



DATE: June 25 2018

TO: Chairperson and Members of the Planning Commission

FROM: Development Services Department/Planning Division

SUBJECT: **APPOINTMENT OF AD HOC COMMITTEE TO RECOMMEND POLICIES REGARDING THE REGULATION OF SHORT TERM RENTALS, WITHIN AN IDENTIFIED TIMELINE AND WITH SPECIFIED STAFF SUPPORT**

RECOMMENDATION

That the Planning Commission appoint an Ad Hoc Committee to recommend policies regarding the regulation of short term rentals, within an identified timeline and with specified staff support.

BACKGROUND

In its recent review of development proposals, the Planning Commission has expressed concerns with the impacts associated with the short term rental (STR) of housing units; and discussed options that were available to regulate STRs in order to address such impacts. In addition, similar concerns regarding the impacts of STRs have been expressed by individual Planning Commissioners in the past, during the Commissioner's Reports agenda item.

In response to these concerns, Planning Division staff consulted with other City staff including the City Attorney's Office and noted to the Planning Commission that the City Council sets policy direction and has not acted to regulate STRs. However, City staff suggested that the Planning Commission could form an Ad Hoc Committee that could forward policy recommendations regarding the regulation of STRs. The recommendations could be considered by the full Planning Commission for recommendation to the City Council for their consideration and possible direction.

Short Term Rentals (STRs)

The proliferation of STRs and their impacts, is a common issue being faced by many cities, especially those with a tourist-component to their economy. Concerns about STR impacts include noise, parking, trash, strangers in neighborhoods, the loss of affordable housing for long-term renters, and having commercial operations in a residential area.

Proponents of STRs commonly respond that STRs provide tax revenues to cities, provide supplemental income and an affordable second home to property owners, provide an alternative to hotels, are no more a nuisance than many long-term rentals, and were often purchased without any STR regulation.

Good Neighbor Policy:

In response to complaints received by the City, an inter-departmental team was formed in 2016, comprised of staff from the City Manager's Office, the City Attorney's Office, the Finance Department and the Planning Division. The team produced draft regulations that would require obtaining a Short-Term Vacation Rental (STVR) permit along with compliance with a draft Good Neighbor Policy (GNP); see attached. The STVR permit would be issued by the Business License Division and not require any public hearing. The GNP addressed having a contact available, responding within 60 minutes of a complaint, all parking being on-site, refuse containers being screened, maximum two people per bedroom plus one person per unit, no amplified sound from 10pm-10am, and other rules.

Although the draft permit and GNP were comparatively less onerous/restrictive than other approaches, the City received a large volume of concerns when they were released for public comment, especially regarding requiring parking on-site and having a maximum number of occupants. Due to other priorities, no further work has been conducted on the draft permit and the GNP.

Existing Setting & Regulations:

Similar to many other coastal cities, the City of Oceanside has a long history of allowing STRs. Parts of the City function primarily as vacation areas and are zoned to allow transient uses outright. For example, the Residential Tourist (RT) Zone provides for "tourist cottages and summer rentals" as a permitted use.

City staff have interpreted that the rental of a dwelling unit, either short-term or long-term, is not prohibited by the current Zoning Ordinance. The City does not currently regulate STRs except for the following:

- All STR operators must register with the City and pay Transient Occupancy Taxes (TOT) and an Oceanside Tourism Marketing District (OTMD) assessment;
- STRs that consist of 5 or more units on one property must obtain a City business license;
- The rental of a unit to 7 or more adults requires a High Occupancy Permit, that is intended for long term rentals or mini-dorms; and
- Accessory Dwelling Units and the associated primary unit cannot be rented short term; although this restriction is not yet certified in the Coastal Zone.

Currently, there are 812 STR operators that are registered with the City and pay TOT and OTMD, that resulted in over \$2.6 million dollars in revenue over the last four quarters (April 2017-March 2018). The vast majority of these STRs are located west of

I-5 and concentrated close to the shoreline, with 75% in the coastal zone. The City has contracted with a firm to identify STRs and achieve greater compliance with TOT and OMTD and with other applicable regulations. Considering the number of STRs operating in the City, the City receives few complaints regarding STRs. Staff will provide the number of complaints at the June 25th meeting.

There are several permitting approaches that cities commonly employ to address STRs, as noted in Table 1, below, listed in an increasing amount of regulation:

Table 1 – STR Permitting Options

Permitted Outright	Pay taxes and comply with existing nuisance regulations
Ministerial Permit	Apply for permit issued by staff
Notice & Ministerial Permit	Notice is provided to neighbors, permit approval by staff
Notice and Public Hearing	Notice is provided to neighbors, permit approval by Planning Commission
Total Cap	The total number of permits approved cannot exceed a specific number; or may be phased out over a period of years
Prohibition	No STRs are allowed

The decision regarding which regulatory options are best can be based on community values, location, zoning, history, economic development goals, etc. Some cities require compliance with other regulations such as those noted under the Good Neighbor Policy, above; and/or the minimum number of successive rental nights, maximum number of rental nights per year, payment of an affordable housing impact fee, etc.

