

City Council
Mayor Neysa Hinton
Vice Mayor Patrick Slayter
Michael Carnacchi
Una Glass
Sarah Glade Gurney



Planning Director
Kari Svanstrom

Senior Administrative Assistant
Rebecca Mansour

City of Sebastopol Planning Commission Staff Report

Meeting Date: August 13, 2019
Agenda Item: 9A
To: Planning Commission
From: Kari Svanstrom, Planning Director
Subject: Vacation Rental Policy Discussion

Introduction:

At its August 6, 2019, meeting, the City Council adopted Ordinance 1126, imposing a moratorium on non-hosted vacation rentals of more than 30 days per year. These uses would normally require a Conditional Use Permit (CUP) however, in light of the housing shortage, and the recent denial of a CUP for a non-hosted vacation rental due to inconsistencies with the Housing Element policies of preserving and protecting existing housing stock, staff is seeking recommendations from the Planning Commission on the items discussed in this report.

The initial moratorium will be in effect for 45 days, with the ability to extend it, which will likely be needed. Council also reviewed a number of items and confirmed that they wished to have the Planning Commission review all of the items and provide recommendations to staff. They also requested some additional information, such as economic impacts of short-term rentals on long-term rents, and differences in rental rates (i.e. potential income) between vacation rentals and long-term rentals. The Council was also open to hiring a consultant to assist with the City's process.

While staff does not have answers to these questions, we would like to begin discussion of the various items with the Planning Commission to get preliminary discussions on the various items raised by staff in its report to Council, and also identify any other concerns or issues the Planning Commission has on this topic as the process moves forward.

Discussion:

- *How to handle currently registered non-hosted rentals over time*

Staff recommends that these legal uses which are registered with the City and have been paying TOT for their rentals, be grandfathered in as allowed uses (considered to have a CUP) and allowed to continue to operate with only the Business License. However, as the City develops new regulations, staff recommends that a change in ownership would require a new owner to be subject to whatever rules are in place at that time. They would need to procure a new permit or, if not allowed based on the City's regulations, would need to be occupied by a long-term resident. This would ensure the existing non-hosted rentals comply with future

regulations in the event the property is sold and would encourage any future homeowners to buy the unit for their own primary residency rather than artificially inflate the price of these units as investment properties as vacation rentals.

Alternatively, the City Council could treat these as non-conforming uses, with a future expiration date that allow the owners to transition the properties to long-term tenants or some other disposition.

- *What type of non-hosted vacation rentals would be "approvable" in the future.*

Staff has been advising potential applicants that non—hosted rentals would only likely be approved if the dwelling unit has a primary resident. This would include hosted rentals, and non-hosted rentals less than 30 days/year; it could also include special circumstances where the dwelling unit has a primary/permanent resident who is away for an extended period and wishes to rent for more than 30 days/year, but less than full time. Examples of this might include where a unit is being rented by a student, but vacant during summer months; or a professor on sabbatical for 6 months, but returning to the unit; or, an individual who has an extensive stay for medical care, but will return to the home when recuperated. These would not include "second homes" where the unit is not the primary residence of the owner.

Staff's recommendation as a potential policy direction that would allow certain non-hosted vacation rentals greater than 30 days/year would be to outline residency requirements such that an owner would need to demonstrate that the unit is their primary residence, or that the unit is rented to someone as their primary residence. How this would be determined would be discussed by the Planning Commission, however many municipalities base this on voter registration, property tax homeowner exemption, or other metrics that prove residency.

- *How to treat multi-unit properties (single family homes with ADUs and apartment buildings)*

Currently, a property with a single-family home with an ADU is considered a 'hosted' rental as long as the owner lives in one of the units. This means an owner could live in the ADU and rent the main home or, for properties with ADUs built prior to July 1, 2017, they could live in either of the units and rent the other. Currently staff is aware of a couple of properties where this is being done (mainly, living in the ADU and renting the main home). While this could be seen as a reduction in housing stock, generally the ADUs are being built with this purpose in mind as a way to afford to own a home in Sebastopol, and changes to this policy could negatively affect these owners, and / or reduce the number of ADUs being built in the future by those looking to do the same. Since most of these units are done through adding to the housing stock, staff believes this is compliant with the Housing Element Goal B -2 of preserving housing stock, as the units are generally being created through adding new units to the housing stock. Additionally, while these properties may not be increasing the housing stock in the short run, these properties could transition to two long-term dwelling units in the future, thus adding to the housing stock over time.

Staff does, however, have concerns about extending the definition of 'hosted' to other multi-unit properties (i.e. apartment buildings), most of which account for existing long-term housing. If an owner were to move into one unit, and convert multiple other units to vacation rentals, this could result in a significant loss of housing stock and would not be consistent with the Housing Element goals of preserving and maintaining existing housing.

Staff does not feel the policies for homes with ADUs need to be revisited, but that the policies should clarify that each unit in multi-family properties is considered separately (not the entire site) when determining whether a unit is 'hosted' or 'non-hosted' to ensure better protection of these housing units.

- *How to regulate non-hosted vacation rentals in commercial zoning districts*

While transient uses in a commercial zone would likely have less disruption to neighborhood uses in commercial areas, conversion of existing housing units to transient housing has similar issues related to consistency with the Housing Element Goal related to protection of existing housing stock. There are a number of residential dwellings (single family and multi-family) in the commercial zones which could be put at risk if non-hosted vacation rentals were allowed in this zone. Therefore, the issues related to compliance with the Housing Element Goal B -2 and protection of existing housing stock remain. Additionally, tenants in these zones deserve equal protection against properties being converted to short term/transient uses.

Of note, currently hotels less than 50 rooms are allowed without a use permit in the Downtown Commercial zoning district, which could allow for conversion of a multi-family dwelling use to a hotel. Staff recommends that this be clarified during this process to either require a Use Permit (where this issue, plus any others associated with hotels could be reviewed), or otherwise prohibit the conversion of permanent dwelling units to transient residential uses. While this may not have been a major concern when the ordinance was formulated, major hotel chains have begun to show interest in purchasing residential properties for such transient or semi-transient uses to compete with AirBNB and other similar platforms (See ATTACHMENT 1 articles).

There may be some scenarios where non-hosted vacation rentals in commercial areas might be allowed, such as:

- Where a single dwelling unit exists in a commercial zone, and the owner wishes to add vacation rental units (as new units, not conversion of existing housing units);
 - Other developments which do not diminish the City's housing stock for long-term residents
- *Any other areas the Commission feels need to be considered*

City Comparisons

Sebastopol is not the first City to struggle with this issue; see below for how other communities in the area have handled vacation rentals. Staff will be following up with some of these jurisdictions, particularly those with policies that have been in place for a period of time, to see how they are working, impacts on housing and neighborhoods, etc.

What are other jurisdictions doing regarding vacation rentals?

- Petaluma limits non-hosted rentals to no more than 90 days of paid-occupancy per year.

- Healdsburg only permits vacation rentals in the downtown commercial district, and then only with a conditional use permit.
- Rohnert Park does not allow more than one bedroom to be rented in a primary residence, and prohibits rentals of ADUs (effectively banning non-hosted rentals).
- Following a 2016 moratorium on vacation rentals, the City of Sonoma now limits vacation rentals to only historic houses. Sonoma has 55 vacation rental permits (population 11,000)
- The City of Napa (population 78,000) has limited the number of non-hosted rentals to 41 permits. Past regulations did not allow any non-hosted rental permits to be transferred if the property was sold.
- San Francisco limits whole house rentals to 90 days per year total (no limit on total number of whole house vacation rentals throughout City).
- Sonoma County has created exclusion zones – certain districts or areas do not allow non-hosted rentals. These zones are based on neighborhood/area interest, with most of these in eastern Sonoma County (the Fifth District does not have any exclusion zones).

