

AGENDA
CITY OF OCEANSIDE – PLANNING COMMISSION
SHORT TERM RENTAL (STR) AD HOC COMMITTEE MEETING

Tuesday, January 29, 2019
3:00 P.M. – 6:00 P.M.
CITY COUNCIL CHAMBERS
300 NORTH COAST HIGHWAY
OCEANSIDE, CA 92054

1. CALL TO ORDER / ROLL CALL:

Colleen Balch
Curtis Busk
Tom Rosales

2. PUBLIC COMMUNICATIONS: (There is a 3-minute limit for all persons addressing the Ad Hoc Committee. This time limit may be reduced at the discretion of the Chairperson in the event there is a large number of speakers.)

3. AGENDA ITEMS: See attached staff report. Presentation by Shannon Vitale, Planner II; followed by Ad Hoc Committee questions and comments.

4. ADJOURNMENT

In accordance with State law, this agenda has been posted at the Ditmar Street Kiosk at 300 North Coast Hwy. 72 hours in advance of this meeting. Under the Brown Act, California's Open Meeting Law, any citizen has the right to address the Short Term Rental Ad Hoc Committee on matters within the Committee's jurisdiction. However, the Committee may not discuss or take any action on any item not specifically listed on the agenda. The Short Term Rental Ad Hoc Committee is a formally established Advisory Committee to the Planning Commission, and as such is bound by the Brown Act. If you have special needs because of a disability that make it difficult for you to participate in the Downtown Advisory Committee meetings, please contact the City of Oceanside Planning staff at 300 N. Coast Hwy. Oceanside, CA 92054, telephone: (760) 435-3520, at least 24 hours prior to the scheduled meeting, so that staff can make arrangements to accommodate your disability.

City of Oceanside
Development Services Department
Memorandum

DATE: January 29, 2019

TO: Short Term Rental Ad Hoc Committee

FROM: Shannon Vitale, Planner II

SUBJECT: CONSIDERATION OF OPTIONS FOR THE REGULATION OF SHORT TERM RENTALS

Background

A Short Term Rental (STR) is defined as the rental of any legally permitted dwelling unit (or portion thereof) for occupancy for dwelling, lodging, or sleeping purposes for a period of less than 30 consecutive days. Although STRs are not specifically defined or regulated in the Zoning Ordinance, City staff has determined that the rental of a dwelling unit for less than 30 consecutive days is not prohibited.

In response to the increase in STRs throughout the City, the Planning Commission has expressed concerns with the associated impacts and appointed an Ad Hoc Committee (comprised of Commissioners Balch, Busk and Rosales) to recommend an approach to the regulation of STRs. The first Ad Hoc Committee (AHC) meeting was held on August 21, 2018. A summary of the first AHC meeting is included in the memo prepared for the November 27, 2018 AHC meeting (Attachment 2). The second AHC meeting was held on November 27, 2018. A summary of the AHC comments and recommendations from this meeting is included on the STR permitting options matrix (Attachment 3) with additional requested information provided in the memo below.

It is anticipated that any forthcoming AHC recommendations would be shared with the Housing Commission and Economic Development Commission prior to going to the Planning Commission for a possible recommendation to City Council.

Summary of Second STR Ad Hoc Committee Meeting

The second AHC meeting was held on November 27, 2018. There were approximately 60 people in attendance and 38 public speakers shared their views both in support and opposition to STRs. During this meeting, staff provided a summary of the items discussed at the first AHC meeting as well as additional information requested by the AHC. The AHC provided additional feedback and direction on the possible permitting options and directed staff to further research certain items. The permitting options matrix has been updated to reflect the AHC comments from the second meeting and a column was added to incorporate staff comments.

The following sections provide additional information requested by the AHC at its last meeting.

Permit Process

A summary of the AHC responses regarding the appropriate permit process for STRs is provided in the attached permitting matrix. While the AHC agreed that STR operators should apply for a business license and/or STR permit, pay applicable taxes, and abide by a Good Neighbor Policy (GNP), there were mixed opinions on whether public notice should be required for STRs. Staff suggests creating a STR directory on the City webpage instead of requiring STR operators to provide a mailed notice to surrounding property owners. The online directory would be available 24 hours a day and anyone can search the directory for information. Staff finds this approach more effective than a mailed paper notice which could be misplaced or thrown away. Additionally, a mailed public notice would only provide information to surrounding property owners within a specified radius while an online directory is available to everyone. The directory would include a list of STR operators (including the property address and 24-hour contact information). Additionally, staff suggests every STR operator place a notice sign on their property that provides the STR registration number and 24-hour contact information. The notice sign would have to be clearly visible from the adjacent right-of-way and will utilize a standard template created by staff. The notice sign should also include the maximum occupancy allowed for the unit.

Commissioner Balch requested that staff research public notice requirements for a “Large Family Child Care” facility. Per the State of California Health and Human Services Agency Department of Social Services (Title 22, Division 12, Chapter 3), a “Large Family Child Care” facility is a home that provides family child care for up to 12 children or up to 14 children if no more than four are infants. Per the State guidelines, public noticing is not required for large family child care facilities. However, some cities have adopted their own regulations that require public notification. Currently, the City of Oceanside does not have noticing requirements for child care facilities.

The AHC also discussed whether certain properties should be exempt from obtaining a STR permit. While Commissioner Rosales stated that gated HOAs and hosted STR units could potentially be exempt, Commissioners Balch and Busk stated that all STRs should be required to obtain a STR permit. Staff favors offering permit exemptions for hosted STRs as well as STR properties that are part of HOAs that are physically self-contained (i.e., within a gated complex) and provide 24-hour on-site management. Staff’s opinion is that properties meeting the criteria mentioned above already regulate themselves and thus generally do not have a negative impact on the surrounding community. Examples of such properties would include North Coast Village and St. Malo. Exempt properties would still be required to pay Transient Occupancy Tax (TOT) and other applicable taxes and/or fees, as required.

Number of STRs

The AHC discussed whether policies should be established to determine a maximum number of STRs allowed in the City. Commissioner Balch mentioned that the increase of STRs has resulted in a loss of neighborhood character and single family homes are being converted into “mini hotels”. Commissioner Busk stated that the high number of STRs has created parking problems because STR guests are taking up public parking spaces available on the street. As of January 9, 2019, there were 901 registered STRs in the City with estimates of approximately 1,300 currently in operation.

Commissioner Rosales requested that staff provide three scenarios for placing a cap on STRs. Although staff does not favor a cap at this time, if the AHC were to recommend placing a cap on STRs, three possible options are as follows:

1. Citywide cap

- a. The AHC could recommend an absolute number of STRs allowed in the entire City. Staff suggests a threshold higher than the current number of registered STRs (901) to avoid phasing out existing registered STRs.

2. Cap on STRs located in single-family zoning districts west of Interstate 5

- a. The AHC could recommend a cap on the total number of STRs allowed in certain residential zoning districts. It is important to note that some residential parts of the City function primarily as vacation areas and are zoned to allow transient uses outright. For example, the Residential Tourist (RT) District provides for “tourist cottages and summer rentals” as a permitted use. With approximately 75% of the registered STRs located in the coastal zone, neighborhoods west of Interstate 5 have a greater concentration of STRs. If the AHC were to pursue a cap on STRs in certain residential zoning districts, staff suggests the cap only apply to new STRs located in single-family districts (R1, RS, or RE Districts) located west of Interstate-5. This cap would apply to the single-family zoning districts located within the Townsite and South Oceanside Neighborhood Planning Areas - the two neighborhoods with the highest number of STRs.

3. Concentration or separation standards per zoning district or neighborhood planning area

- a. The AHC could recommend a maximum concentration of STRs in each zoning district or neighborhood planning area. Commissioner Balch stated that the South Oceanside neighborhood should have a maximum number of STRs allowed. According to data provided by the Finance Division, there are currently 88 registered STRs in the South Oceanside neighborhood. A table showing the concentration of STRs in each neighborhood planning area was provided in the memo prepared for the second AHC meeting. The current concentration of STRs in each residential zoning district (including the downtown districts that have STRs) is provided in the table below:

Table 1: Concentration of STRs in Residential Zoning Districts

Zone	Number of STRs	Housing Units*	% of Housing Units
Downtown D-4A	31	148	21.0
Downtown D-4B	2	16	12.50
Downtown D-5	368	5,836	6.31
Downtown D-5A	6	82	7.32
Downtown D-7A	3	114	2.63
R1	34	559	6.08
R3	29	1,708	1.70
RT	96	815	11.78
PD	11	7,701	.14
RE	56	8,089	.69
RH	17	3,816	.45
RM	16	23,026	.07
RS	90	16,467	.55

**Data provided by SanGIS (2018)*

As previously mentioned, staff does not favor placing a cap on STRs at this time. Rather, staff favors implementing a STR permit process and GNP with enhanced enforcement. Once STR regulations are adopted, staff can monitor and review how effective the policies are at addressing concerns attributed to STRs. Staff can monitor and provide a progress report annually to the Planning Commission, with the option of reporting sooner if warranted. If necessary, STR policies could be revised.

