zoning Ordinance. Permits and performance standards are implemented through the business license section of the Municipal Code while the Zoning Ordinance is silent. In these cases, short-term home sharing rentals are considered a type of temporary use or home occupation and not a commercial land use activity.

In June, the City Council was presented with options regarding regulating short-term vacation rentals and home sharing rentals. Council directed staff to enforce existing regulations for unlawful short-term vacation rentals and to consider amending the Zoning Ordinance to allow short-term home sharing rentals. The option of permitting and regulating short-term home sharing rentals through other sections of the Municipal Code (keeping zoning silent) was not selected.

III. DISCUSSION

Definition of Home Sharing

To date, Staff has provided the following definitions in Council Agenda Reports for the purpose of discussion. These are not terms or definitions currently found in the City's Municipal Code.

"Home Sharing Rental" – A resident(s) hosts visitors in their home for short periods of time (less than 30 days) while at least one of the primary residents lives on-site throughout the stay. Guests pay a nightly fee and enjoy non-exclusive shared use of the unit with the person(s) who lives there. Typically, the primary resident actively hosts the guests during the visit.

"Vacation Rental" – The rental of any un-hosted dwelling unit to any person for exclusive transient use of less than 30 days. Guests pay a nightly fee and enjoy the exclusive private use of the unit.

During public hearings and through public comment, the City Council frequently heard requests for more flexibility in the definitions of home sharing, such as:

- Part-time Santa Barbara residents who want to rent their home during the parts of the year they are not here.
- Full-time Santa Barbara residents who want to rent their home out while they vacation or travel.
- Residents who want the ability to rent out separate units such as guest houses on larger properties.
- Residents who are willing to stay with friends and family while they rent out their home short-term.

Feasibility of Home Sharing

Regulatory Approaches in Other Communities

Staff has researched how other jurisdictions allow and regulate, or prohibit and enforce, short-term vacation rentals and short-term home sharing rentals. In many jurisdictions, all short-term rentals in residential neighborhoods are prohibited. Short-term rentals are usually viewed as a commercial activity and considered no different than a hotel.

A recent trend is to make a distinction between short-term vacation rentals and short-term home sharing rentals and regulate them separately. San Francisco, Santa Monica and the City of San Luis Obispo have recently moved to prohibit short-term vacation rentals but allow short-term home-sharing rentals, if the owners meet specified requirements and also remit Transit Occupancy Tax (TOT) to the City.

Communities that allow and regulate short-term home sharing rentals use some or all of the following techniques to manage their impacts in residential neighborhoods:

- Permit(s) and license(s) required, with grounds for denial
- Transit Occupancy Tax payment

- Annual Verification of primary residence through the homeowner's property tax exemption or other documentation
- Performance Standards such as:
 - Minimum length of stay, maximum number of stays per dwelling unit (annual, consecutive)
 - Limits on occupancy (# guests per bedroom or house or total guests allowed)
 - Advance notification (neighbors, landlord, city)
 - Owner occupancy requirement; non-owners prohibited from renting
 - Inspection requirements for Building, Safety and Fire Code compliance
 - Minimum separation between vacation rentals
 - Minimum insurance requirements
 - Trash/recycling collection and receptacle location requirements
 - Noise Ordinance compliance
 - Site Plan showing at least one off-street parking in addition to the required residential parking
 - Sign Ordinance compliance
 - Preparation of Nuisance Response Plans
 - Designated emergency contact within 30 miles, available 24 hours/day for complaints
 - Posting of permit and conditions in unit
 - Require that a City-issued registration number be disclosed when listing online
 - Annual limits on number of permits issued
 - Surety Bond (an alternate form of deposit the City could access to collect administrative fines not paid)
 - Violations, noticing, permit modification or revocation procedures
 - Enforcement and Citation Provisions

Many cities include these regulations in the business, revenue and taxation sections of their Municipal Codes, rather than the Zoning Ordinance. Failure to comply with home sharing regulations, or failure to pay the required TOT, is typically grounds for business license revocation and short-term home sharing rental operation closure.

Enforcement Challenges

The primary challenge with developing and enforcing an ordinance allowing short-term rentals is that they operate within private residences. In most cases, a physical inspection of the property will not inform enforcement staff about a potential violation. Enforcement efforts must then focus on monitoring and documenting activities, potentially over very long periods, to confirm an alleged violation. Without some mechanism to track the type (primary resident, or not) and number of occupants, length of stay, and general conduct throughout the stay, it will be impossible to enforce many of the standards described above. Without the cooperation of hosting platforms, it is also very difficult to prove that a financial transaction has taken place. In some enforcement cases, the property owner has told City staff that they were hosting "friends" and that money was not exchanged. Other cities have reported that short-term renters are advised to respond to enforcement staff in this manner if queried.