Short Term Rental Compliance

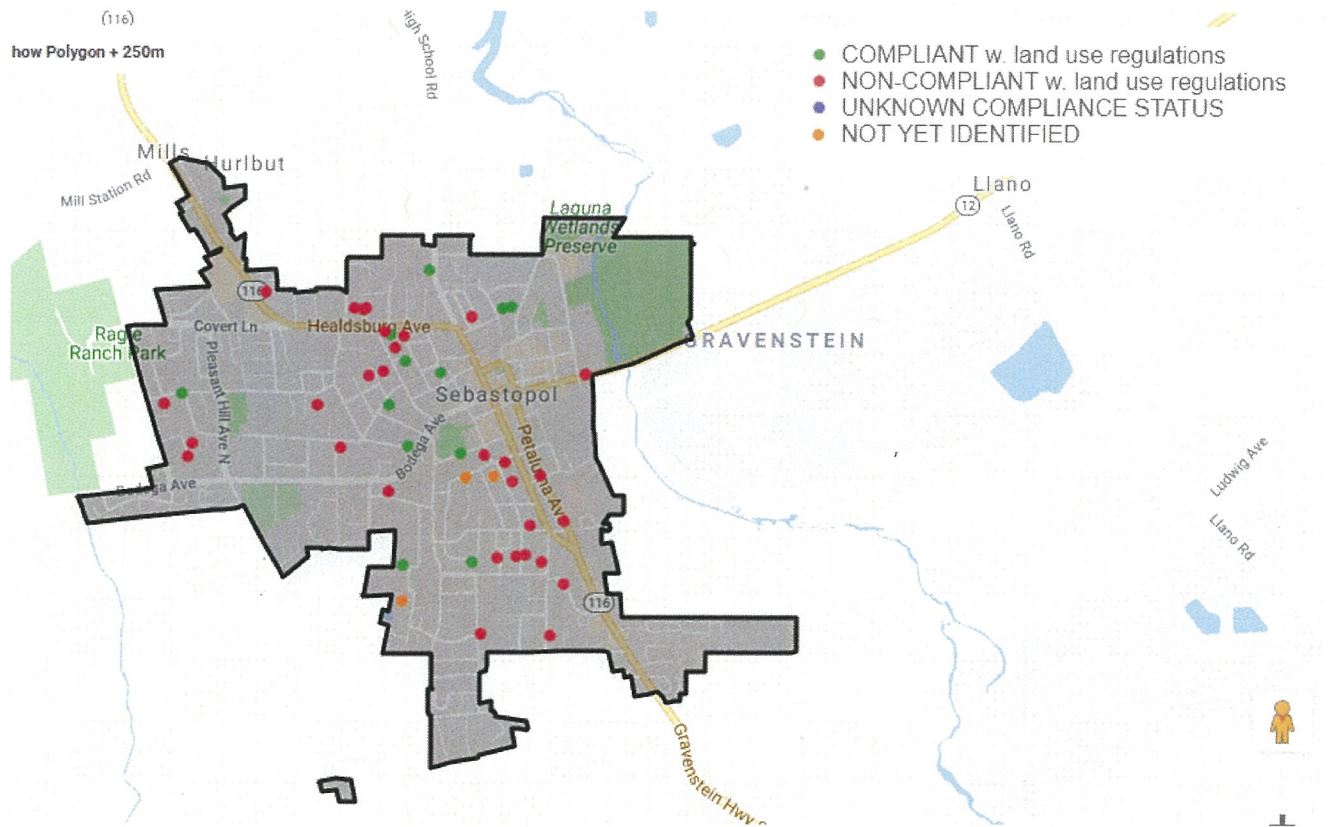
Common questions raised when discussing vacation rentals include: “what are you doing about non-compliant rentals?” and “don’t people just rent their unit without registering?”

To date, unregistered/illegal rentals have been addressed only when the City receives a complaint (often from a neighbor due to parking issues, noise issues, etc.). However, the Planning Department recently executed an agreement with a company called Host Compliance, which assists cities and counties with tracking and identifying unregistered rentals, as well as assisting in gaining compliance through communications with the property owners. Host Compliance is utilized by several surrounding communities, including Sonoma (city), Healdsburg, and Petaluma.

Staff has initiated the identification component of this service to better understand the rental patterns in the City and identify unregistered vacation rentals. The initial assessment found approximately 44 -48 vacation rentals within the City limits that are currently active (advertised within the last few months). Of these, 13 are registered with the City, or approximately 30% compliance rate; 60% have been confirmed to be ‘non-compliant’ (unregistered/illegal) rentals:

Of the current listings:

- 18 are “whole house/apartment” rentals (‘non-hosted rentals’, of which 1-2 are likely in the ‘less than 30 days/year’); of these,
 - 5 of the “non-hosted” rentals are compliant (i.e. currently registered with the City)
 - 12 are non-compliant
- 26 vacation rentals in the City are ‘hosted’; of these,
 - 8 were complaint
 - 18 were non-compliant
- 2-4 units have yet to be identified (and confirmed if in the City or not)
 - 2 of these are likely outside city limits
 - 2 of these are likely in city limits, and compliant




As a next step, staff will be proceeding with contacting the unregistered vacation rentals with compliance letters, informing them of the City’s regulations and, for those that are hosted or otherwise eligible for registration, work with them to get them registered (assuming they meet the City’s requirements). Those that would not be eligible due to the moratorium (non-hosted rentals more than 30 days/year) would be requested to cease operations. Staff recommends they be given 30-45 days to cease operations to allow for any current reservations to be honored (but be subject to TOT for the rentals during that time period).

Public Comment:

Staff has received several comments prior to and at the City Council hearing; comments are attached as part of ATTACHMENT 1.

Attachments:

1. Staff report and public comments received prior to or at the 8/6/19 City Council mtg
2. Ordinance 1126 (Moratorium adopted 8/6/2019)
3. Current Zoning Ordinance provisions for Vacation Rentals (SMC 17.260.060)

Agenda Report Reviewed by:
 City Manager 

CITY OF SEBASTOPOL
 CITY COUNCIL
 AGENDA ITEM

Meeting Date: August 6, 2019
 To: Honorable Mayor and City Councilmembers
 From: Kari Svanstrom, Planning Director
 Subject: Public Hearing to Consider a Moratorium on Non-hosted Vacation Rentals
 Recommendation: Receive Staff Report and hold a Public Hearing, Adopt the Moratorium, and provide direction to staff
 Funding: Currently Budgeted: _____ Yes _____ No N/A
 Net General Fund Cost: _____
 Amount: \$

INTRODUCTION:

At its May 21, 2019 meeting, the City Council heard and upheld an appeal to deny a Use Permit for a non-hosted vacation rental (also known as short-term rentals or STRs). The Council found that the conversion of a dwelling unit to a transient use (vacation rental) was not consistent with the City’s adopted Housing Element, which states the City should take measures to protect its existing housing stock for permanent residents.

At that time, the Council also requested staff develop a moratorium of any new non-hosted vacation rentals in the City, in an effort to preserve the City’s existing housing stock for long-term rentals. A non-hosted rental is where the property owner does not live on the site while it is being rented, and therefore most do not have a permanent resident living in the unit, unlike a “hosted rental”, where the owner lives at the property while it is being rented (often this type of rental is where an owner lives in a larger home and rents 1-2 rooms). Hosted rentals do not, therefore, reduce the housing available for permanent residents in the way non-hosted rentals do.

This agenda item presents an Ordinance for the Council’s consideration that would impose a moratorium on any new non-hosted rentals of more than 30 days a year, as well as requests the Council provide direction to staff as it develops more detailed policy recommendations with the Planning Commission.

BACKGROUND:

Prior to the Zoning Ordinance update in November 2018, a home owner was permitted to rent up to two rooms in their house (or their entire house, if it consisted of only two bedrooms) as a vacation rental. This only required the approval of a City Business License. Short term rentals of more than two bedrooms were considered a Bed and Breakfast use and required Conditional Use Permit (CUP) approval to operate, in addition to a City Business License.

Under the new Zoning Ordinance regulations all vacation rentals require approval of either an Administrative Permit or CUP. Vacation rentals are classified into two categories: hosted and non-hosted.

As noted above, the City has different regulations for “hosted” rentals (a vacation rental business for which the owner resides and stays overnight at the site while the rental is being rented, and no more than two bedrooms are rented for transient occupancy) and “non-hosted” rentals (a vacation rental business for which the owner or authorized agent does not reside at the vacation rental site/is not on site during rentals). Whether or not a vacation rental qualifies for an Administrative Permit or CUP is dependent on the type of vacation rental proposed (hosted or non-hosted), and the total number of days the unit is proposed to be rented per year:

- Hosted Vacation Rental – Administrative Permit
- Non-Hosted Vacation Rental (30 days or less per year) – Administrative Permit
- Non-Hosted Vacation Rental (31 days or more per year) – Conditional Use Permit (CUP)
- Accessory Dwelling Unit, Hosted or Non-Hosted (built prior to July 1, 2017) – Administrative Permit
- Accessory Dwelling Unit, Hosted or Non-Hosted (built after July 1, 2017) – Conditional Use Permit (CUP)

While the new Zoning Ordinance tightened the regulations related to vacation rentals, the recent CUP application and subsequent discussions related to the Housing Element Goals, there is a need to clarify the criteria for approval of a Use Permit for non-hosted vacation rentals. The Council has requested a moratorium on new non-hosted vacation rentals of more than 30 days/year (aka “full time” non-hosted vacation rentals) while these discussions take place; this would prohibit any new applications for such uses; under State law, the initial moratorium would be in place for 45 days, with the ability to extend this time if needed.

DISCUSSION:

While a non-hosted vacation rental of more than 30 days per year requires a Conditional Use Permit (which is a discretionary permit), it became clear in reviewing the first CUP for a non-hosted vacation rental that there was a need for clearer criteria on when a non-hosted rental might be found consistent with the General Plan, which is one of the criterion for approval of a CUP.

Moratorium

The moratorium as written would prohibit any new Conditional Use Permit (CUP) applications for whole house rentals of more than 30 days, but continue to allow non-hosted rentals less than 30 days/year, with an administrative permit. As noted above, non-hosted vacation rentals of more than 30 days a year requires approval of a Conditional Use Permit (CUP) by the Planning Commission, while non-hosted vacation rentals of less than 30 days is allowed with an Administrative Permit. This allows full-time residents to rent their home for a short amount of time, either in blocks or at once, while they are on vacation or out-of-town, but the limited number of days is low enough that generally the home will still be used by the permanent resident.

Additionally, non-hosted vacation rentals that are currently registered with the City (all of which would have been approved prior to December 2018) will be "grandfathered" in and allowed to continue as though they had a use permit. Most of these rentals currently do not have permanent residents. (See below discussion on how to address these non-hosted rentals in the long-term.)

Further, staff recommends that any unregistered/unlicensed rentals be treated the same as new rentals, and be subject to the moratorium if a non-hosted rental of more than 30 days/year, or subject to registration/permitting if a hosted rental, or non-hosted rental less than 30 days/year. This is typically how the Planning Department handles illegal uses (they are not granted 'grandfathering' or 'non-conforming' status as that would reward, and potentially encourage, this type of activity. This would apply to all vacation rentals that have been operating "under the radar" - meaning they do not have a business license/registration with the City, and may not be paying transient occupancy taxes (TOTs)).