While there are many arguments regarding STRs, of paramount importance staff notes STRs are a significant source of revenue for the City and any actions that would limit these uses would have fiscal implications deserving of further study. STRs brought in approximately \$2.47 million dollars in revenue for the 2017-2018 fiscal year (July 1, 2017 to June 30, 2018). Placing a cap on STRs may therefore impact a significant source of City revenue.

Operational Regulations

The AHC comments regarding possible operational regulations (including maximum occupancy, minimum consecutive night stay, special events and parking) are provided on the permitting options matrix; attached. The AHC requested additional information on the following items:

1. Maximum Occupancy: The AHC recommended a maximum occupancy of two people per bedroom, plus two additional people per unit (including children). It is important to establish an accepted bedroom definition in order to determine the appropriate occupancy level for a STR. Commissioner Balch requested staff to further research how “bedroom” is defined in the Residential and Building Codes. Since bedroom is not defined in the California Building Code, California Residential Code or International Residential Code, Planning staff consulted with the Building Division and Fire Department to determine an appropriate definition for bedroom. Staff recommends that “Bedroom” be defined as follows: “a private room furnished with a bed and intended primarily for sleeping, separated from other rooms by a door or other entry way and having at least one window

and emergency escape and rescue opening and a closet or storage nook. Additionally, the room is accessible to a bathroom without crossing into another bedroom.”

2. Special Events: The initial draft GNP stated that “STRs may only be used for residential purposes; commercial activities and special events are prohibited.” Commissioner Rosales requested staff to revise the term “special event”. Instead of language prohibiting special events, staff revised the GNP to establish a maximum number of daytime guests. Daytime guests would be required to leave by 10:00 p.m. Such a limitation would still allow for small events (less than 10 guests) at a STR property.
3. Parking: The AHC comments regarding on-site parking are provided in the permitting options matrix. Based on input received from the AHC, staff revised the GNP language to read, “All garage, driveway, and on-site designated parking spaces shall be made available for vehicle parking.” Planning staff met with parking enforcement staff and learned that prohibiting on-street parking for STRs is difficult to enforce and may not be feasible. Additionally, as noted in the last staff memo, staff has observed that a significant percentage of on-site parking resources for non-STR properties are not regularly utilized for parking. Limiting STR tenants to use on-site parking spaces only while not requiring the same for full time residents poses an equity issue.
4. Hosting Platforms: The AHC recommended that staff consider agreements with online hosting platforms (i.e. AirBnB, Home Away and VRBO), stating that the hosting platforms could help ensure STRs are registered and held accountable to pay applicable taxes. Staff has engaged in prior negotiation efforts with hosting platforms but has been unable to reach agreement with respect to the terms of such an arrangement. The City Council is scheduled to discuss this matter at its January 23 meeting and staff will provide an update to the Ad Hoc Committee at today’s meeting.

Enforcement

The AHC recommended enhanced enforcement for STRs through a one-hour code enforcement inspection warning for violations, annual property inspection, and a three strikes policy. The AHC recommendations and staff comments are included in the permitting options matrix. Staff favors enhanced enforcement in order to ensure compliance with the GNP and thus reduce conflicts. Additionally, depending on its severity, a STR permit may be revoked after an initial violation.

The City can also continue to monitor unregistered STRs and utilize firms such as Host Compliance, an outside firm that assists with identifying the location of STRs. Since contracting with Host Compliance in 2017, to track STR activity, the number of STRs registered in the City has increased 68%.

Permit Fees

The AHC recommended that a STR permit fee be required and that the fee should be calculated based on square footage. Staff was not able to identify other cities that have implemented STR permit fees based on square footage. A comparison of STR permit fees for other jurisdictions is provided in the table below:

Table 2: STR Permit Fees

Jurisdiction	STR Permit Fee
City of Carlsbad	No Permit Fee (Business License fee only)
City of Encinitas	\$150
City of Solana Beach	\$110
City of Del Mar	TBD
City of San Diego	\$949*
City of San Clemente	\$140- \$536
City of Santa Cruz	\$262
City of Los Angeles	\$89 (less than 120 days) \$850 (more than 120 days)

**City of San Diego STR Ordinance has been rescinded. This permit fee no longer applies.*

As mentioned in earlier staff memos, staff suggested a STR permit fee could fund an enhanced enforcement program. Annual fee revenue should collectively cover the cost of a full time Code Enforcement officer. A suggested STR permit fee is \$300 to \$400 per STR permit. Staff believes this would cover an additional full time Code-Enforcement officer dedicated to handling STR-related complaints.

Affordable Housing Impact Fee

The AHC had mixed opinions on whether an affordable housing impact fee should be assessed for STR properties. As mentioned at the previous AHC meetings, staff does not support the creation of such a fee in Oceanside given the relatively small benefit in comparison to the large amount of time and cost necessary to implement and administer such a fee program. It is estimated that such a fee would produce between \$200,000 to \$300,000 annually if an affordable housing impact fee of \$3.96 per night (the impact fee established by the City of San Diego) was adopted. This is a rough number that is calculated based on the number of nights STRs were booked last year.

Hotel Revenue

Staff was requested to provide information regarding the impact STRs have on hotel revenue. Planning staff met with Visit Oceanside staff on December 18, 2018 to discuss the impacts STRs have had on hotel revenue. Although there has been a decrease in hotel occupancy levels in 2017, the average daily rate for hotels in the City has increased. According to the Finance Department total TOT revenue (including TOT generated from STRs and hotels/motels) increased 6.03% in fiscal year 2017-2018.

Process

The STR permitting options matrix discussed in detail at the first and second AHC meetings provided a framework for the AHC to formulate policy recommendations. Staff has updated the matrix by incorporating the comments received from the second meeting and providing additional information on certain items, as requested. The AHC can consider the information already presented as well as new information provided in this staff report to finalize their recommendations regarding the regulation of STRs throughout the City.

Next Steps

Staff anticipates bringing the permitting options matrix (including the AHC recommendations and staff comments) to the Housing Commission on February 26, 2019 and the Economic Development

Commission (EDC) in early March 2019. Staff will then present the AHC recommendations and staff recommendations (including comments received from the Housing Commission and EDC) to the full Planning Commission for further action on April 8, 2019. Staff anticipates bringing a recommendation to City Council for their consideration in Spring 2019.

Recommendation

Staff recommends the Ad Hoc Committee consider all of the information included in this staff report and all public testimony received at the Ad Hoc Committee meeting and via email correspondence, and utilize the permitting options matrix to finalize their policy recommendations for the regulation of short term rentals.

Attachments:

1. Memo prepared for first Ad Hoc Committee Meeting (Dated August 21, 2018)
2. Memo prepared for second Ad Hoc Committee Meeting (Dated November 27, 2018)
3. Permitting Options Matrix
4. 2019 Good Neighbor Policy

City of Oceanside
Development Services Department
Memorandum

DATE: August 21, 2018

TO: Short Term Rental Ad Hoc Committee

FROM: Shannon Vitale, Planner I

SUBJECT: CONSIDERATION OF OPTIONS FOR THE REGULATION OF SHORT TERM RENTALS

Background

Over the last few years, the advent of online booking sites such as AirBnB, HomeAway, VRBO and others has made it easier and more convenient for property owners to advertise their homes for short term rental (STR) use. STRs are usually defined as the rental of any legally permitted dwelling unit (or portion of any legally permitted dwelling unit) for occupancy for dwelling, lodging or sleeping purposes for period of less than 30 consecutive days. As a result, STRs are becoming more popular in many cities, especially tourist destinations. The advent of these on-line booking/listing platforms has resulted in a significant increase in the use of private homes for vacation rental purposes. As described later in this report, in 2016, the City developed draft regulations and a “good neighbor policy” for STR uses but at this point has no formal operational regulations in place.