Another issue is that the City's current citations are negligible in relation to the revenue generated by short-term vacation rentals or a short-term home sharing rental. Increasing the

citation amount could incentivize compliance with the Municipal Code and provide a proper deterrent to unlawful short-term rentals. This issue will be addressed through the vacation rental enforcement program.

Also of concern is that strict regulations may force short-term home sharing rentals underground. In that case, operators would be less likely to comply with performance standards, and would not obtain a business license or pay required TOT taxes.

Potential Impacts to Housing Supply

The General Plan places a high priority on housing development and preservation of existing rental units. The Average Unit-Size Density (AUD) Incentive Program provides significant incentives for the development of rental housing. Allowing short-term home sharing rentals could place additional stress on the City housing market supply, resulting in increased rents and home prices. However, the General Plan also contains policies to encourage residential property owners to improve the conditions of their property. Many public speakers at the Council hearings stated that renting out portions of their home on a short-term basis provided much needed income to support their housing costs, including maintenance.

Based on the short-term rentals that have been paying TOT (without land use or other approvals), many are located in the East Beach, West Beach, and West Downtown neighborhoods. Enforcement efforts to gain compliance with existing regulations that prohibit vacation rentals will be complex and require at least two to three years to implement, with ongoing resources necessary to manage compliance. In response to these enforcement efforts, it is unclear how many vacation rentals will continue to operate in some form with or without any proposed short-term home sharing rental ordinance. Therefore, the effect that the proposed short-term home sharing rental ordinance will have on the City's housing supply cannot be quantified at this time.

IV. RECOMMENDATION

Staff recommends that the Planning Commission:

- Hold a public hearing,
- Discuss the opportunities, challenges and enforcement issues regarding short-term home sharing rentals, and
- Provide input to City Council about the feasibility and scope of a short-term home sharing rental ordinance.

In particular, staff recommends the Planning Commission discuss and provide input regarding the following:

- Hosting requirements
 - Should the "host" be present in the home during the stay?
 - If a host is required, must it be a homeowner, or is a primary resident acceptable? Could a host delegate that responsibility to another person?
- Regulatory Standards
 - Permitting mechanism (zoning approval and/or business license)?
 - Quantitative limitations (e.g., length of stay, occupancy limit, maximum number of stays per dwelling per calendar year), if any.

- Location restrictions (e.g., zoning, neighborhoods, distance between rentals), if any.
- Physical improvements required/verified (e.g., parking, trash/recycling receptacles, building and fire code compliance), if any.
- Enforcement Mechanism(s)
 - Complaint-basis only?
 - Annual review/renewal of permit or license, with grounds for denial?

V. **NEXT STEPS**

Prior to undertaking the detailed work of drafting an ordinance amendment, staff will to return to the Council with the Planning Commission input and seek further direction from Council.



City of Santa Barbara Planning Division

PLANNING COMMISSION MINUTES

October 15, 2015

CALL TO ORDER:

Chair Thompson called the meeting to order at 1:00 P.M.

I. ROLL CALL

Chair Addison Thompson, Vice-Chair John P. Campanella, Commissioners Jay D. Higgins, Mike Jordan, Sheila Lodge, June Pujo, and Deborah L. Schwartz.

STAFF PRESENT:

George Buell, Community Development Director
Renee Brooke, AICP, City Planner
Beatriz Gularte, Senior Planner
Liz Limón, Project Planner
Ariel Calonne, City Attorney
N. Scott Vincent, Assistant City Attorney
Julie Rodriguez, Planning Commission Secretary

II. PRELIMINARY MATTERS:

A. Requests for continuances, withdrawals, postponements, or addition of ex-agenda items.

None.

B. Announcements and appeals.

None.

C. Review, consideration and action on the following draft Planning Commission Minutes and Resolutions:

1. Minutes of October 1, 2015

MOTION: Jordan/Schwartz

Approve the minutes.

This motion carried by the following vote:

Ayes: 5 Noes: 0 Abstain: 2 (Pujo, Thompson) Absent: 0

- D. Comments from members of the public pertaining to items not on this agenda.

Chair Thompson opened the public hearing at 1:02 P.M. and, with no one wishing to speak, closed the hearing.