In summary, the moratorium would not apply to:

- Non-hosted vacation rentals that are currently registered with the City.
- Non-hosted vacation rentals of less than 30 days per year.
- Hosted vacation rentals of any length in time (both existing registered rentals and new applications for hosted rentals). As expressed at the May 21, 2019 hearing, the Council was not concerned with these rentals, as they maintain the long-term residential use.

Additional Policy Discussion

In addition to considering the moratorium for non-hosted rentals, staff is requesting that Council provide direction to staff as the Planning Commission reviews and develops revisions to the current vacation rental policies on the following:

- *How to handle currently registered non-hosted rentals over time*

Staff recommends that these legal uses, which are registered with the City and have been paying TOT for their rentals, be grandfathered in as allowed uses (considered to have a CUP) and allowed to continue to operate with only the Business License. However, as the City develops new regulations, staff recommends that a change in ownership would require a new owner to be subject to whatever rules are in place at that time. They would need to procure a new permit or,

if not allowed based on the City's regulation, would need to be occupied by a long-term resident. This would ensure the existing non-hosted rentals comply with future regulations in the event the property is sold, and would encourage any future homeowners to buy the unit for their own primary residency rather than artificially inflate the price of these units as investment properties as vacation rentals.

Alternatively, the City Council could treat these as non-conforming uses, with a future expiration date that allow the owners to transition the properties to long-term tenants or some other disposition.

- *Provide direction to staff as the Planning Commission reviews and develops on what type of non-hosted vacation rentals would be "approvable" in the future.*

Staff has been advising potential applicants that non-hosted rentals would only likely be approved if the dwelling unit has a primary resident. This would include hosted rentals, and non-hosted rentals less than 30-days/year; it could also include special circumstances where the dwelling unit has a primary/permanent resident who is away for an extended period and wishes to rent for more than 30 days/year, but less than full-time. Examples of this might include where a unit is being rented by a student, but vacant during summer months; or a professor on sabbatical for 6 months, but returning to the unit; or, an individual who has an extensive stay for medical care, but will return to the home when recuperated. These would not include "second homes" where the unit is not the primary residence of the owner.

Staff's recommendation as a potential policy direction that would allow certain non-hosted vacation rentals greater than 30 days/year would be to outline residency requirements such that an owner would need to demonstrate that the unit is their primary residence, or that the unit is rented to someone as their primary residence. How this would be determined would be discussed by the Planning Commission, however many municipalities base this on voter registration, property tax homeowner exemption, or other metrics that prove residency.

- *How to treat multi-unit properties (single family homes with ADUs and apartment buildings)*

Currently, a property with a single-family home with an ADU is considered a 'hosted' rental as long as the owner lives in one of the units. This means an owner could live in the ADU and rent the main home or, for properties with ADUs built prior to July 1 2017, they could live in either of the units and rent the other. Currently staff is aware of a couple of properties where this is being done (mainly, living in the ADU and renting the main home). While this could be seen as a reduction in housing stock, generally the ADUs are being built with this purpose in mind as a way to afford to own a home in Sebastopol, and changes to this policy could negatively affect these owners, and / or reduce the number of ADUs being built in the future by those looking to do the same. Since most of these units are done through adding to the housing stock, staff believes this is compliant with the Housing Element Goal B-2 of preserving housing stock, as the units are generally being created through adding new units to the housing stock. Additionally, while these properties may not be increasing the housing stock in the short run, these properties could

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Staff does, however, have concerns about extending the definition of 'hosted' to other multi-unit properties (i.e. apartment buildings), most of which account for existing long-term housing. If an owner were to move into one unit, and convert multiple other units to vacation rentals, this could result in a significant loss of housing stock and would not be consistent with the Housing Element goals of preserving and maintaining existing housing.

Staff does not feel the policies for homes with ADUs need to be revisited, but that the policies should clarify that each unit in multi-family properties is considered separately (not the entire site) when determining whether a unit is 'hosted' or 'non-hosted' to ensure better protection of these housing units.

- *How to regulate non-hosted vacation rentals in commercial zoning districts*

While transient uses in a commercial zone would likely have less disruption to neighborhood uses in commercial areas, conversion of existing housing units to transient housing has similar issues related to consistency with the Housing Element Goal related to protection of existing housing stock. There are a number of residential dwellings (single family and multi-family) in the commercial zones which could be put at risk if non-hosted vacation rentals were allowed in this zone. Therefore, the issues related to compliance with the Housing Element Goal B-2 and protection of existing housing stock remain. Additionally, tenants in these zones deserve equal protection against properties being converted to short term/transient uses.

Of note, currently hotels less than 50 rooms are allowed without a use permit in the Downtown Commercial zoning district, which could allow for conversion of a multi-family dwelling use to a hotel. Staff recommends that this be clarified during this process to either require a Use Permit (where this issue, plus any others associated with hotels could be reviewed), or otherwise prohibit the conversion of permanent dwelling units to transient residential uses. While this may not have been a major concern when the ordinance was formulated, major hotel chains have begun to show interest in purchasing residential properties for such transient or semi-transient uses to compete with AirBNB and other platforms (See Attachment 2).

There may be some scenarios where non-hosted vacation rentals in commercial areas might be allowed, such as:

- Where a single dwelling unit exists in a commercial zone, and the owner wishes to add vacation rental units (as new units, not conversion of existing housing units);
- Other developments which do not diminish the City's housing stock for long-term residents

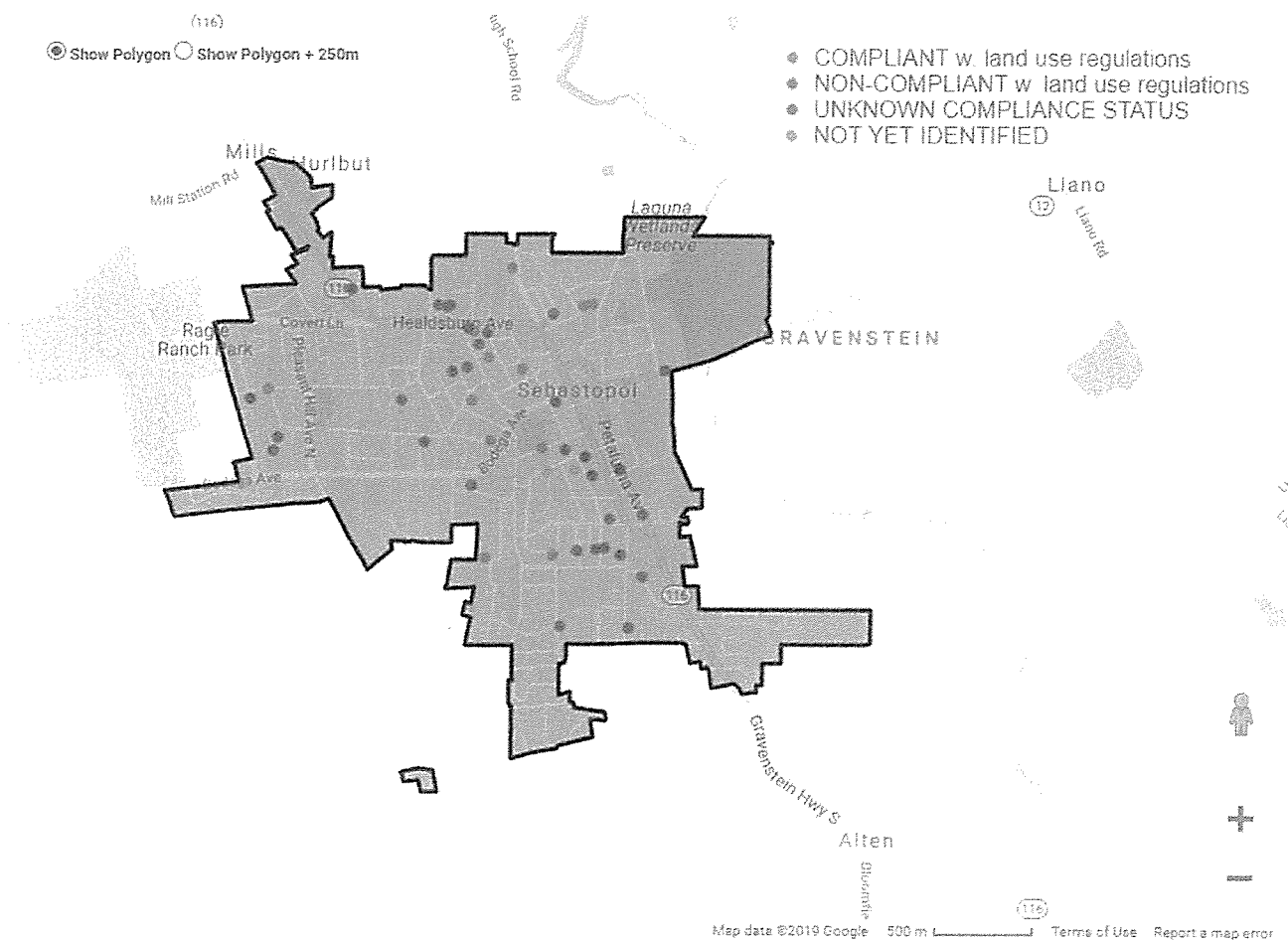
- *Any other direction the Council may wish to provide to the Planning Commission and staff.*

Short Term Rental Compliance

Common questions raised when discussing vacation rentals include: “what are you doing about non-compliant rentals?” and “Won’t people just rent their unit without registering?”