Currently, there are approximately 800 registered STRs in the City of Oceanside. In its recent review of development proposals, the Planning Commission has expressed concerns with the impacts associated with STRs 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. On June 25, 2018, the Planning Commission appointed an Ad Hoc Committee to recommend an approach to the regulation of STRs throughout the City. The Ad Hoc Committee members include Commissioners Balch, Busk and Rosales. Staff anticipates having three Ad Hoc Committee meetings prior to presenting any recommendations to Planning Commission.

Existing STR Regulations

Similar to many other coastal cities, the City of Oceanside has a long history of allowing STRs. The City has determined that STRs are allowed in all residential zoning districts. Although STRs are not specifically defined in the Zoning Ordinance, City staff has determined that the rental of a dwelling unit for less than 30 consecutive days is not prohibited. The City currently applies the following permitting process to STRs:

- All STR operators must register with the City and pay Transient Occupancy Taxes (TOT) and an Oceanside Tourism Marketing District (OTMD) assessment (taxed at 10% and 1.5%, respectively);
- STRs that consist of 5 or more units on one property must obtain a City business license; and
- New accessory dwelling units (ADUs) and the associated primary unit cannot be rented short term (this restriction is not yet certified in the Coastal Zone.)

The California Coastal Commission (CCC) recognizes STRs as an important source of affordable visitor accommodations that promote public access to the coast. The CCC has not historically supported regulations that it deems too restrictive, including outright STR bans, finding such regulations to be inconsistent with the Coastal Act.

Existing STRs in Oceanside

According to data provided by the Finance Department, there are approximately 800 registered STRs in the City. The vast majority of these STRs are located west of Interstate 5 and concentrated close to the shoreline, with 75% of the registered STRs located within the Coastal Zone. Over half of the STRs located in the Coastal Zone are in Downtown District 5 (High Density Residential). This is largely attributed to North Coast Village, which has nearly 300 registered STRs. The RT (Residential Tourist) District, south of Wisconsin Avenue and west of the railroad, has 96 registered units and makes up the second largest percentage with approximately 12% of registered STRs. There are 383 registered units in the City's residential zoning districts; 196 of these are in the Coastal Zone and 187 in the balance of the City. Nearly all registered units in the inland area are located in a residential zoning district. The table below provides a breakdown of STRs by zoning district:

Table 1: STRs by Zoning Designation

Zone	Number of Properties	Percent of Total STRs
Coastal Zone	583	74.8%
Inland Areas	196	25.2%
Coastal Zone		
Commercial	4	0.5%
D-4A (Downtown Transient Uses and Single Family and Multi Family Residential)	31	4.0%
D-4B (Downtown Transient Uses and Multi-Family Residential)	2	0.3%
D-5 (Downtown High Density Residential)	368	47.2%
D-5A (Downtown Medium Density Residential)	6	0.8%
D-7A (Downtown High Density Residential)	3	0.4%
D-9 (Downtown Commercial and Single Family and Multi Family Residential)	2	0.3%
D-11 (Downtown Commercial and Multi Family Residential)	1	0.1%
Harbor	4	0.5%
PD (Planned Development)	3	0.4%
R1 (Single Family Residential)	34	4.4%
R3 (Medium Density Residential)	29	3.7%
RT (Residential Tourist)	96	12.3%
Total	583	74.8%
Inland Area		
Agriculture	1	0.1%
Commercial	5	0.6%
D-9 (Downtown Commercial/Residential)	3	0.4%
PD (Planned Development)	8	1.0%
RE (Residential Estate)	56	7.2%
RH (High Density Residential)	17	2.2%
RM (Medium Density Residential)	16	2.1%
RS (Single Family Residential)	90	11.6%
Total	196	25.2%

Financial Considerations

As stated above, STR operators are required to pay TOT (10%) and OTMD (1.5%). The revenue generated from STRs over the last four quarters (April 2017 to March 2018) provided over \$2.7 million in revenue to the City.

The City has contracted with an outside firm, Host Compliance, to assist with identifying STRs throughout the City and ensuring operators are registered and paying applicable taxes. Host Compliance helps staff identify the location of STRs and provides data on the growing number of STRs operating within the City. Host Compliance collects data from owner advertising platforms, including AirBnB, HomeAway, VRBO, and others. The information collected includes property and ownership records, rental rates, length of stay, number of bedrooms, occupancy limits, and estimated rental revenue. The number of registered STRs has increased since Host Compliance has been monitoring STRs and it is anticipated that the number of operators complying with the City's STR permitting process will continue to rise as more properties are identified through Host Compliance.

STR Complaints

Despite the high number of STRs in the City, the number of formal complaints attributed to STRs has been relatively low, although it is recognized that there may be many concerns that are not reported to the City. The City's Code Enforcement Division received 43 complaints between 2014 and 2018. An additional 23 complaints against STRs were filed with the police department from July 2016 to July 2018. The majority of complaints were for properties located in a residential zone. The complaints primarily consisted of excessive occupants, noise, and unlicensed STR operators. The table below provides the number of complaints received per zoning district:

Table 2: STR Complaints by Zoning District

Number of Complaints	Zoning District
3	D-4A
1	D-4B
11	D-5
1	D-5A
1	D-7A
5	PD
2	R1
3	R3
8	RE-B
2	RMA
18	RS
9	RT

2016 Draft STR Permit and Good Neighbor Policy

In 2016, in response to complaints received by the City, staff from the City Manager's Office, the City Attorney's Office, the Finance Department and the Planning Division produced draft STR regulations and a Good Neighbor Policy (GNP) following a review of regulations established in nearby coastal cities. The key provisions of the STR regulations and GNP drafted in 2016 are as follows:

A STR is defined as the rental of any portion of any dwelling unit for less than 30 consecutive days.

1. Any existing or new STR located anywhere in the city would require a permit and business license in order to operate.
2. The business license would require compliance with the STR permit and payment of Transient Occupancy Tax.
3. The annual fee would be approximately \$50-\$60 with the permit being issued by the Business License Division along with a business license.
4. The STR permit ordinance would reside in the Municipal Code, not the Zoning Code, and would not involve any notice to neighbors nor a public hearing prior to the approval of individual STR permits.
5. An STR permit would be conditioned to assure:
 - a. The STR permit is displayed in a conspicuous place and include the owner's or their agent's phone number.
 - b. The owner or their agent is available 24 hours a day, 7 days a week by phone, and will respond to complaints within 60 minutes.
 - c. Parking of all guest vehicles is on-site (i.e., no parking on the street).
 - d. Refuse containers will be stored out of public view.
 - e. A maximum of two people per room, plus one additional person per unit.
 - f. Amplified sound is not be audible off-site from 10:00 p.m. to 10:00 a.m.
 - g. The GNP is provided to all renters, who must acknowledge its receipt.
6. The GNP explains the requirements that all renters must abide by (essentially the conditions of the permit.)
7. Violations can result in revocation of the permit, denial of a permit, and/or a fine of \$1,000 or imprisonment of 6 months.

The 2016 draft STR regulations, permit process, and GNP were presented to various commissions, including the Planning Commission, Housing Commission, Economic Development Commission, and Downtown Advisory Commission. They were not presented to the City Council. While all the commissions generally supported the draft ordinance and GNP, there were suggested revisions. The Planning Commission recommended restricting STRs in certain zoning districts and adding a noticing process to inform neighbors of a new STR unit. The Economic Development Commission stated that North Coast Village and other large HOAs should be exempt from permit requirements and the parking and occupancy requirements should be revised. The Downtown Advisory Council recommended a uniform GNP throughout the City and identical regulations for long and short-term rentals. Additionally, they recommended a cap on the total number of STRs allowed in the City.

The draft STR regulations, permit process, and GNP were also released for public review in November 2016. Although the draft STR permit process was comparatively less onerous/restrictive than approaches used in other cities, the City received a large volume of concerns from STR operators, especially regarding required on-site parking and occupancy limits. The table below summarizes the comments received by staff in 2016:

Table 3: Public Comments on Proposed STR Regulations, Permit Process, and GNP

Number of Comments	Concern/Recommendation
5	Generally supported regulations with changes
25	Generally did not support regulation
2	Restrict to RT Zone
1	Do not designate areas for STRs
13	Remove parking restrictions
4	Ensure enforcement
1	Remedies are too stiff
2	Exempt HOAs
4	Revise Permit fee to percentage of TOT
21	Remove occupancy requirement
3	Include long-term rentals
4	Exempt North Coast Village
2	Enforce Good Neighbor Policy
1	Minimum night stay
3	Restrict STR to Coastal Zone
3	Cost of enforcement
1	Include Pet Policy

Due to the high volume of concerns with the draft STR regulations, permit process and GNP, City Council review was postponed to allow staff more time to review how other cities are dealing with STRs, gain a better understanding of the CCC’s position on STRs, and to consider further refinement to the draft regulations based on input received.