III. DISCUSSION ITEM

ACTUAL TIME: 1:02 P.M.

POTENTIAL HOME SHARING ORDINANCE AMENDMENTS

The Planning Commission held a public hearing and discussed the opportunities, challenges and enforcement issues regarding short-term home sharing rentals. Short-term home sharing rentals occur when a resident hosts visitors in their home for a fee for less than 30 consecutive days. Staff is requesting that the Planning Commission make a recommendation to City Council about the feasibility and scope of a short-term home sharing rental ordinance.

Contact: Elizabeth Limón, Project Planner

Email: ELimon@SantaBarbaraCA.gov

Phone: (805) 564-5470, ext. 4569

Elizabeth Limón, Project Planner, gave the Staff presentation. George Buell, Community Development Director; Ariel Calonne, City Attorney; and Renee Brooke, City Planner were available to answer the Commission's questions.

Chair Thompson opened the public hearing at 1:51 P.M.

The following people provided public comment:

1. Michael Conaway submitted written comments in support of Short-Term Home Sharing Rentals. He rents his home and has been paying the Transient Occupancy Tax (TOT). He does not believe that the owner should be required to be present on the premises during the home stay, but be nearby and available. Approving Home-Sharing would contribute to the City's (TOT).
2. Deborah Pentland, 32 year resident, supports Home Share rentals with non-occupied home owner present. Rather than being more restrictive, we need to be more embracing about Home Sharing and look into converting livable areas for more affordable housing.
3. Dorothy Wallstein operates home-share use of her home. As a widow, this additional income allows her to keep her home and make it available for returning family when they visit. She supports shared home rentals. She cannot contribute to the City's housing stock, but can support the community with shared home rental.
4. Tiffany Haller, Haller Coastal Homes, SBAOR; sees a problem with vacation rentals and home sharing and how they are designated. She asked that the City clean up an outdated ordinance with vacation rentals that should not be considered a commercial use. She is currently going through the Vacation Rental process and finds it to be disjointed and dynamic and needs an overhaul.

5. Todd Jacobs opposes the Home Sharing Ordinance and finds it worse than Vacation Rental by Owner (VRBO). It exacerbates noise, parking and other associated problems with having too many people in a house. The profit and commissions go to agents and speculators, while costs go to neighbors for preserving the neighborhood. This ordinance will be hard to enforce and easy to game. Without a resident owner, this will become a back-door means of operating a vacation rental. Short-term rentals are hard on neighbors and neighborhoods.
6. Brian Kenny concurred with Mr. Jacobs and does not think that an ordinance will be enforceable. Homestay Ordinance will lead to backdoor vacation rentals and not be enforceable.
7. Dick Buford, 25-year Bel Air Knolls resident, gave an example of a home in his neighborhood that became a vacation rental and operated with intermittent hosts that were not always on-site or available. Home sharing will turn residential neighborhoods into blighted commercial zones. He said that he was told by the Housing Authority that, in the last several years, the housing stock has fallen 1,400 units in Santa Barbara due to these commercial driven investments used as vacation rental operations. Ninety percent of residents don't like the current situation.
8. James Fenkner owns a vacation rental in Santa Barbara that he and his family rent out during the summer while they are away using other vacation rentals. We need to put in perspective that the number of complaints received are less than 1%, when you consider only 8 complaints have been filed out of 1000 units. Don't ban, manage. Does not think that the owner should be in the home of a vacation rental when it is rented out.
9. Samantha Ireland, Vacation Rentals of Santa Barbara, supports the City pursuing home sharing and stated that the current vacation rental process that exists today is cumbersome. Owner should not need to be present, but there should be someone designated with 24 hour availability that can respond to that home and is present to manage it and noted with the City on permits. Would like to understand the significant difference in renting a room for 29 days versus 31 days and the impact to the neighborhood. Would also like to compare vacation rental's effects with the growth of city college and the lack of city college housing for its growth.
10. Sean O'Neill supports home sharing and its enforcement. Technology has made it easier to network between homeowners and renters. Recommends licensing and regulation since home sharing is already here. Concerns can be mitigated between owners and neighbors. We have created Santa Barbara as a tourism destination so need to address visitors that cannot stay at hotels. He challenges the 1000-unit number given due to multiple listings over many websites. This ordinance presents an opportunity for the City to keep up with technology.
11. Steve Pearson submitted written comments. He has a small cottage that he rents out on a short term basis and pays TOT. Supports a limited home stay limited to 2 persons per bedroom/ 4 persons total per unit. Suggested limiting guest frequency, requiring off-street parking, and allowing cottages and accessory buildings to be used. He has no position on business licenses but asked that any business licenses that become required are workable.