To date, unregistered/illegal rentals have been addressed only when the City receives a complaint (often from a neighbor due to parking issues, noise issues, etc.). However, the Planning Department recently executed an agreement with a company called Host Compliance, which assists cities and counties with tracking and identifying unregistered rentals, as well as assisting in gaining compliance through communications with the property owners. Host Compliance is utilized by several surrounding communities, including Sonoma (city), Healdsburg, and Petaluma.

Staff has initiated the identification component of this service to better understand the rental patterns in the City and identify unregistered vacation rentals. The initial assessment found approximately 44-48 vacation rentals within the City limits that are currently active (advertised within the last few months). Of these, 13 are registered with the City, or approximately 30% compliance rate; 60% have been confirmed to be ‘non-compliant’ (unregistered/illegal) rentals:



Of the current listings:

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As a next step, staff would like to proceed with contacting the unregistered vacation rentals with compliance letters, informing them of the City’s regulations and, for those that are hosted or otherwise eligible for registration, work with them to get them registered (assuming they meet the City’s requirements). Those that would not be eligible due to the moratorium (non-hosted rentals more than 30 days/year) would be requested to cease operations. Staff recommends they be given 30-45 days to cease operations to allow for any current reservations to be honored (but be subject to TOT for the rentals during that time period).

FISCAL IMPACT:

The City receives Transient Occupancy Tax (TOT) from vacation rentals that are registered with the City. In 2018, this amounted to \$87,000 in TOT from vacation rentals (not including established hotels). If the City Council adopts the moratorium as written, which allows existing, registered non-hosted rentals to continue, no loss of TOTs would be expected. It is unclear whether, and to what extent unregistered rentals pay TOTs.

Additionally, since only 30% of current rentals are registered, if additional rentals are registered, the TOT collected from vacation rentals would likely increase (AirBNB collects TOT for its users, but does not confirm if they are registered or not, so it is unknown what portion of their remittance is from registered vs unregistered rentals; other platforms, such as VRBO, do not collect taxes, these additional TOTs would be collected once registered).

RECOMMENDATION:

Receive presentation, hold a public hearing, and adopt the proposed Ordinance; and, provide policy guidance to staff for development of future regulations.

ATTACHMENTS:

1. Draft Ordinance
2. News articles related to short term rentals
3. Public Comments

URGENCY ORDINANCE OF THE COUNCIL OF THE CITY OF SEBASTOPOL
ADOPTING AND IMPOSING A MORATORIUM ON
THE ESTABLISHMENT OF NON-HOSTED VACATION RENTALS OF GREATER
THAN 30 DAYS PER YEAR

THE CITY COUNCIL OF THE CITY OF SEBASTOPOL DOES ENACT AS FOLLOWS:

Section 1. Purpose and Findings.

Whereas, the purpose of this ordinance is to prohibit the development of new non-hosted vacation rental uses within the City of Sebastopol pending enactment of permanent regulations for such uses; and

Whereas, the Council found and recognized the need to preserve existing housing stock in its adoption of the General Plan Housing Element on March 30, 2015, and further recognized the crisis in housing by adopting Resolution 6213 declaring a Shelter Crisis in relation to homelessness in the City of Sebastopol; and

Whereas, the Council finds and determines that non-hosted “full-time” vacation rentals (more than 30 days per year) may not meet the needs or desires of the community for a variety of reasons, including community compatibility from the introduction of commercial uses in residential neighborhoods and the conversion of dwellings to transient occupancy uses that reduce the availability of housing for long-term residents; and

Whereas, the Council further finds and determines that non-hosted vacation rentals of more than 30 days per year are inconsistent with the City’s General Plan, adopted November 16, 2016, in that:

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted *Housing Element, Goal B-2: Preserve Housing Resources Sebastopol will strive to maintain and preserve existing housing resources, including both affordable and market rate units*, in that it converts an existing single family residence located in a residential zone to a transient use, and removes a permanent housing unit from the City’s limited housing stock. The proposed use would detract from the city’s ability to maintain and preserve existing housing at a time that permanent housing is limited in supply and of great need to the community.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted *Housing Element, Policy B-6: The City will address housing used as temporary, short-term, and/or vacation rentals, such as Airbnb.com and vrbo.com rentals, to ensure that such uses do not reduce the existing housing stock for owners and renters and to reduce potential impacts to neighboring uses*, in that the proposed vacation rental use does not propose to have a permanent resident at the location in conjunction with the vacation rental use.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan *Land Use Element Goal LU5: Preserve the unique character and ambiance of residential areas and maintain residential neighborhoods as safe and*

attractive places to live with convenient access to services, recreation, and employment, in that the proposed vacation rental introduces a commercial, transient occupancy use into residential neighborhoods.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan *Land Use Element Goal LU1: Maintain Sebastopol as a unique, charming, and environmentally sensitive small town that provides residents, businesses, and visitors with opportunities to enjoy a high quality of life*, in that it introduces commercial, transient occupancy uses into residential neighborhoods.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan's *Community Design Element, Goal CD-1: Preserve and enhance Sebastopol's unique character, design, and sense of place as a small, compact town*, in that it converts a residential home in a residential neighborhood to a commercial use.

Whereas, the City of Sebastopol previously adopted Zoning Ordinance regulations for vacation rentals that strengthened the protection of the City's existing housing stock in accordance with the General Plan's *Housing Element, Goal B-2*, however the need has arisen to further clarify these regulations to provide additional protection of the existing housing stock and guidance for the public; and,

Whereas, in California, many communities are struggling with the inability to provide enough housing for long-term residents, and have identified the conversion of dwellings to short-term rentals as a contributing factor to this issue, and the need to limit and further regulate such uses; and

Whereas, the conversion of long-term housing units to short-term vacation rentals reduces housing stock and contributes to increased rents and decreased availability of affordable housing; and

Whereas, the extreme shortage of housing in Sonoma County and Sebastopol has been well documented, and measure are needed to prevent further conversion of long-term housing stock into short-term vacation rentals; and

Whereas, many communities have decided that non-hosted vacation rentals of more than 30 days per year do not meet the needs or desires of the community for a variety of reasons, including preservation of existing housing stock for long-term residential use; economic impacts on hotels and other formal lodging businesses; and health, safety, and compatibility issues with residential neighborhoods. It is in the interest of the City that the issues associated with this potential use be reviewed, and appropriate regulations be developed, to protect the public health, safety, and welfare. To protect residents and businesses from the potential adverse effects of the conversion of residential properties to transient residential uses, the City needs time to study this potential use and determine whether or not it should be permitted or whether the City should adopt regulatory standards and conditions to be imposed on such operations; and

Whereas, review of these issues and enactment of appropriate regulations by the Planning Commission and City Council cannot be accomplished without due deliberation, and it will take an indeterminate length of time to work out the substance and details of such requirements. It would be destructive of any proposed restrictions or

regulations if, during the period they are being studied and considered for adoption, parties seeking to avoid their operation and effect are permitted to establish such uses and operate in a manner that might defeat in whole, or in part, the objectives of the potential requirements and regulations. As a result, it is necessary to establish a moratorium and prohibition on the establishment and operation of additional non-hosted vacation rental uses of more than 30 days per year in the City, pending the completion of the City's further review of their impacts and possible adoption of appropriate regulations.

Now, therefore, the City Council of the City of Sebastopol does ordain as follows:

Section 2. Moratorium on Applications for Non-hosted Vacation Rental Uses of More than 30 Days per Year. During the period this ordinance remains in effect, no approval of an application for a City of Sebastopol Use Permit, other discretionary planning permit, or building permit shall be issued for a non-hosted vacation rental of more than 30 days per year. This Ordinance is not intended to affect existing non-hosted vacation rentals that have been duly licensed and/or registered with the City of Sebastopol. This Ordinance also does not affect hosted vacation rentals or non-hosted vacation rentals of less than 30 days per year, in that such uses maintain residential properties for their primary use as a long-term residence within the community.

Section 3. Immediate Threat to Health, Safety and Welfare. Based on the findings and conditions set forth and described in Section 1 of this ordinance, the City Council of the City of Sebastopol, declares this ordinance is necessary as an urgency measure to address existing threats to the public health, safety and welfare as described in Section 1. The Council determines that the establishment of additional non-hosted vacation rentals of more than 30 days per year in the absence of adopted allowances or appropriate standards and procedures would result in a further threat to the public health, safety and welfare.

Section 4. Conflicting Laws. During the continuation of the effectiveness of this ordinance, the provisions of this ordinance shall govern. If there is any conflict between the provisions of this ordinance and any provision of the Sebastopol City Code, or any City ordinance, resolution or policy, the provisions of this ordinance shall control.

Section 5. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

Section 6. Effective Date. This ordinance is declared to be an urgency measure and if adopted by the affirmative vote of at least four Councilmembers, shall become effective upon its adoption. This ordinance shall be in full force and effect for a period of 45 days, unless extended by the City Council in accordance with the provisions of California Government Code 65858.

IN COUNCIL DULY PASSED AND ADOPTED this 6th day of August 2019.

AYES:
NOES:
ABSENT:

ABSTAIN:

ATTEST: _____
City Clerk

APPROVED: _____
Mayor

Marriott Competes Against Airbnb With New Home Rental Venture



Jenna Wang Contributor

Real Estate

I cover urban development and digital disruptions in real estate.