STR Regulations in Other Cities

Many nearby coastal cities have adopted regulations to address concerns with STRs. Staff has spent a considerable amount of time reviewing these regulations and speaking to the staffs of certain cities that have STR regulations in place. Existing regulations range from prohibitions in certain zoning districts, capping the total number of STRs, requiring STR permits and compliance with a GNP, or merely requiring a business license. Following are some regulatory highlights of San Diego County coastal communities

Carlsbad: The City of Carlsbad adopted a STR vacation rental ordinance on May 5, 2015. Due to concerns about the possible negative effects of vacation rental properties in residential neighborhoods, the City restricted STRs to the Coastal Zone and La Costa Resort and Spa Master Plan area. The Carlsbad STR ordinance requires STR operators to obtain a STR permit and business license that must be renewed annually. STR operators must abide by a Good Neighbor Policy and there is a maximum occupancy of two people per bedroom plus one person per unit.

On July 24, 2018, in an effort to further reduce the impacts of STRs on the Carlsbad residential community, staff recommended revising the existing STR regulations to include the following:

1. Set forth a definition of bedroom to assist with determining the appropriate occupancy level for a STR.
2. Clarify that time-share units and trailer coaches parked on residential property are not considered STRs.
3. Add a requirement for STR owners to prepare an impact response plan, including information on how to contact the owner to report a complaint concerning the property.
4. Specify that STRs may only be used for residential purposes; commercial activities and special events are prohibited.
5. To the greatest extent possible, on-site parking for the STR shall be used for guests and tenants.
6. Set forth a requirement that three administrative citations or verifiable violations incurred by a STR within a 24-month period will result in permit revocation for a period of 36 months.

The City Council approved the STR revisions by a 5-0 vote and introduced an ordinance amending the STR regulations. Once a second reading of the ordinance occurs, the STR revisions will go into effect.

Encinitas: The City of Encinitas adopted a STR ordinance in 2005. The City regulates STRs through their municipal code. The City uses a detailed STR permit application that must be reviewed by Planning Division staff. A site plan and floor plan must be submitted for review. The maximum occupancy is two people per bedroom, plus one person per unit. Parking is limited to the number of designated on-site parking spaces.

Solana Beach: The City of Solana Beach adopted a STR ordinance in 2003. A STR permit is required. Although the City does not have locational requirements, there is a minimum seven-day stay requirement for all STRs located in a residential zoning district. The STR ordinance does not specify occupancy or parking regulations for STRs.

Del Mar: The City of Del Mar is currently revising its STR ordinance. Currently, STRs are only allowed in the Residential Commercial and Visitor Commercial Zones. The City Council adopted a revised ordinance in November, 2017. The revised ordinance would allow STRs in commercial zones and in residential zones for up to 28 days per calendar year with a minimum rental term of seven consecutive days. The CCC rejected the ordinance as submitted, stating the ordinance was too restrictive and would result in adverse impacts to public access and affordable visitor accommodations. The City is determining how best to respond to the CCC's comments.

San Diego: The City of San Diego approved regulations governing STRs on July 16, 2018 with the second reading of the regulations on August 1, 2018.

The City Council adopted the following STR regulations:

1. Differentiate between whole home and home share STRs. Whole home is defined as the occupancy of the host's entire dwelling while the host is not physically present. Home share is defined as the occupancy of a portion of the host's dwelling while the host is physically present.
2. Whole home STRs require a license and are limited to the host's primary residence. A host may obtain up to two licenses (i.e. one for the primary dwelling unit and one for an

accessory dwelling unit that is located on the same parcel). If a property owner owns multiple properties in the jurisdiction, they are only able to obtain a STR license for their primary residence.

3. Whole home STRs located in the Coastal Zone and Downtown Community Plan Area are subject to a 3-night minimum stay.
4. Home share does not require a license, but a host must register their dwelling unit with the City and pay TOT.
5. Neighborhood Use Permit required if the STR has four or more bedrooms.
6. All STRs must pay an Affordable Housing Impact Fee (\$2.73/night for home share and \$3.96/night for whole home).
7. All hosts must comply with the Good Neighbor Policy, including having a local contact person to immediately address any complaints and disturbances.
8. A “Three Strikes” Policy. After the third violation within a 12-month period, the STR license may be revoked.

Key Considerations

When determining the appropriate STR permitting process, it is important to note the CCC recognizes vacation rentals as an important source of visitor accommodations. With approximately 75% of the City’s registered STRs located within the Coastal Zone, consideration of the CCC’s position on regulating STRs is an important factor. The CCC has indicated that if a community already provides an ample supply of vacation rentals and further proliferation of vacation rentals would impair community character or other coastal resources, restrictions may be appropriate. However, if the restrictions are too strict or prohibitive, CCC support may not be likely.

The CCC supports developing reasonable and balanced regulations tailored to the specific issues of the community, while providing appropriate enforcement to ensure consistency with applicable laws. The CCC has, in the past, supported STR regulations that include the following:

1. Limits on total number of vacation rentals allowed within certain areas;
2. Limits on the types of housing that can be used as a vacation rental;
3. Limits on maximum vacation rental occupancies;
4. Limits on the amount of time a residential unit can be used as a vacation rental during a given time period;
5. Requirements for 24-hour management and/or response, whether onsite or within a certain distance of the vacation rental;
6. Requirements regarding onsite parking, garbage, and noise;
7. Signage requirements (including posting 24 hour contact information);
8. Payment of Transient Occupancy Tax (TOT); and
9. Enforcement protocols, including requirements for responding to complaints and enforcing against violations of vacation rental requirements, including providing for revocation of vacation rental permits in certain circumstances.

The comparison of STR regulations in other local coastal jurisdictions indicates there are several permitting approaches that cities commonly employ to address STRs and their impacts on residential neighborhoods. While all of the cities require a STR permit and adherence to a GNP, the regulations and restrictions for the STR permit vary. Some jurisdictions have locational requirements, while others have minimum and maximum rental nights per year. As mentioned

earlier, STRs in Oceanside are currently permitted by-right and do not require a permit as long as the operator registers with the City and pays applicable taxes.

The following table provides a summary of potential permitting options. As noted later in this report, staff does not support the issuance of a discretionary permit for STRs:

Table 4: STR Permitting Options

Permitted By-Right	Pay taxes and comply with existing nuisance regulations
Ministerial Permit	Apply for permit issued by staff
Ministerial Permit and Notification	Notice provided to neighbors, permit approval by staff
Discretionary Permit with Notification	Notice provided to neighbors, permit approval by Planning Commission

Due to the previous community concerns relating to the parking and occupancy requirements proposed in the draft 2016 GNP, the Ad Hoc Committee may want to consider revising the 2016 GNP. Should the Ad Hoc Committee wish to do so, staff would offer the following revised language based on research of other STR ordinances. A revised GNP including the above noted changes is attached to the staff report (Attachment 2):

1. Remove the requirement that mandates parking for all vehicles must be provided on-site in the driveway, garage, or carport. Instead, insert the following language similar to Carlsbad: “To the greatest extent possible, on-site parking for the STR shall be used for guests and tenants”.
2. Revise the maximum occupancy requirement to state: “The number of occupants shall be limited to two persons per bedroom, plus two.” The two person per bedroom is a common standard used by many other communities and the “plus two” provision would accommodate the use of a pull out couch bed which is oftentimes provided in an STR.
3. STRs should be used for tourist lodging only. The use of STRs for commercial events or special events such as weddings shall be prohibited.