Locational Considerations:

Along with the options for the type of permitting, consideration should be given to the location of STRs. Some examples of locational factors in the City include:

1. The Residential-Tourist District (RT) – provides for tourist cottages and summer rentals as a permitted use;
2. The Visitor-Commercial District (VC) provides for tourist cottages as a permitted use;
3. The Commercial Districts (C-1 and C-2) provide for hotels and motels as conditional uses;
4. Most of the districts in the Downtown area provide for tourists or commercial uses; and
5. Any regulation of STRs in the City’s coastal zone would likely require a Local Coastal Plan amendment with certification by the California Coastal Commission (CCC). The CCC has expressed concern with STR regulations that are too restrictive, including prohibitions, too many minimum nights, and too few

maximum nights. The City's Coastal Zone essentially includes land that stretches from the shoreline to the east façade of the first buildings on the east side of the Coast Highway, with a few variations such as extending to include bodies of water.

Other Constraints:

Because many STRs have been operating in the City for a long time, it may be a challenge to place strong regulations on existing STRs. Also, enforcement of non-permitted STRs has proven to be difficult for many cities, especially with obtaining evidence to support any allegations of non-permitted operations that are challenged by the operator.

Other jurisdictions:

Staff is compiling a summary of other similar jurisdictions' regulations regarding STRs, and will provide this to the AHC at their first meeting.

PROJECT DESCRIPTION

Planning staff suggests the following process for the Planning Commission to consider forwarding recommendations of policies regarding STR regulations.

1. The Planning Commission appoints an Ad Hoc Committee (AHC) comprised on 3 members. Because the AHC would constitute less than a quorum, it can meet without providing legal notice as would be required of the Planning Commission. Notice of AHC meetings can still be provided, although legal constraints will not have to be met.
2. The Planning Commission establishes the following schedule of AHC meetings;
 - a. First meeting: Staff presents an overview of regulation options. The AHC provides direction on which policy options they propose. The recommendations of the AHC will involve general policy language and not specific ordinance language, as the latter can be cumbersome to gain consensus and would consume a lot of staff resources.
 - b. Second meeting: Staff reviews the draft recommendations with the AHC, with potential revisions made by the AHC.
 - c. Third meeting: If necessary, Staff reviews the final recommendations with the AHC.
 - d. City noticing of the AHC meetings would be provided by via email and the City's and Planning Division's webpages.
 - e. Public comments will be accepted at the beginning and/or end of each AHC meeting, but not during the AHC deliberations.
3. The AHC recommendations are presented to the full Planning Commission, with public testimony provided. The Commission reviews and/or revises the

recommendations and forwards the recommendations to the City Council for their consideration.

ENVIRONMENTAL DETERMINATION

Planning Division staff has completed a preliminary review of this project in accordance with the City of Oceanside's Environmental Review Guidelines and the California Environmental Quality Act (CEQA), 1970. Based on that review, the Planning Division finds that the proposed project would not, in and of itself, occasion land development or any other material change to the environment. Therefore, in accordance with the provisions of the California Environmental Quality Act (CEQA) Guidelines Section 15061 (b) (3), there is no possibility the proposed zoning text amendment may have a significant effect on the environment and therefore is not subject to CEQA review.

SUMMARY

Staff recommends that the Planning Commission appoint an Ad Hoc Committee to recommend policies regarding the regulation of short term rentals, within an identified timeline and with specified staff support, as noted under the project description, above.

PREPARED AND SUBMITTED:



Jeff Hunt
City Planner

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Attachments:

1. Draft Good Neighbor Policy (Exhibit A)

DRAFT

ATTACHMENT C

DRAFT

Good Neighbor Policy & Operational Requirements

The City of Oceanside would like to minimize any adverse impacts on residential neighborhoods due to the proliferation of Short-Term Vacation Rentals, defined as less than 30 consecutive days. Consequently, the City requires that all occupants of Short-Term Vacation Rentals adhere to the "Good Neighbor Policy" outlined below. It is the responsibility of the owner and the owner's agent to ensure that the rules are acknowledged and followed.

- 1). Owner or owner's authorized agent shall be available 24-hours a day, seven days a week to respond to complaints concerning condition, operation or conduct of short-term rental occupants
- 2). Owner/owner's agent must post in a conspicuous place on the exterior of the unit a copy of the Short-Term Vacation Rental Permit and owner/agent's phone number (local emergency contact), reachable at all times.
- 3). If Good Neighbor Policy is violated, owner/owner's agent must respond to remedy the issue within 60 minutes of receipt of complaint.
- 4). Parking for all vehicles must be on-site in the driveway, garage, or carport.
- 5). Refuse containers shall be stored out of public view.
- 6). The number of occupants shall be limited to two people per bedroom plus one person per unit.
- 7). Amplified sound is prohibited from 10:00 p.m. to 10 a.m.
- 8). Owner/owner's agent must share this Short-Term Vacation Rental Information & Good Neighbor Policy with all renters.
- 9). Require renters to execute a formal acknowledgement that renter is legally responsible for compliance with all requirements contained herein.
- 10). Obtain names, addresses & phone numbers of renters.
- 11). Agree to provide information from items 8-10 above to the City when requested and maintain this information for three years.