One of the listed rental homes available from Marriott International's new home-sharing venture (Photo Credit: Marriott International) MARRIOTT INTERNATIONAL

Watch out, Airbnb. The hotel companies are knocking at your door.

On April 23, Marriott International and Hostmaker announced a collaboration to introduce a new home rental venture under Marriott's Tribute Portfolio Homes brand.

In the six month pilot, more than 200 curated homes in London will be available to rent on the Tribute Portfolio Homes website. Average rates for the rentals sit at \$280 to \$351 per night for a one- or two-bedroom home, and the listings range from "avant-garde penthouse" to "comfortable flat with corner balcony."

This marks Marriott's first major step into the home-share market, nine years after Brian Chesky founded Airbnb and disrupted the travel industry. Marriott's move comes at a time when Airbnb is attempting to step out of its "alternative travel" image, introducing concepts like Airbnb Plus that offer a more curated travel experience. Meanwhile, other traditional hospitality companies like AccorHotels and Hyatt have also launched recent home rental ventures.



ATTACHMENT 2



A screenshot of the Tribute Portfolio Homes website, where guests can book homes in London (Photo Credit: Marriott International) MARRIOTT INTERNATIONAL

Adam Malamut, chief customer experience officer at Marriott International, said the company had identified a data-backed need among its customers for home rentals, specifically for leisure travelers vacationing in groups or with family.

“The sharing economy is a mega customer trend that we’ve been monitoring for a while,” he said. “Naturally, with competitors traditional and nontraditional getting into the space, it begs the question: Should we do this?”

The answer, of course, was yes. Last summer, Marriott International launched an incubator initiative with 1776 and Accenture Interactive, inviting startups to submit ideas on how the world’s largest hotel company could enhance its customer travel experience.

Hostmaker, a London-based Airbnb management company, emerged at the top of the pack as a lead contender for Marriott’s partner for its newest venture.

“We found the partner in Hostmaker that we thought could help us fulfill the customer need that we discovered, but do it in a way that is aligned to how Marriott would do it,” Malamut said.

Hostmaker was founded in 2014 by CEO Nakul Sharma to provide home

management services to property owners looking to professionally list their homes on Airbnb or other rental websites. Hostmaker offers everything from pricing optimization to interior redesign and concierge services, creating an elevated portfolio of homes of reliable quality.

Tribute Portfolios is thus an even more curated experience, explained Sharma. Hostmaker only accepts half of homeowners that come to them, and of that pool, only a third get selected to be listed on the Tribute website.

With Tribute, customers can expect an elevated and curated experience that blurs the line between rental home and hotel. Guests will receive premium welcome packs upon arrival, toiletries from The Body Shop, and bed linens comparable to those used in four- and five-star hotels. Services available include a 24-hour concierge, in-person welcome upon check-in, Marriott rewards points, and instant booking on the website.

According to Sharma, Marriott was initially hesitant about entering the space, worried about the permanence of the home share industry as well as how Marriott's brand would gel with it. However, extensive data and research by the Marriott team, coupled with the innovation lab, offered a solution.

"We decided to present to them that, look, this is actually a massive opportunity," Sharma said. "This doesn't immediately compete with your hotels because the average rental stay in a hotel is one or two nights, and generally, more skewed towards the business traveler. But in contrast, in our portfolio, the average stay is seven nights or longer and heavily skewed towards leisure travel."

Sharma identified three distinct sets of homeowners who could be expected to be Hostmaker clients and Tribute Portfolio Homes listers: primary residence homeowners, secondary residence homeowners and investors. Primary residence homeowners live in their homes but may have a few weeks every couple months that they are not present. Secondary residence homeowners own multiple properties, often summer or vacation houses, that are empty certain periods of the year. Lastly, investors are people who own property for capital purposes, but may want to put those assets to use instead of simply sitting idle.

On the other end of the equation, Malamut believes that Tribute's primary customers will be the leisure traveler who is seeking an elevated but locally-immersive experience. It might be the same traveler who stays in a Marriott hotel during a business trip, but is looking for a more personal, domestic touch for a family or group vacation.

It is also no coincidence that London is the city that Marriott chose to launch their new venture in. Malamut spoke of holes existing in markets where there is not enough hotel distribution, and London, a city that has notoriously suffered from affordable housing, seems like a prime location for home-sharing to take

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root.

While no numbers were available yet, Malamut said the customer reaction to Tribute Portfolio Homes has been “very positive” a month in.

“If things go well, we will absolutely consider other markets,” he said.



Jenna Wang

I am a Forbes contributor writing about urban design, housing, hospitality, and how technology is disrupting the physical world around us. I am also passionate about kee...

Read More

How Marriott, Airbnb turf battle benefits travelers

Marriott product offers Bonvoy points for home stays

Chris McGinnis Updated 1:40 pm PDT, Monday, April 29, 2019

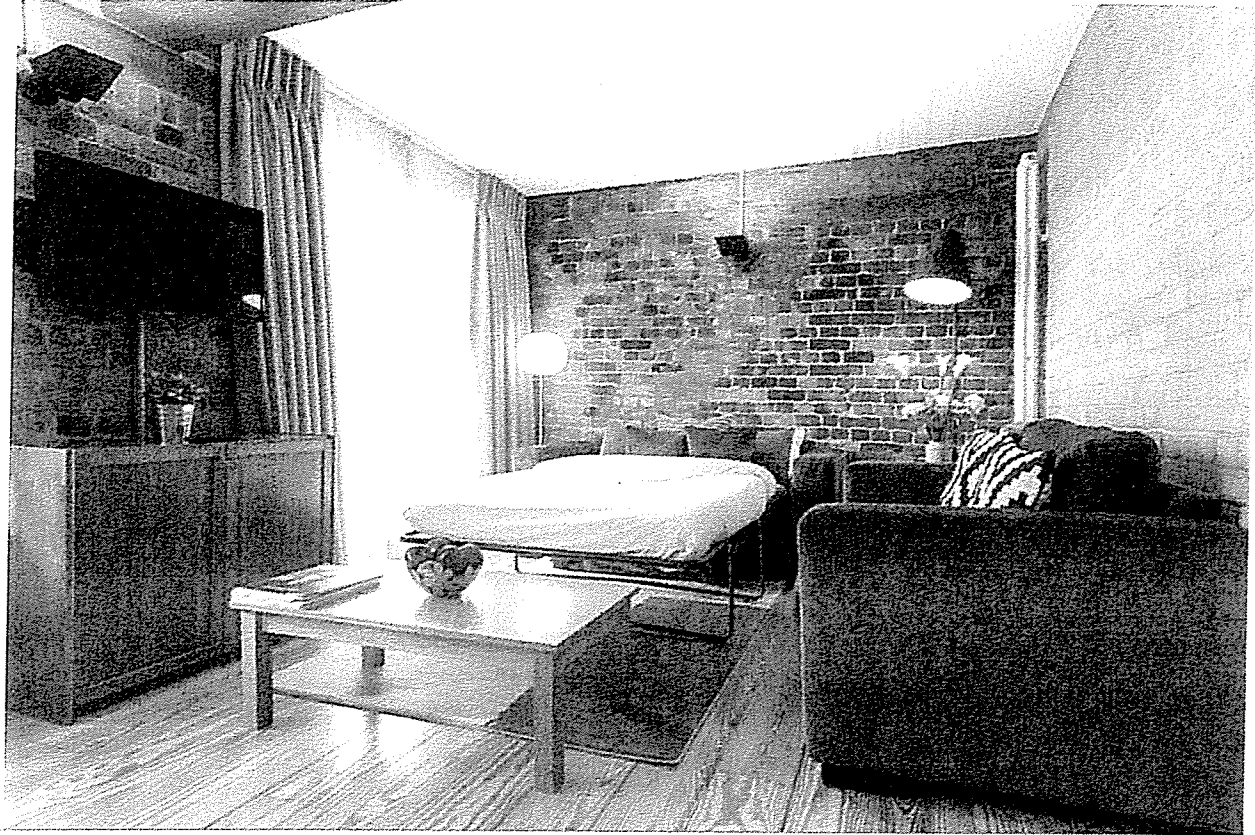


IMAGE 1 OF 8

Stylish and Rustic Converted Apartment from Marriott near London's Tower Bridge goes for \$310 per night in May

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The two 500-pound gorillas in the lodging business have long offered consumers two different types of products and experience, but that is starting to change as Marriott is moving into home rentals in a big way, and Airbnb will start to rent out hotel-style accommodations in one of Marriott's biggest markets – New York City.

After an apparently successful pilot project to rent out private homes in select international markets, Marriott is reportedly planning a big expansion of that business with the creation of a new division called Homes & Villas by Marriott. And customers who rent those homes will get something Airbnb can't match – the benefits of Marriott's giant Bonvoy loyalty program.

"If Marriott plays this right, it can be a really big deal. Letting consumers earn and redeem rewards points for stays at home rentals the same way they do for hotel stays could be an absolute game-changer," said Matt Schulz, Chief Industry Analyst at CompareCards.com.

RECOMMENDED VIDEO

Marriott started testing the waters of home rentals last year in partnership with a U.K.-based management company called Hostmaker. It started with a roster of 200 homes in London and gradually expanded to 340 in London, Rome, Paris, and Lisbon, operating as a sub-brand of Marriott's Tribute Portfolio of independent properties. But now Marriott reportedly plans to expand its home rental business to a couple of thousand properties worldwide, working with more than half a dozen different management companies through its new corporate division.