Other Regulatory Considerations:

The following regulatory options enacted by other local communities could also be considered by the Ad Hoc Committee. Staff has provided a working matrix with a list of possible STR regulations to assist the Ad Hoc Committee in making any recommendations (Attachment 3). It’s anticipated that any forthcoming Committee recommendations would be shared with the entire Planning Commission for further action, including a possible recommendation to the City Council. Once Council direction is received, staff would draft ordinance language and present such language to both the Planning Commission and City Council at future public hearings:

- Add enforcement language to the GNP to ensure STR operators abide by the regulations set forth in the GNP. With enhanced language that establishes consequences for violations (e.g., a three strikes policy), Code Enforcement would have a significant enforcement tool to ensure compliance with a potential GNP, thereby helping to address common community complaints.
- Consider a total cap on the number of STRs and not allow the total number of STRs to exceed a specific number or a prohibition on new STRs and/or phasing out existing STRs. It is important to consider, however, that STRs are a significant source of revenue for the City. In fact, STRs brought in over \$2.7 million dollars in revenue over the last four quarters (April 2017 to March 2018). Placing strict regulations and/or a cap or prohibition on STRs may significantly impact a significant source of City revenue.
- Consider whether STRs in the Coastal Zone should be regulated differently from STRs in the inland areas. Approximately 75% of registered STRs are located in the Coastal Zone. Regulations of STRs in the Coastal Zone will need to be certified by the CCC. As noted earlier, the CCC is generally not supportive of prohibitions or overly restrictive regulations on STRs located in the Coastal Zone. The Ad Hoc Committee may choose to treat the entire Coastal Zone as a visitor-serving area and only require a business license for STRs (even in the residential zoning districts). Alternatively, a STR Permit may be required, but with less restrictive policies regarding onsite parking, occupancy, length of stay, etc.
- Consider exempting larger HOA-governed properties (such as North Coast Village) that have an on-site manager and 24-hour surveillance from certain operational requirements. These properties generally do not generate formal complaints to the City because they are largely self-contained and the HOA monitors and enforces guest activity.
- Distinguish between whole home and home sharing STRs for the purpose of regulation. The City currently classifies all STRs the same and does not have separate regulations. However, based on public input, it appears that whole home rentals generally have a greater impact to residential neighborhoods because they have a higher number of occupants and vehicles and generate more noise. Owner occupied rentals generally do not have the same impact to the neighborhood as whole home rentals, perhaps because they are subject to more oversight from their on-site operators.
- Require payment of an affordable housing impact fee to be collected to offset the loss of permanent housing stock. The City of San Diego conducted a study regarding affordable housing impact fees and the Committee could recommend a similar approach to calculate the appropriate impact fees associated with STRs. Such action would represent a significant policy decision on the part of the City and would only be enacted after significant further study, including an in-depth fee analysis. Significant staffing resources could also be needed to implement such a program and for that reason, staff does not readily support such a program.
- With respect to permitting option, staff would recommend against requiring a Conditional Use Permit and a public hearing for every STR application as this would quickly overwhelm staff resources. However, requiring a Business License and/or STR permit and GNP is a

feasible approach based on existing staff resources and the success of similar approaches taken by other cities.

Environmental Review

Pursuant to Public Resources Code section 21065, this action does not constitute a “project” within the meaning of the California Environmental Quality Act (CEQA) in that it has no potential to cause either a direct physical change in the environment, or a reasonable foreseeable indirect physical change in the environment.

Recommendation

Staff recommends the Ad Hoc Committee consider all of the information included in this staff report and all public testimony received at the Ad Hoc committee meeting then utilize the attached matrix to begin formulating any policy recommendations to be shared with the entire Planning Commission at a future meeting.

Attachments:

1. Draft Ordinance Prepared in 2016
2. Draft Good Neighbor Policy
3. Permitting Options

City of Oceanside
Development Services Department
Memorandum

DATE: November 27, 2018

TO: Short Term Rental Ad Hoc Committee

FROM: Shannon Vitale, Planner II

SUBJECT: CONSIDERATION OF OPTIONS FOR THE REGULATION OF SHORT TERM RENTALS

Background

There are approximately 800 registered Short Term Rentals (STRs) in the City of Oceanside, with estimates of 1,200 STRs operating. Online booking sites such as AirBnB, Home Away, VRBO and others has made it easier and more convenient for property owners to advertise their homes for STR use and the City has seen an increase in STR properties. In response to the increase in STRs throughout the City, the Planning Commission has expressed concerns with the associated impacts.

STRs are usually defined as the rental of any legally permitted dwelling unit (or portion of any legally permitted dwelling unit) for occupancy for dwelling, lodging, or sleeping purposes for a period of less than 30 consecutive days. Although STRs are not specifically defined or regulated in the Zoning Ordinance, City staff has determined that the rental of a dwelling unit for less than 30 consecutive days is not prohibited.

The California Coastal Commission (CCC) recognizes STRs as an important source of affordable visitor accommodations that promote public access to the coast. The CCC has not historically supported overly restrictive regulations, including onerous minimum or maximum stays or outright bans, finding such regulations to be inconsistent with the Coastal Act.

In 2016, the City developed draft regulations and a Good Neighbor Policy (GNP) for STR uses, but at this point has no formal regulations in place.

On June 25, 2018, the Planning Commission appointed an Ad Hoc Committee (comprised of Commissioners Balch, Busk and Rosales) to recommend an approach to the regulation of STRs. Staff anticipates having three Ad Hoc Committee (AHC) meetings prior to presenting any recommendations to the Planning Commission. It is anticipated that any forthcoming AHC recommendations would be shared with the entire Planning Commission for further action, including a possible recommendation to the City Council. As further described below, the first AHC meeting was held on August 21, 2018 and it is anticipated the third and final meeting will be held late January, 2019.

Summary of First STR Ad Hoc Committee Meeting

The first AHC meeting was held on August 21, 2018. There were approximately 70 people in attendance and 50 public speakers shared their views both in support and opposition to STRs. Staff presented information regarding existing STRs in Oceanside, the current process for registering a STR, and a summary of STR regulations for other coastal jurisdictions in San Diego County. Additionally, staff provided an overview of regulation options and a working matrix with a list of possible STR approaches and regulations to assist the AHC in making any recommendations. Staff discussed each item of the matrix with those AHC members present (Commissioner Busk was not able to attend the meeting). The AHC provided feedback and direction on the possible permitting options and directed staff to research some items further. The AHC comments on the STR matrix presented at the first meeting are included as Attachment 1, with staff responses provided in italics.

The following sections summarize the initial discussion at the AHC meeting as well as information requested by the AHC regarding STR permitting options.

Permit Process

Currently, the City does not require STR operators to apply for a business license unless there are five or more STR units on one property. The AHC members present were of the opinion that a business license should be required for all STRs. In addition to a business license, the Committee stated that compliance with a GNP should be required for all STRs. Based on direction received at the AHC meeting, staff updated the 2016 Draft GNP to include the preliminary feedback received. The 2018 version of the Draft GNP is included as Attachment 2.

Most coastal jurisdictions in San Diego County require a business license for all STRs. Some jurisdictions also require a STR operating permit which may contain operational conditions of approval. The AHC stated that a STR operating permit could be issued in conjunction with the business license. In lieu of such a permit, conditions of approval could be placed on the business license.

Density of STRs

Another STR permitting option discussed is whether to establish a maximum number of STRs, either by neighborhood or citywide. It is important to consider, however, that STRs are a significant source of revenue for the City and any actions that would serve to limit these uses would have fiscal implications deserving of further study. STRs brought in approximately \$2.47 million dollars in revenue for the 2017-2018 fiscal year (July 1, 2017 to June 30, 2018). Placing a cap on STRs may impact a significant source of City revenue.

Commissioner Balch suggested that there should be a cap on the maximum number of STRs allowed in the City and/or per neighborhood. Commissioner Rosales requested that staff provide the percentage of total housing units utilized as STRs. According to 2018 data provided by SanGIS, there are approximately 74,915 housing units in the City of Oceanside. As of October 10, 2018, the number of registered STRs was 821 units. Thus, STRs account for approximately 1.1% of the total housing stock provided in the City. Commissioner Rosales also requested staff to provide a breakdown of the number of STRs located in each Neighborhood Planning Area. This data is provided in the table below:

Table 1: STRs per Neighborhood

Neighborhood Planning Area	Number of STRs	Housing Units*	% of Housing Stock
Airport	4	1334	.29
East Side Capistrano	6	2836	.21
Fire Mountain	35	2799	1.25
Guajome	14	5200	.27
Ivey Ranch/Rancho Del Oro	4	5886	.07
Lake	3	2748	.11
Loma Alta	17	5046	.37
Mira Costa	13	5540	.23
Morro Hills	1	263	.38
North Valley	14	8123	.17
Ocean Hills	5	3851	.13
Oceana	1	2192	.05
Peacock	8	3208	.25
San Luis Rey	12	8574	.14
South Oceanside	88	3330	2.64
Townsite	592	12190	4.86
Tri-City	4	1795	.22
TOTAL	821	74,915	1.1

**Data provided by SanGIS (2018)*

As noted in the above table, the Townsite neighborhood has the highest percentage of STRs (4.86 percent). This is primarily attributed to North Coast Village, which has nearly 300 registered STRs. The two Neighborhood Planning Areas located in the coastal zone (South Oceanside and Townsite) have the highest number of STRs as well as the highest percentages of total occupied housing units serving as STRs.