12. Susan Claire Reed, 41-year resident, submitted written comments in support of home sharing. As a home share provider, she always remains in residence when she has guests. She is one of approximately 350 units that has a business license and pays TOT. She supports licensing and/or performance standards and host on site.
13. Bradley Bennett, 46-year resident, supports home sharing. He operates a home share and has been present when he has guests. Home sharing income has allowed his start up business to create 10 jobs in the City. Fair regulation is the best solution to addressing vacation rental concerns.
14. Theo Kracke, 34-year resident, supports home sharing rentals. One of the reasons why this process is being addressed is because of the shortage of affordable housing and the impact by short term rentals. Many factors are affecting the housing supply include the growth of City College students, the growth of foreign language schools, and growth of high tech business, such as Sonos. Another reason we are having this discussion is because of the impact of short term rentals on the character of neighborhoods. He gave examples of cities (Nashville, TN; Austin, TX) that limited the number of short term rentals by a percentage and suggested this as a means of preserving neighborhoods. A new definition of commercial use is needed as he does not see a difference between a 29 day rental versus a 30 day stay since they are all rentals and do not provide goods or services. He does not think an owner should be required to be present or that a minimum number of nights should be enforced.
15. Bryan Smith, 40-year resident, has a license for vacation rentals and pays TOT. He lives off-site when renting his home and provides a set of rules to all guests to live with neighbors. Regulation, enforcement, and monitoring are key issues that he sees will be more problematic with home sharing than with vacation rentals that can be tracked online. The staff report referenced 40 complaints in 10 years which he does not see as an emergency. Urges the Planning Commission to study home sharing and vacation rentals and help the City become a leader for years to come.
16. Jack Ucciferri, Our Town Property Management, submitted written comments and the benefit he provides homeowners by being present and available 24 hours a day as a property manager for home shared units. There are a number of enforcement tools that are available to the City and outlined in his letter. Home sharing presents a generational difference in viewpoints when seen by a younger generation.
17. David Bolton, vacation rental owner, noted that there are more single-family homes putting multiple cars on the street in his neighborhood than his vacation rental does. He gave examples in his neighborhood with 7 and 12 residents in one home, all parking on the street. We do not have enough hotel stock to go around and that is where vacation rentals fill in. Visitors also contribute to the economy. Vacation rentals tend to be utilized in trends. Summer is always full. During the fall, Monday-Thursdays are usually empty with visitors coming on weekends. This changes around February on when visitors seek a warmer climate. If he were to rent his units long term, he would end up with 14 cars on the street, based on his bedroom count, as opposed to zero now.
18. Barbara Bonadeo, 40-year resident, stated that neighborhoods are being destroyed by short term rentals impacting the character of residential neighborhoods. There is a difference between one night renters versus 30 day renters. The comings and goings

of travelers coming at all hours of day and night are the hallmark of a motel environment and expected in commercial zones. Once you turn a private residence into a commercial enterprise, it change the character of a neighborhood. Current laws that have not been enforced show a disregard to people. Reinstate and enforce original zoning laws that disallow commercial business use in residential neighborhoods.

19. Jenna Berg is in favor of home sharing and short-term rentals. We are a growing economy and there is no shutting down tourism which is a clean industry. There is a democratization of the tourist dollar when it comes to home sharing. She does not know where hotel income goes, but knows that short term rentals provide affordable housing for renters and supports local minimum wage increases.
20. Kipp Young, resident, was concerned with the efficiency of government and use of tax money. He sees no point in throwing good tax money out the window by using it to enforce something that is a relative non-issue. Suggested coming up with simple, less-invasive solutions, with enforcement based fines. Revoke licenses of offenders when they incur sufficient fines. Suggested guest pay a refundable fine deposit, refunded when they leave if no complaints received. Allow people to keep their housing due to changes in the economy by operating short term rentals. Sees short term rentals as a way to increase housing stock by turning unused rooms to used rooms. Don't create issues that force people to go underground.
21. Jane Fehrenbacker, 48 year resident, previously offered short term rentals to foreign students while living in her home. She now has a smaller home and does not do VRBO, except for twice a year without issue. She supports modifying the ordinance to include home sharing. Home sharers have more control over choosing who stays at a house, where hotels do not.

With no one else wishing to speak, the public hearing was closed at 2:42 P.M.