Marriott will handle bookings through its worldwide reservations system and will incorporate the home rentals into its loyalty program for both point earning and redemptions. The new business wouldn't represent a total assault on Airbnb's customer base, however, because Marriott's rental homes would target the luxury market rather than the mass market. The participating homes will show up along with its hotels on consumer searches of Marriott's website in markets where the homes are available. **See images of Marriott's London home offerings** in the slideshow at the top of this post.

Its experience in the home rental pilot program showed Marriott that almost nine out of 10 customers who booked a rental home were Bonvoy members. They typically booked a two-bedroom property, were traveling for leisure, and stayed an average of 5.1 nights, or about three times longer than hotel guests, according to the travel news website Skift.com.

Airbnb, meanwhile, has announced a new partnership with RXR Realty, a major player in New York City, to convert "portions of iconic NYC commercial properties into a new category of urban lodging, made available exclusively through the Airbnb platform," the companies said.

The first building to offer converted guest rental units will be 75 Rockefeller Plaza in midtown Manhattan. The companies are also examining the possibilities of converting other RXR properties including one building across from the Brooklyn Navy Yard in Brooklyn.

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Photo: Marriott

a "Chic Renovated Apartment on Place de la Bastille" near the Marais in Paris goes for \$267 per night in May

The 75 Rockefeller Plaza conversion will take up 10 floors in the building, and the new guest rental units will all be "apartment-style suites" with fully stocked kitchens, the companies said. The facility will also feature check-in/check-out services, security systems, and concierge services, and guests will have access to a private social club and business center on the top floor as well as "culinary experiences, cultural programming, meeting and event space, collaborative working areas and common areas." RXR will also install a new ground floor restaurant and bar next to the lobby.

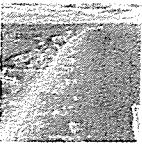
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"With the lines between business travel and leisure travel becoming increasingly blurred, RXR and Airbnb are offering a travel experience that immerses guests in a dynamic, thriving community in the heart of Rockefeller Center that's vastly different than anything else in the market today," said RXR CEO Scot Rechler.

Airbnb has shown increasing interest recently in offering its customers the option of booking regular hotels as well as home-sharing accommodations. In March, the company said it is acquiring HotelTonight, an app that offers short-notice discounted accommodations in scores of cities in the U.S. and abroad.

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Chris McGinnis is the founder of TravelSkills.com. The author is solely responsible for the content above, and it is used here by permission. You can reach Chris at chris@travelskills.com or on Twitter @[cjmginis](https://twitter.com/cjmginis).

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H E A R S T

Kari Svanstrom

From: Jan Peterson <plumcot@sonic.net>
Sent: Thursday, April 04, 2019 7:48 PM
To: City Council; Kari Svanstrom; Dana Morrison
Subject: Non-hosted Vacation Rentals

To the Sebastopol City Council and the Planning Department:

Recently I learned that the City of Sebastopol allows non-hosted vacation rentals in residential neighborhoods (if a permit is granted by the city). On Johnson St., where I live, a house was recently purchased by a real estate agent who applied for and received a permit for a non-hosted vacation rental from the Sebastopol Planning Commission

According to the City of Sebastopol INFORMATION VACATION RENTALS document that I found on-line, the city's intention is to "promote visitor-serving businesses while preserving the character of residential neighborhoods" and "preserving the supply of permanent housing".

Most of us know that there is a severe shortage of rental housing in our area. If non-hosted short-term rentals to tourists are allowed, obviously there will be even fewer rentals available to long-term residents.

Also, allowing groups of tourists to be frequently moving in and out of homes in residential neighborhoods is not good for the neighborhood. Long-term residents value knowing who lives in each house, often even helping each other out and establishing friendships. Losing even one house on the street to non-residential use can detract from the pleasure and security of living in a real neighborhood.

Neighborhoods like mine near the center of downtown may seem desirable for tourist rentals. But more importantly, they are excellent locations for long-term residents who work at or patronize downtown businesses because no driving is required.

I hope that the Sebastopol City Council and the Planning Commission will take a good look, as soon as possible, at the question of whether non-hosted vacation rentals should be permitted at all. I feel fine about living in a tourist destination, but when it comes to preserving housing and neighborhoods, I think the needs of residents should always be the most important consideration.

Janet Peterson

395 Johnson St.

707-308-8112

May 20, 2019

To: Sebastopol City Council

From: Kathy Oetinger
Sebastopol Planning Commission

Re: Restricting or Prohibiting Non-hosted whole house vacation rentals
during a county-wide housing shortage

I voted to approve the Minor Use Permit for the use of 361 Johnson Street as a non-hosted whole house vacation rental because our Zoning Ordinance permits this use, and because the location seemed appropriate for this use.

In addition to my concern for preserving the character of our residential neighborhoods in our small town, my greater concern is for protecting our available housing during the unprecedented county-wide housing shortage we are experiencing.

Sebastopol could set a limit on the number of non-hosted vacation rentals it will permit over a period of time to slow the instinct for the conversion of residential property to vacation rentals.

Alternately, Sebastopol could take the lead in protecting its housing stock by prohibiting the conversion of residential units to non-hosted vacation rentals, and possibly, other business uses during this crisis.

I hope the Council will take action to restrict non-hosted whole house vacation rentals, or prohibit them outright during this county-wide housing shortage.

Respectfully,

Kathy Oetinger
7315 Fircrest Avenue
Sebastopol, CA 95472
backroad@sonic.net
707 823-9807

Kari Svanstrom

From: Marsha Sue Lustig <mslustig@comcast.net>
Sent: Tuesday, May 21, 2019 11:22 AM
To: Sarah Gurney; Slayter Patrick; Glass Una JM; Michael Carnacchi; Hinton Neysa
Cc: Mary Gourley; Kari Svanstrom
Subject: vacation rentals criteria

Dear Esteemed Councilmembers,

I was recently quite surprised to realize that the Planning Commission was asked to make a decision about vacation rentals without any previously approved criteria. I am speaking about the development of metrics to determine when a use permit is warranted. The kinds of things I would love to see considered are as follows:

- What parts of town should be allowed to have unhosted vacation rentals?
- How many unhosted rentals can our City support before there is a staggering impact on our already critically low supply of workforce housing?
- How many unhosted rentals should be in each neighborhood or each block?
- How many total unhosted vacation rentals will we allow in Sebastopol?
- How many unhosted vacation rentals will we allow to be approved each year?

Granting a temporary use permit was reasonable this one time - although perhaps not to the applicant. But what could the PC do without any criteria?

My suggestion is that you provide some direction and request staff to pull some criteria together for the Planning Commission to review, amend, add to and approve -subject to CC approval, of course. I bet the public would enjoy this discussion.

Personally, I am in support of hosted vacation rentals as a way to keep our homes and get folks thinking about renting rooms to people on a longer term basis - because this could really be a game changer in the world of providing housing to those most in need through no fault of their own.

I applaud the new use permit process for vacation rentals. Now, let's finish the process by developing some meaningful criteria designed to protect our neighborhoods and preserve our housing.

Warm regards,

Marsha Sue Lustig

Kari Svanstrom

From: Linda Marietta <linda@sonic.net>
Sent: Tuesday, July 23, 2019 1:32 PM
To: Kari Svanstrom
Subject: Non-hosted vacation rentals

My name is Linda Marietta and I live on Johnson Street. After attending several meetings re: a non-hosted vacation rental on my street, I am in favor of a moratorium on these type of rentals. Basically a non-hosted rental is a business. Living near the Barlow I am aware of what businesses are there and who is operating them. I know that these business have met certain standards. A non-hosted rental can operate with very little overview once a permit is given, and neighbors may not even know who owns the rental, and who is living there or not on any given day. Currently I know most of my neighbors on Johnson street, and some people are renting. These rentals being close to the Barlow and downtown are excellent candidates for a non-hosted vacation rental, and right now there is nothing to stop its from happening. Sebastopol has a shortage of rental properties, and taking long term rentals out of the market to become vacation rentals will do nothing to help this situation. Please continue to allow hosted vacation rentals, and disallow non-hosted.

Linda Marietta

Sent from [Mail](#) for Windows 10



North Bay Association of REALTORS®
625 Imperial Way, Suite 2 | Napa, CA 94559
475 Aviation Blvd., Suite, 220 | Santa Rosa, CA 95403
(707) 542-1579 | northbayrealtors.org

June 18, 2019

Sebastopol City Council
Mayor Neysa Hinton
7120 Bodega Avenue
Sebastopol, CA 95473

RE: Proposed Moratorium on Short-Term Rentals

Mayor Hinton and Members of the Sebastopol City Council,

Thank you for your commitment to housing availability in the City of Sebastopol. We appreciate your efforts to create opportunities at all levels and tackle the quality of life issues facing those who call Sebastopol home. On behalf of the North Bay Association of REALTORS®, I am writing to offer input on the proposed moratorium on short-term rentals.

The dynamics of short-term rentals (and owners) and our decades-long housing shortage are exceedingly complex – and a one-size-fits-all restriction on housing is an unfitting solution to our shortfall in supply. Many properties are not suitable for long-term rental; many are owner-occupied or second homes (rather than investment properties), or the owner could not make the property available long-term for other reasons.

Furthermore, short-term rentals provide a win-win-win proposition for our county, providing income for residents, attracting visitors to patronize local businesses, and generating needed revenue for public services. When blanket limits are in place, owners are prohibited from earning vital income, visitors and workers have one fewer short-term rental option, and so on.