The AHC also discussed whether STRs should be allowed citywide. Due to concerns about the possible negative effects of vacation rental properties in residential neighborhoods, the City of Carlsbad restricted STRs to the coastal zone and La Costa Resort and Spa Master Plan area. Commissioner Rosales commented that STRs should be limited to the Coastal areas, similar to Carlsbad’s STR regulations.

When considering whether STRs should be limited to the coastal zone, as they are in Carlsbad, it is important to recognize the difference between Oceanside and Carlsbad coastal zones. The City of Oceanside is approximately 42 square miles and has 2.25 square miles of land located within the Coastal Zone. Land located in the Coastal Zone accounts for approximately six percent of the total area of the City. By comparison, the City of Carlsbad is approximately 39 square miles and has approximately 15 square miles or thirty-eight percent of land located in the Coastal Zone. The figures below illustrate the Coastal Zone boundaries for Oceanside and Carlsbad.

Figure 1: Oceanside Coastal Zone

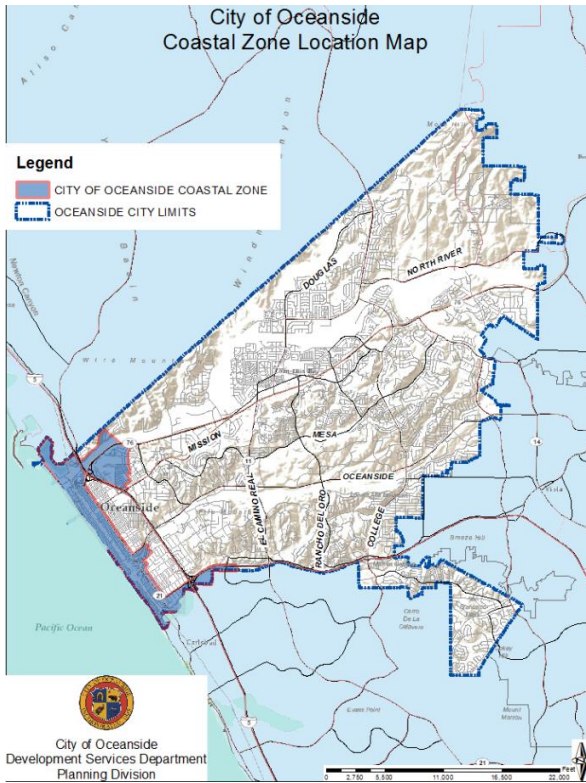
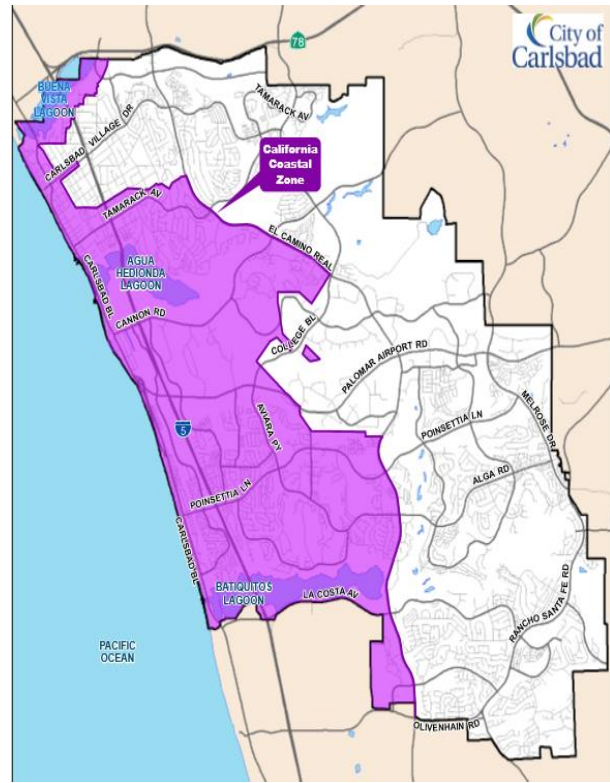


Figure 2: Carlsbad Coastal Zone



Although approximately 75% of the registered STRs in Oceanside are located within the Coastal Zone, there are approximately 200 registered STRs located inland. If STRs are only allowed in the Coastal Zone, the AHC must consider options for existing registered STRs located inland (i.e. whether the registered units will be grandfathered in or if they are no longer able to operate following a presumed amortization period).

Exemptions from Licensing/Permit Process

Other STR considerations presented to the AHC concerned whether certain properties should be exempt from the business license/permit process. The Committee agreed that no zoning districts should be exempt, but self-contained Homeowner Associations (such as North Coast Village, Robert’s Cottages and St. Malo) could possibly be exempt from the operational requirements provided in the Draft 2018 GNP. One consideration is to require a business license for each STR, but perhaps have different conditions applied to the business license since the units are self-contained and have a 24-hour manager on-site. Another consideration is to have one business license per Homeowner Association (i.e. one business license for North Coast Village with each STR operating under the North Coast Village business license).

Homesharing

The AHC discussed whether home shares should be regulated differently from whole home rentals. Home share is defined as the occupancy of a portion of a host’s dwelling while the host is physically present. Conversely, whole home is defined as the occupancy of the host’s entire dwelling while the host is not physically present. According to data provided by Host Compliance, a firm hired by the city to track STR activity, 93% of STRs in Oceanside are whole

home rentals. Based on public perception and community feedback, it appears that whole home rentals generally have a greater impact on residential neighborhoods. Home share rentals, which are owner occupied, are typically viewed more favorably than whole home rentals because the homeowner is present at all times and can monitor/regulate the conduct of guests. Commissioner Rosales suggested that home shares could be exempt from the STR business license/permit process or have different regulations than whole home rentals.

General STR Regulations

Staff provided the AHC with examples of regulations adopted in other coastal cities. Additionally staff has spent a considerable amount of time reviewing these regulations and has had multiple interdepartmental meetings with the City Attorney's Office, Finance Department, Code Enforcement Division, and Planning Division to discuss possible STR regulations.

A list of possible regulations for the AHC to consider were presented at the first AHC Meeting. The Committee's comments are summarized below.

- **Maximum Occupancy:** The AHC suggested a total occupancy of two people per bedroom, plus two people per unit. The City could choose to exclude children from the total occupancy count to be more inclusive of families with multiple children traveling together. For example, the Draft GNP Policy could read, "The number of occupants shall be limited to two adults per bedroom, plus two people per unit, excluding children". If the AHC is interested in excluding children, then further consideration may want to be given towards the maximum age of excluded children as it's arguable that a 17 year old child could be as impactful as an 18-year old adult.
- **Length of Stay:** The AHC stated there should be a minimum consecutive night stay of three to five nights. Coastal Commission staff have indicated that a 2 night minimum would likely be more supportable.
- **Special Events:** The City of Carlsbad recently prohibited special events in conjunction with STRs. Carlsbad's STR ordinance states that a STR should be used for residential purposes only and events including, but not limited to weddings, receptions, and large parties are prohibited. Commissioner Balch agreed with the language in the Carlsbad Ordinance while Commissioner Rosales requested staff to further define a "special event" and that perhaps limited small-scale events can occur at a STR. When defining a special event, the City could choose to use the threshold established by the Parks and Recreation Division or establish another threshold. The Parks and Recreation Division requires a "Special Event Permit" for beach events that have 25 or more people and public park events with 50 or more people. Another related possibility would be to specifically exclude commercial events.
- **Parking:** In response to community concerns regarding public parking spaces occupied by STR vehicles, the Draft 2016 GNP required on-site parking for all vehicles. However, this requirement is not feasible for many STR properties and many opposed this policy when it was contemplated in 2016. Due to the infeasibility of on-site parking for some STRs, the City of Carlsbad recently revised their STR Ordinance to state, "All occupants and guests shall, to the greatest extent possible, utilize any on-site parking of the short-term vacation rental and avoid parking on nearby residential streets". Commissioner

Balch suggested that on-site parking should be required for new STRs, but there could be exceptions for existing STRs that do not have on-site parking available (i.e. homes built prior to 1950 that do not have a garage or carport). Commissioner Rosales requested more information, specifically inquiring if a parking study has been done for the City. In 2008, a parking analysis was done to determine the parking demands for Downtown Oceanside. A consultant hired by the Public Works Department is presently preparing another parking study, which is expected to be released for public review in February 2019, but it will again focus only on the Downtown Districts. There has not been a citywide or coastal parking study completed to date nor is one planned. In the course of preparing recommendations for revised parking standards for residential uses in the coastal zone, staff has observed that a significant percentage of on-site parking resources for non-STR properties are not regularly utilized for parking (e.g., alley accessed garages). Limiting STR tenants to use of on-site parking spaces only while not requiring the same for full time residents poses an equity issue that would need to be further analyzed.