Commissioners Comments: Question No 1: Is a Home-Sharing Ordinance (HSO) worth Pursuing? 6/1 in favor

- Commissioner Pujo supports pursuing a home share ordinance, whether or not the host is present, as long as the rental is ancillary to the primary use of the residence, is very short-term, and has performance measured requirements that provide safeguards against nuisances.
- Commissioner Jordan reflected on neighborhood dynamics over time. Unlike any changes that were mitigated with his neighbors over time, he sees home sharing use as having these dynamics constantly present. He does not think that a HSO can be pursued because he does not see where the ordinance would be enforceable.
- Commissioner Jordan thinks that home sharing is already operating underground and should continue this way as long as it has good quality management, cooperation among neighbors, and if it rises to a level of complaints, then it is handled.
- Commissioner Jordan added that the purpose of TOT was to mitigate the impacts of tourism on the City's infrastructure. He cannot see home sharers needing to pay

- TOT when they do not generate as much impact on the infrastructure as hotels that generate a constant flow of people coming to town. Using a management company is not Home Sharing. If owner is not present, then it is a Vacation Rental
- Commissioner Lodge said that while the ordinance should be pursued, it may not be able to be enforced.
 - Commissioner Campanella supports the ordinance because it is a temporary use of a residence and can convert back based on seasonality. This does not change the long term use of the property. It is a less intensive use and serves to absorb the demand that cannot be met by hotels/motels. He is open to looking at home sharing rentals in residential neighborhoods but wants to be cognizant that home owners are more protective of their neighborhood than they would be under a month-to-month lease.
 - Commissioner Schwartz is hesitant in her support because she would like to see home sharers provide more of a commitment to renting to seniors or the workforce as opposed to a commercial use for tourism. She does not see this support in the letters that were received by the Planning Commission. She would like to see home sharing provide more of a balance with the housing needs of the community.
 - Commissioner Thompson agreed with City Council that homes used for Vacation Rentals by out of town owners are not what the City wants. Home Sharing rentals are not going to go away, so we need to work together to make it work. We already allow home occupations in residential zones and a home sharing could meet the current definition of a home occupation.
 - Commissioner Thompson cautions on putting too much into an ordinance. The more that is added, the more complicated and difficult it will be for Staff to enforce.

Question No 2: If yes, should it be regulated:

a) By Planning Permits and Performance Regulations? 5 in support

- Commissioner Schwartz stated that if we go this route we need to have the most robust and proactive monitoring and enforcement program in the City with swift due diligence on complaints. It cannot be a reactive complaint-driven program. All performance standards should be thoroughly vetted and wording used should be defined (home, resident, host, visitors, dwelling, etc.) so that the community is clear. This will require beefing up Planning Staff and City Attorney resources.

OR

b) Business License and registration? 2 in support

- Commissioner Higgins supports licensing issued with a list of standards that have consequences if they are failed. If complaints are received, then the license is revoked and a more extensive permitting can be done by the Planning Division

with performance standards. Inspections and monitoring bonds can also be considered. Expressed concern about unenforceable standards. He is curious to see how Staff later defines what constitutes a violation.

- Commissioner Higgins stated that the limitations of Planning Staff and the City Attorney's office may make this unenforceable.
- Commissioner Thompson said to keep it simple and just add it to the list of business license businesses. Just verify that it is the home of the business license applicant. If sufficient complaints of owner absence are received, then the business license can be revoked.

Question No 3: Should host be present in the home during stay? 5/2 in support

- Commissioners Pujo and Higgins do not think it is necessary to have the host present if there are a strong set of performance standards in place.
- Commissioner Schwartz stated that 'host' is too broad of a term and should be the home owner. The homeowner should not be allowed to delegate their responsibility to a friend or relative.
- Commissioner Jordan stated that the owner should be present. If not, then it is a Vacation Rental.
- Commissioner Thompson believes that a host should be present, but does not see this as enforceable.

IV. ADMINISTRATIVE AGENDA

ACTUAL TIME: 3:44 P.M.

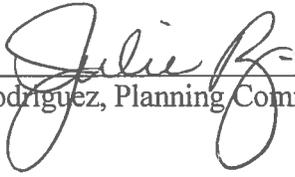
E. Committee and Liaison Reports

1. Staff Hearing Officer Liaison Report
 - a. Commissioner Jordan reported on the Staff Hearing Officer meeting of October 14, 2015.
2. Other Committee and Liaison Reports
 - a. Commissioner Schwartz reported on the Water Commission meeting of October 12, 2015.
 - b. Commissioner Lodge reported on the Historic Landmarks Commission meeting of October 7, 2015.