We support the fundamental rights of owners to realize the highest and best use of their property. Owners should not be prevented from earning income, nor should they be penalized for not wanting or being able to rent full-time. In addition to economic benefits, we urge you to consider of the loss of property rights and also represent the interests of the thousands of responsible owners managing units as good neighbors in Sonoma County.

Thank you for your consideration. We are eager to work in partnership with you on policies that impact housing and homeowners in the City of Sebastopol. Should you have any questions, please contact Lisa Badenfort, Public Affairs Director, at (707) 636-4294, or lisa@northbayrealtors.org.

Respectfully,

Carol Lexa, President Elect
Local Government Relations Committee, Chair

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The North Bay Association of REALTORS® is a four-county trade association representing over 3,600 real estate professionals and industry affiliates. We serve as an advocate for housing and homeownership, the preservation of property rights, and a thriving real estate economy. In addition to advocacy, we serve as a collaborator and resource to decision-makers and the public on the persistent quality of life issues facing the North Bay.

Kari Svanstrom

From: Marsha Sue Lustig <mslustig@comcast.net>
Sent: Sunday, July 28, 2019 11:45 AM
To: Mary Gourley
Cc: Sarah Gurney; Michael Carnacchi; Slayter Patrick; Hinton Neysa; Glass Una JM; Kari Svanstrom; Lawrence McLaughlin
Subject: support for moratorium on vacation rentals

For inclusion packet regarding a proposed moratorium on vacation rentals

Dear Esteemed Councilmembers,

I was encouraged to learn that you are willing to consider the true costs of vacation rentals to our rental crisis. The appealing aspect of the moratorium process is that it is divided up into nifty time chunks. These chunks allow you to consider whether an emergency truly exists within the first 45 days. After that, there are only about two years maximum for the community to make a decision.

I strongly support a moratorium on ALL vacation rentals until and unless we can prove that they are not harming our ability to house our working community and the homeless. I think we should study the entire vacation home rental industry because we do not know the unintended consequences of either the hosted or non-hosted vacation rentals. That said, it certainly seems more obvious that the non-hosted vacation rentals have a direct link to raising housing prices and limiting available long-term housing stock.

Here is my list of questions that I consider important in order to decide this issue:

- Who benefits and who doesn't when we regulate the vacation rental industry?
- Are there communities that have regulated the industry that have seen the benefits of regulation? How about a matrix of measures that have been implemented elsewhere?
- What is the impact of allowing hosted vacation rentals on available housing housing for long-term house-share tenants?

- What locations should be allowed to have vacation rentals?
- How many hosted/non-hosted rentals can our City support before there is a irreversible impact on our already critically low supply of workforce housing?
- How many hosted/non-hosted rentals should be in each neighborhood or each block?
- How many total hosted/non-hosted vacation rentals should we allow in Sebastopol?
- How many hosted/non-hosted vacation rentals should we allow to be approved each year?

During the first 45 days of the moratorium, it would be great if the citizens of Sebastopol could learn how the hosted and non-hosted vacation rentals are impacting or have the ability to impact our community. What data have other cities uncovered or developed that we can learn from?

Thank you for courageously taking on this crisis. This is something you can easily do to help stem the loss of our housing stock to vacationers.

Warm regards,

Marsha Sue Lustig

ORDINANCE NO. 1126

URGENCY ORDINANCE OF THE COUNCIL OF THE CITY OF SEBASTOPOL
ADOPTING AND IMPOSING A MORATORIUM ON
THE ESTABLISHMENT OF NON-HOSTED VACATION RENTALS OF GREATER THAN 30 DAYS PER
YEAR

THE CITY COUNCIL OF THE CITY OF SEBASTOPOL DOES ENACT AS FOLLOWS:

Section 1. Purpose and Findings.

Whereas, the purpose of this ordinance is to prohibit the development of new non-hosted vacation rental uses within the City of Sebastopol pending enactment of permanent regulations for such uses; and

Whereas, the Council found and recognized the need to preserve existing housing stock in its adoption of the General Plan Housing Element on March 30, 2015, and further recognized the crisis in housing by adopting Resolution 6213 declaring a Shelter Crisis in relation to homelessness in the City of Sebastopol; and

Whereas, the Council finds and determines that non-hosted "full-time" vacation rentals (more than 30 days per year) may not meet the needs or desires of the community for a variety of reasons, including community compatibility from the introduction of commercial uses in residential neighborhoods and the conversion of dwellings to transient occupancy uses that reduce the availability of housing for long-term residents; and

Whereas, the Council further finds and determines that non-hosted vacation rentals of more than 30 days per year are inconsistent with the City's General Plan, adopted November 16, 2016, in that:

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted *Housing Element, Goal B-2: Preserve Housing Resources Sebastopol will strive to maintain and preserve existing housing resources, including both affordable and market rate units*, in that it converts an existing single family residence located in a residential zone to a transient use, and removes a permanent housing unit from the City's limited housing stock. The proposed use would detract from the city's ability to maintain and preserve existing housing at a time that permanent housing is limited in supply and of great need to the community.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted *Housing Element, Policy B-6: The City will address housing used as temporary, short-term, and/or vacation rentals, such as Airbnb.com and vrbo.com rentals, to ensure that such uses do not reduce the existing housing stock for owners and renters and to reduce potential impacts to neighboring uses*, in that the proposed vacation rental use does not propose to have a permanent resident at the location in conjunction with the vacation rental use.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan *Land Use Element Goal LU5: Preserve the unique character and ambiance of*

residential areas and maintain residential neighborhoods as safe and attractive places to live with convenient access to services, recreation, and employment, in that the proposed vacation rental introduces a commercial, transient occupancy use into residential neighborhoods.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan *Land Use Element Goal LU1: Maintain Sebastopol as a unique, charming, and environmentally sensitive small town that provides residents, businesses, and visitors with opportunities to enjoy a high quality of life*, in that it introduces commercial, transient occupancy uses into residential neighborhoods.

Non-hosted vacation rental uses of more than 30 days per year are inconsistent with the adopted General Plan's *Community Design Element, Goal CD-1: Preserve and enhance Sebastopol's unique character, design, and sense of place as a small, compact town*, in that it converts a residential home in a residential neighborhood to a commercial use.

Whereas, the City of Sebastopol previously adopted Zoning Ordinance regulations for vacation rentals that strengthened the protection of the City's existing housing stock in accordance with the General Plan's *Housing Element, Goal B-2*, however the need has arisen to further clarify these regulations to provide additional protection of the existing housing stock and guidance for the public; and,

Whereas, in California, many communities are struggling with the inability to provide enough housing for long-term residents, and have identified the conversion of dwellings to short-term rentals as a contributing factor to this issue, and the need to limit and further regulate such uses; and

Whereas, the conversion of long-term housing units to short-term vacation rentals reduces housing stock and contributes to increased rents and decreased availability of affordable housing; and

Whereas, the extreme shortage of housing in Sonoma County and Sebastopol has been well documented, and measure are needed to prevent further conversion of long-term housing stock into short-term vacation rentals; and

Whereas, many communities have decided that non-hosted vacation rentals of more than 30 days per year do not meet the needs or desires of the community for a variety of reasons, including preservation of existing housing stock for long-term residential use; economic impacts on hotels and other formal lodging businesses; and health, safety, and compatibility issues with residential neighborhoods. It is in the interest of the City that the issues associated with this potential use be reviewed, and appropriate regulations be developed, to protect the public health, safety, and welfare. To protect residents and businesses from the potential adverse effects of the conversion of residential properties to transient residential uses, the City needs time to study this potential use and determine whether or not it should be permitted or whether the City should adopt regulatory standards and conditions to be imposed on such operations; and

Whereas, review of these issues and enactment of appropriate regulations by the Planning Commission and City Council cannot be accomplished without due deliberation, and it will take an indeterminate length of time to work out the substance and details of such requirements. It

would be destructive of any proposed restrictions or regulations if, during the period they are being studied and considered for adoption, parties seeking to avoid their operation and effect are permitted to establish such uses and operate in a manner that might defeat in whole, or in part, the objectives of the potential requirements and regulations. As a result, it is necessary to establish a moratorium and prohibition on the establishment and operation of additional non-hosted vacation rental uses of more than 30 days per year in the City, pending the completion of the City's further review of their impacts and possible adoption of appropriate regulations.

Now, therefore, the City Council of the City of Sebastopol does ordain as follows:

Section 2. Moratorium on Applications for Non-hosted Vacation Rental Uses of More than 30 Days per Year. During the period this ordinance remains in effect, no approval of an application for a City of Sebastopol Use Permit, other discretionary planning permit, or building permit shall be issued for a non-hosted vacation rental of more than 30 days per year. This Ordinance is not intended to affect existing non-hosted vacation rentals that have been duly licensed and/or registered with the City of Sebastopol. This Ordinance also does not affect hosted vacation rentals or non-hosted vacation rentals of less than 30 days per year, in that such uses maintain residential properties for their primary use as a long-term residence within the community.

Section 3. Immediate Threat to Health, Safety and Welfare. Based on the findings and conditions set forth and described in Section 1 of this ordinance, the City Council of the City of Sebastopol, declares this ordinance is necessary as an urgency measure to address existing threats to the public health, safety and welfare as described in Section 1. The Council determines that the establishment of additional non-hosted vacation rentals of more than 30 days per year in the absence of adopted allowances or appropriate standards and procedures would result in a further threat to the public health, safety and welfare.