- **Ownership:** The AHC commented that the STR does not need to be the primary residence, nor does the unit need to be owner-occupied. In July 2018, the City of San Diego passed an ordinance that would limit STRs to a primary residence. However, the San Diego City Council recently voted 8-1 to repeal the ordinance. Commissioner Balch mentioned that staff should look into establishing a maximum number of STRs per owner. Similar to some cities, the AHC could consider limiting STRs to the owner's primary residence plus an additional unit. This may alleviate community concerns over single property owners purchasing multiple properties to operate STRs. Multiple STRs owned by a single business entity lends credence to some community concerns that STRs are commercial enterprises and should, therefore, be limited to commercial zones. Because some entities in Oceanside presently own multiple STR properties, should the AHC decide to limit the number of STRs owned, careful consideration would need to be given as to how to address these current operators and their properties owned.

Enforcement:

The AHC stated that the GNP should have enforcement language to ensure STR operators abide by the regulations set forth in the GNP and held accountable when they do not. With enhanced language that establishes consequences for violations (e.g., a three strikes policy), Code Enforcement would have a significant enforcement tool to ensure compliance with a potential GNP, thereby helping to address common community complaints. Additionally, the Committee suggested that there should be a one-hour inspection warning for violations. In other words, a STR operator should make their property available for inspection within one hour's notice. Requiring STR operators to make their properties available for Code Enforcement inspection on short notice is not uncommon in communities that allow STRs. Currently, the Code Enforcement Department responds to a violation by issuing a "Need to Inspect Letter" or "Notice of Alleged Violation". This letter is mailed to the property owner. Therefore, there is a significantly reduced likelihood that a Code Enforcement officer will observe the alleged violation reported.

As discussed at the last AHC meeting, despite the high number of STRs in the City, the number of formal complaints attributed to STRs is relatively low. The following table illustrates the majority of complaints filed with the Code Enforcement Department cite unlicensed STRs.

Table 2: STR Complaints *

Number of Complaints	Description of Complaint
29	Unlicensed STR
6	High Occupancy
3	Excessive Noise
3	Other
1	Trash

**Data provided by Code Enforcement Department for a period between 2014 to 2018.*

There may be many concerns not reported to the City. It is likely some percentage of STRs have excessive occupancy and generate more parking demand than can be accommodated on-site. Having a GNP that addresses occupancy and parking may help mitigate the community's concern with the impacts of STRs in a community.

Both Commissioners agreed that an annual inspection of the STR property should be a requirement and can be part of the annual registration or business license renewal process. Commissioner Balch further suggested an inspection fee based on the square footage of the dwelling.

Potential Licensing/Permit Fees

In order to provide for enhanced Code Enforcement, staff suggested that a STR business license/permit fee could be considered as a means to fund an enhanced enforcement program. The Committee agreed that a fee should be required for all STRs. Should the AHC decide to recommend an enhanced enforcement program, further consideration would need to be given towards how such a fee program should be calculated. For example, if the desire is to add one additional full time Code Enforcement officer to handle STR-related complaints, then the annual fee charged to each STR should collectively cover the cost of that officer.

The AHC also considered if an affordable housing impact fee should be applied to STRs. Commissioner Rosales commented that an impact fee is not necessary and should not apply to STRs. Commissioner Balch asked staff to provide more information on San Diego's program, which requires an affordable housing impact fee of \$2.73/night for home share units and \$3.96/night for whole home units. These fees are meant to assist with the creation of affordable housing. The affordable housing impact fees justified in the City of San Diego STR Ordinance are not expected to contribute significantly to expanding the long-term housing stock in the City. As mentioned by staff at the last AHC meeting, staff would not support the creation of such a fee in Oceanside given the relatively small benefit in comparison to the large amount of time and cost necessary to implement and administer such a program.

Santa Cruz STR Ordinance

The AHC directed staff to review the STR Ordinance adopted by the City of Santa Cruz. Below are the regulatory highlights of the STR Ordinance adopted by City Council on October 24, 2017:

- No new non-hosted STRs. The City of Santa Cruz classifies STRs as non-hosted and hosted. Non-hosted is defined as a STR where the owner resides in the home for less than six months during the year. Hosted is defined as a STR where the owner resides in the home for more than six months in the year, although the owner does not need to be present during the guests stay. As of July 10, 2018, the City is no longer issuing STR

permits for new non-hosted units. The City allowed 150 registered non-hosted STRs to be grandfathered in, but will not allow any additional non-hosted units.

- The City will allow up to a maximum of 250 hosted STR permits. New hosted STR permits are considered on a first-come-first-served basis. When the maximum number of STR permits have been issued, applications will be placed on a waiting list for considerations as permits become available.
- All new-hosted STRs shall be located in the principal residence of the owner.
- One STR is allowed per Assessor Parcel Number.
- New STRs are not permitted in an accessory dwelling unit (ADU) or in the main house of an ADU property. There are some exceptions for existing ADUs operating as STRs prior to the date of the Ordinance.
- STRs containing five or more bedrooms are subject to a public hearing.
- Maximum occupancy is two people per bedroom, plus two additional persons regardless of the age of the occupant.
- The maximum number of vehicles allowed at a STR is as follows: one vehicle per one bedroom unit, two vehicles per two or three bedroom unit, and one additional vehicle per additional bedroom for units in excess of three bedrooms.
- No special events (including weddings and parties) can occur at the STR.

Key Considerations

When determining the appropriate STR permitting process for the City of Oceanside, as has been noted, it is important to recognize the CCC views STRs as an important source of visitor accommodations. With approximately 75% of the City's registered STRs located within the Coastal Zone, consideration of the CCC's position on regulating STRs is an important factor. The CCC supports developing reasonable and balanced regulations tailored to the specific issues of the community, while providing appropriate enforcement to ensure consistency with applicable laws.

Another key consideration is the fact that the overwhelming majority of STRs do not generate any community complaints so any further regulation of this land use should be handled with this fact in mind. However, staff does recognize that some of the community's concerns are not necessarily limited to operational issues (e.g., noise, parking, etc.) but have more to do with maintaining community character and traditional housing stock.

Process

The STR permitting options matrix that was discussed in detail at the first AHC Meeting provided a framework for the AHC to begin formulating policy recommendations. Staff has updated the matrix by incorporating the comments received from the first meeting and has provided additional information on certain items, as requested. Staff also reviewed the results of the first AHC meeting with Commissioner Busk who was absent for the first meeting. The AHC can consider the information already presented as well as the new information provided in this staff report to craft their recommended approach to the regulation of STRs throughout the City. At the third and final AHC meeting, staff will review the final AHC recommendations, as well as staff recommended policies with the committee. These recommendations will eventually be presented to the full Planning Commission for their consideration and possible recommendation to the City Council. The Planning Division will likely provide a staff recommendation to the full Planning Commission.