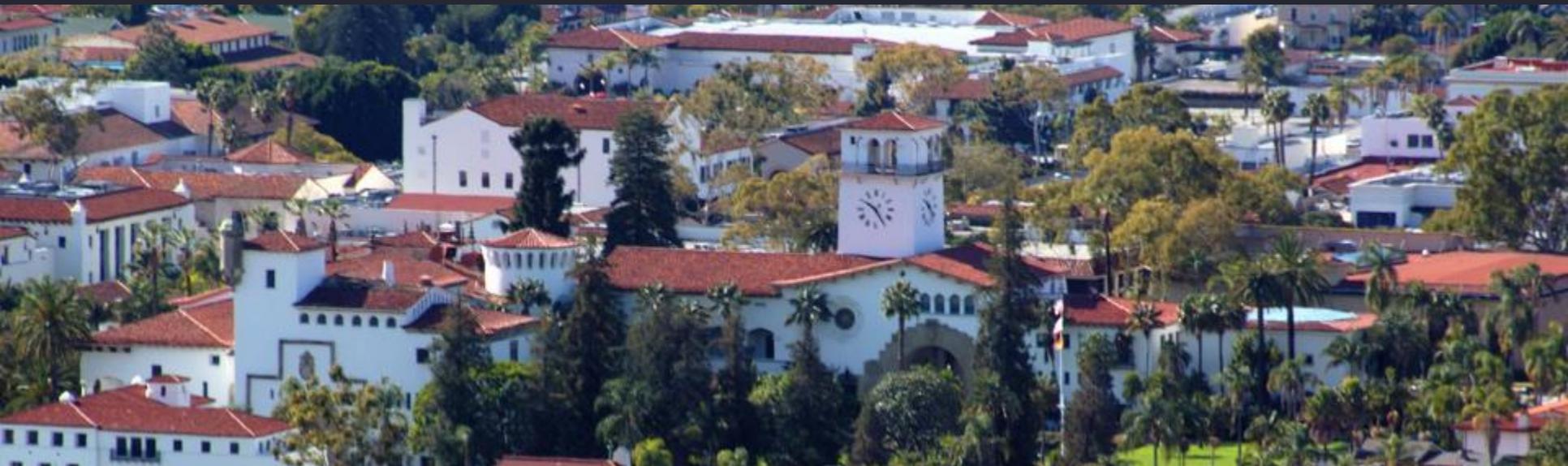
V. ADJOURNMENT

Chair Thompson adjourned the meeting at 3:50 P.M.

Submitted by,



Julie Rodriguez, Planning Commission Secretary



COMMUNITY DEVELOPMENT DEPARTMENT

POSSIBLE SHORT-TERM HOME SHARING RENTAL ORDINANCE

City Council, December 8, 2015



Background

- Council Action – Summer 2015
 - Enforce existing zoning prohibiting vacation rentals in most residential zones
- Explore Ordinance Amendments to allow Home-Sharing Rentals



Purpose of Meeting

- Receive an update on the concept of permitting short-term home sharing rentals
- Provide direction to staff regarding the development of a short-term home sharing rental ordinance



Planning Commission Discussion

- Public Hearing held October 15, 2015
- Supported concept of home sharing regulations
- Majority supported permit standards including “host” present on site
- Cautious about enforcement difficulties and cost



Enforcement Challenges

- Technology doesn't appear to currently exist to effectively track/monitor performance standards,
- Without a tracking system, impossible to enforce many potential standards:
 - Host present
 - Number of occupants
 - Length of stay
 - Number of rentals per year



General Plan & Zoning Considerations

- Plan and Control Land Uses
- Living Within Resources
- Balanced Approach to Land Use
 - Housing
 - Commercial
 - Tourism
 - Institutional
- Protect Neighborhood Character and Dynamics



One, Two-Family, and R-3 Residence Zones

- These zones are:
 - Designed and intended to establish, maintain and protect the essential residential characteristics;
 - Prohibit all activities which would be inharmonious to the preservation of a residential environment.



R-4 Hotel-Motel-Multiple Residence Zone

- Principal use of land is for multiple housing
- Intent to allow hotel and similar establishments while protecting the existing housing stock, and to
- Preserve the residential character of the neighborhoods.



Staff Recommendation

- That the City Council direct staff to:
 - Continue to enforce existing zoning regulations for all short-term rentals, and
 - Discontinue work on a Zoning Ordinance Amendment.