Section 4. Conflicting Laws. During the continuation of the effectiveness of this ordinance, the provisions of this ordinance shall govern. If there is any conflict between the provisions of this ordinance and any provision of the Sebastopol City Code, or any City ordinance, resolution or policy, the provisions of this ordinance shall control.

Section 5. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be invalid and/or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this ordinance.

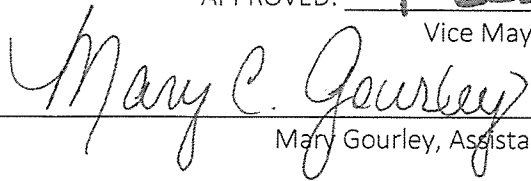
Section 6. Effective Date. This ordinance is declared to be an urgency measure and if adopted by the affirmative vote of at least four Councilmembers, shall become effective upon its adoption. This ordinance shall be in full force and effect for a period of 45 days, unless extended by the City Council in accordance with the provisions of California Government Code 65858.

IN COUNCIL DULY PASSED AND ADOPTED this 6th day of August 2019.

VOTE:

Ayes: Councilmembers Carnacchi, Glass, Gurney and Vice Mayor Slayter
Noes: None
Abstain: None
Absent: Mayor Hinton

APPROVED: 
Vice Mayor Patrick Slayter

ATTEST: 
Mary Gourley, Assistant City Manager/City Clerk, MMC

APPROVED AS TO FORM: 
Larry McLaughlin, City Attorney

17.260.060 Vacation rentals.

A. Criteria.

1. Site Design and Parking.

- a. The site design, architecture, and any improvements shall be compatible with the neighborhood in terms of landscaping, scale, and architectural character. The operation of the use, and any physical improvements related to it, shall be harmonious and compatible with the existing uses within the neighborhood.
- b. *Parking.*
 - i. *Hosted Rental.* One parking space shall be provided on site for a hosted vacation rental in addition to the on-site parking required under Chapter 17.110 SMC.
 - ii. *Nonhosted Rental.* One on-site parking space shall be provided for each sleeping room or guest bedroom in the vacation rental. If a garage is used to meet the parking requirement for the sleeping rooms or guest bedrooms, the garage shall be accessible to guests of the vacation rental.
- c. Excessive amounts of paving shall not be allowed. Tire strips and permeable travel surfaces shall be encouraged. Areas devoted to parking and paving shall not be disproportionate to the site size.
- d. Pools, hot tubs, and outside gathering areas shall be adequately screened from adjacent properties to minimize noise and lighting impacts and shall have the hours of operation clearly posted adjacent to the facility.

2. Noise Limits.

- a. Outdoor amplified sound is prohibited.
- b. All activities associated with the vacation rental use shall meet the noise standards identified at Chapter 8.25 SMC. Quiet hours shall be from 10:00 p.m. to 7:00 a.m. The property owner shall ensure that the quiet hours are included in rental agreements and in all online advertisements and listings.
- c. Nuisance noise by unattended pets is prohibited.

3. The maximum overnight occupancy for vacation rentals shall be up to two persons per sleeping room or guest bedroom, plus two additional persons per property, up to a maximum total of 10 persons per vacation rental.

4. Guest stays shall be limited to a maximum of 30 days, with a seven-day period between stays.

5. Owner and Authorized Agent Availability and Responsiveness.

- a. The owner (for a hosted vacation rental) or the authorized agent (for a nonhosted vacation rental) shall be available by telephone at all times when the vacation rental is rented, 24 hours per day.

- b. The owner (for a hosted vacation rental) or the authorized agent (for a nonhosted vacation rental) must be on the premises of the vacation rental unit within one hour of being notified by a renter, by the Planning Director, or law enforcement officer that there is a need for the owner or the authorized agent (to address an issue of permit compliance or the health, safety, or welfare of the public or the renter).
6. A business license is required.
7. The vacation rental shall be subject to the transient occupancy tax (Chapter 3.12 SMC).
8. Vacation rentals shall be in permitted dwellings and shall not be permitted in nonhabitable structures or in tents, recreational vehicles, or other features or provisions intended for temporary occupancy.
9. For each hosted vacation rental:
 - a. The owner must reside at the vacation rental, and the owner must sleep at the vacation rental unit while it is being rented.
 - b. The owner must reside in a bedroom that is not rented to any renter.
 - c. No more than two bedrooms may be rented for transient occupancy uses.
10. *Posting and Neighbor Notification of Permit and Standards.* Once a vacation rental permit has been approved, a copy of the permit listing all applicable standards and limits and identifying contact information for the owner or authorized agent, including a phone number at which the owner or authorized agent can be reached 24 hours per day, shall be posted within the vacation rental property. These standards shall be posted in a prominent place within six feet of the front door of the vacation rental, and shall be included as part of all rental agreements. At the permit holder's expense, the City shall provide mailed notice of permit issuance to property owners and immediate neighbors of the vacation rental unit using a 300-foot property radius owner mailing list.
11. *Requirements for All Advertisements and Listings.* All advertisements and/or listings for the vacation rental shall include the following:
 - a. Maximum occupancy;
 - b. Maximum number of vehicles;
 - c. Notification that quiet hours must be observed between 10:00 p.m. and 7:00 a.m.;
 - d. Notification that no outdoor amplified sound is allowed; and
 - e. The transient occupancy tax certificate number for that particular property.

B. Permit Requirements.

1. A vacation rental must receive either an administrative permit or conditional use permit, as shown in Table 17.260-1 below.

Table 17.260-1. Vacation Rental Permit Requirements

Unit Type	Number of Guest Occupancy Days per Year	
	30 days or less per year	31 days or more per year
Hosted vacation rental	Administrative permit	Administrative permit
Nonhosted vacation rental	Administrative permit	Conditional use permit
Accessory dwelling unit (hosted or nonhosted)	Conditional use permit	Conditional use permit
Accessory dwelling unit (hosted or nonhosted) that is 840 sq. ft. or less and built prior to July 1, 2017	Administrative permit	Administrative permit

2. Each conditional use permit issued pursuant to this section shall be subject to an annual permit review and extension. No later than one year after the effective date of the permit, the owner or authorized agent shall submit to the Planning Director the annual review fee, established by City Council resolution, along with the permit review form established by the Planning Director. The owner shall document compliance with all requirements of this section and shall also document each date on which the vacation rental was rented during the previous term of the permit.

C. *Complaint and Enforcement Process.*

1. Initial complaints on vacation rentals shall be directed to the owner or authorized agent identified in the administrative permit or conditional use permit, as applicable. The owner or authorized agent shall be available by phone 24 hours during all times when the property is rented. Should a problem arise and be reported to the owner or authorized agent, the owner or authorized agent shall be responsible for contacting the tenant to correct the problem within 60 minutes, including visiting the site if necessary to ensure that the issue has been corrected.

The owner or authorized agent shall document the complaint, and their resolution or attempted resolution(s), to the Planning Director within 72 hours of the occurrence.

Failure to respond to complaints or report them to the Planning Director shall be considered a violation of this section, and shall be cause for revocation of the vacation rental permit.

If the issue reoccurs, the complaint will be addressed by the Planning Director or code enforcement officer who may conduct an investigation to determine whether there was a violation of a zoning standard or conditional use permit condition. Police reports, online searches, citations, or neighbor documentation consisting of photos, sound recordings and video may constitute proof of a violation. If the Planning Director verifies that a zoning or conditional use permit condition violation has occurred, a notice of violation may be issued and a penalty may be imposed in accordance with Chapter 1.04 SMC. At the discretion of the Planning

Director, the administrative permit or conditional use permit may be scheduled for a revocation hearing with the Planning Commission. If the permit is revoked, an administrative permit or conditional use permit for a vacation rental on that particular property may not be reapplied for or issued for a period of at least one year.

2. A vacation rental that is determined to be operating without the necessary permit required under this section shall be subject to a penalty of three times the normal application fee.

3. Upon receipt of any combination of three administrative citations or Planning Director determinations of violation of any of the permit requirements or performance standards issued to the owner or occupants at the property within a two-year period, the vacation rental administrative permit or conditional use permit is summarily revoked, subject to prior notice and to appeal, if appeal is requested pursuant to the appeals section of the Zoning Ordinance. Should such a revocation occur, an application to reestablish a vacation rental at the subject property shall not be accepted for a minimum period of two years.

D. *Findings.* The decision-making body may approve a permit for a vacation rental, with or without conditions, if all of the following findings are made:

1. The proposed vacation rental is consistent with the standards established by this section and will not detrimentally affect the health, safety, or welfare of the surrounding neighborhood or area.

2. Approval of the vacation rental will not result in an over concentration of such uses in a neighborhood.

3. There is adequate parking for all guests and operators to park on the subject property in accordance with Chapter 17.110 SMC.

4. Approval of the vacation rental will result in the preservation of the residential design and scale of the structures on the property and will maintain the residential character of the neighborhood.

5. The architectural or historic character of the structure proposed to house the vacation rental is appropriate for the use.

6. For accessory dwelling units, the approval of the permit would not result in a reduction to the City's affordable housing stock. (Ord. 1111, 2018)

The Sebastopol Municipal Code is current through Ordinance 1123, passed May 7, 2019.

Disclaimer: The City Clerk's Office has the official version of the Sebastopol Municipal Code. Users should contact the City Clerk's Office for ordinances passed subsequent to the ordinance cited above.

City Website: www.ci.sebastopol.ca.us

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