Recommendation

Staff recommends the Ad Hoc Committee consider all of the information included in this staff report and all public testimony received at the Ad Hoc Committee meeting and via email correspondence to continue formulating policy recommendations for the regulation of short term rentals, by using the attached permitting options matrix

Attachments:

1. Permitting Options Matrix
2. Draft 2018 Good Neighbor Policy
3. STR Ad Hoc Committee Staff Report (August 21, 2018)



City of Oceanside Short Term Rental (STR) Permitting Options Matrix

R: Commissioner Rosales; Ba: Commissioner Balch Bu: Commissioner Busk

ITEM	AHC RECOMMENDATIONS	STAFF COMMENTS
Permit Process		
Business License and STR Permit	All: Business license needed for every STR. STR permit as part of the Business License. Bu: 5 or more bedrooms possibly require ACUP.	<i>Ministerial Permit (issued by the business license office) for all STRs unless exempt. Exempt units (see below for criteria) still required to pay TOT and public contact info.</i>
Good Neighbor Policy (GNP)	All: Every STR operators should sign and agree to a GNP. R: Hosted STRs may have different GNP.	<i>Distinguish between STR owner and renter responsibilities. Not required for exempt STRs.</i>
Transient Occupancy Tax (TOT)	All: All should pay applicable taxes.	<i>All STRs pay TOT and OTMD.</i>
Public Notice	R and Bu: Non-hosted STRs should provide public notice. Ba: All STRs should provide public notice. Look at requirements for Large Family Daycare (6 bedrooms or more).	<i>List of STR operators (property address and 24 hour contact info.) available on the City website. City emergency contact info. provided, as well.</i> <i>Posted notice sign on STR property with City Registration Number and 24 hour contact info. Sign shall utilize a standard template created by staff and information shall be clearly visible from the street.</i>
Permit Exemptions	R: Gated HOAs could be exempt from STR permit. Hosted units could have different regulations or be exempt from permit requirements. Bu and Ba: HOAs should not be exempt. What if HOA dissolves? No STRs exempt from STR permit.	<i>STR operator exempt from STR permit if there is an HOA, unit is in a self-contained (i.e., gated) complex and 24-hour on-site management is provided.</i> <i>Hosted STRs exempt from STR permit.</i>
Number of STRs		



City of Oceanside Short Term Rental (STR) Permitting Options Matrix

R: Commissioner Rosales; Ba: Commissioner Balch Bu: Commissioner Busk

Total Cap	<p>R: Requested staff to provide 3 scenarios. Possible maximum number per owner.</p> <ol style="list-style-type: none"> 1. City Wide Cap 2. Cap per Neighborhood or Zoning District 3. Limit one STR /owner <p>Should existing permitted STRs be grandfathered in? Excluded from Cap?</p> <p>Ba/Bu: Yes. There should be a maximum number per City or per neighborhood. Unsure of what the number should be, but there needs to be a maximum # allowed.</p> <p>Ba: Cap should be based on type of zone. Look at concentration of STRs per Zoning District. South O specifically should establish a maximum number allowed.</p>	<p>Staff does not favor a cap at this time. Staff suggests implementing the STR permit process and GNP for effectiveness before considering a cap. Staff to monitor and review effectiveness of policies, reporting annually over the first two years, with the option of reporting sooner if warranted.</p>
Maximum Number STRs per Owner	<p>R: No limit.</p> <p>Bu: Should establish a limit of STRs/owner.</p>	<p>Staff does not favor limiting the number of STRs per owner at this time.</p>
Locational Requirements	<p>All: STRs allowed city wide (not limited to Coastal Zone).</p> <p>Ba: STRs prohibited in mobile home parks.</p>	<p>Staff does not favor locational restrictions at this time.</p>
Operational Regulations		
Max Occupancy	<p>All: 2 people per bedroom, plus 2 people per unit (including children)</p>	<p>2 people per bedroom, plus 2.</p>
Minimum Consecutive Night Stay	<p>R: 2 to 3 nights Ba: 3 to 5 nights Bu: 3 nights</p>	<p>2 nights</p>
Special Events	<p>R: Change term from “special events” to something else. Small events ok and threshold should be a certain</p>	<p>Maximum number of daytime guests shall be 10 guests (in addition to the number of occupants allowed based on total bedroom count).</p>



City of Oceanside Short Term Rental (STR) Permitting Options Matrix

R: Commissioner Rosales; Ba: Commissioner Balch Bu: Commissioner Busk

	<p>number of guests. Daytime guests should be allowed.</p> <p>Bu: No special events to occur. Number of guests allowed should be based on occupancy.</p> <p>Ba: No special events to occur at STR. There should be a cap on number of guests. Need to look at frequency of events and impacts.</p>	<p><i>Daytime guests allowed between 7am and 10pm.</i></p>
Parking	<p>R: Likes the language in Carlsbad Ordinance. "On-site parking, if feasible".</p> <p>Bu: On-site parking for all new STRs. Existing STRs not required to provide on-site parking. City should consider installing parking meters in South O to encourage more on-site parking.</p> <p>Ba: New STRs required to provide on-site parking. Exceptions for existing STRs- and should examine case by case.</p>	<p><i>All garage, driveway, and designated on-site parking spaces shall be made available for vehicle parking.</i></p>
Hosting Platform to Verify if Registered and Collect TOT	<p>All: Maybe</p> <p>Bu: Could help with enforcement and accountability.</p> <p>Ba: Look at Santa Cruz policy.</p>	<p><i>Staff to further research establishing contracts with hosting platforms. Item scheduled for City Council discussion at their January 23, 2019 meeting.</i></p>
Enforcement		
One Hour Inspection Warning for Violations	<p>All: Yes.</p>	<p><i>One hour notice of inspection for reported code enforcement violations. However, staff may not be available 24 hours/day.</i></p>
Property Inspection	<p>All: Yes</p> <p>Ba: Fee should be charged based on square footage of property.</p>	<p><i>Staff favors an initial inspection at time of STR permit (initial TOT registration if property is exempt from STR permit). Fire Dept. to conduct regular inspections thereafter. If no</i></p>



City of Oceanside Short Term Rental (STR) Permitting Options Matrix

R: Commissioner Rosales; Ba: Commissioner Balch Bu: Commissioner Busk

		<p><i>complaints/violations, then inspection to occur every 3 years.</i></p> <p><i>Currently an initial fire inspection fee for a business license is \$152. Re-inspection fee is \$119.</i></p>
Three Strikes Policy	<p>All: Yes.</p> <p>Ba: If 3 strikes/year license can be revoked and STR operator not able to apply again. Will depend on severity of violations.</p>	<p><i>3 citations within a 24-month period may result in STR permit revocation for a period of 36 months.</i></p> <p><i>Depending on severity of violation, STR permit may be revoked after initial citation.</i></p>
Applicable Fees		
Permit Fee (<i>Could be Used to Fund Added Enforcement</i>)	<p>All: A permit fee should be charged.</p> <p>R and Bu: Fee charged on square footage.</p> <p>Ba: Fee should be based on fire inspection fee (based on square footage of dwelling or time to inspect).</p>	<p><i>Staff reviewing permit and processing fees for other jurisdictions. See staff report for permit fee comparison.</i></p> <p><i>\$300 to \$400 per STR permit would cover the cost of one additional full-time Code Enforcement officer.</i></p>
Affordable Housing Impact Fee	<p>R and Bu: No.</p> <p>Ba: Maybe. Unsure what the fee should be. Requested staff to look at San Francisco Affordable Impact Fee</p>	<p><i>Staff does not favor fee at this time.</i></p>
Panhandle Properties	<p><i>Should STRs be restricted on lots that have panhandle configuration? Life and Safety issues due to access.</i></p> <p><i>Minimum width of panhandle to serve STR properties?</i></p>	<p><i>Fire Inspection to determine if adequate access to property exists. Defer to Fire Department.</i></p>



CITY OF OCEANSIDE

Short Term Rental Good Neighbor Policy

The Good Neighbor Policy (GNP) was created to minimize the adverse impacts Short Term Rental (STR) properties may have on surrounding residential neighborhoods. STR owners/operators and guests are responsible for ensuring the following rules are acknowledged and followed:

STR Operator Responsibilities

1. **24-Hour Contact Available.** 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 STR occupants.
2. **Public Notice.** A copy of the STR Permit and TOT Registration Number shall be displayed on the exterior of the unit. The notice must include a local emergency contact phone number that is reachable at all times. The property address and contact phone number for the STR shall also be included on the City webpage directory for STRs.
3. **Complaint Response Time.** The owner or owner's authorized agent must respond to a complaint within 60 minutes of receipt of the complaint.
4. **Trash.** Rental properties shall be kept clean with no visible trash. All trash containers shall be stored out of public view except when at the curb on collection days. Ensure guests know about and adhere to the neighborhood trash collection schedule.
5. **Occupancy.** The maximum number of occupants shall be limited to two adults per bedroom plus two people per unit (including children). The number of bedrooms listed on the STR permit application will determine the appropriate occupancy level for the unit. Bedroom shall be defined as a "private room furnished with a bed and intended primarily for sleeping. Bedrooms must be separated from other rooms by a door or other entryway and have at least one window and emergency escape/rescue opening and a closet or storage nook. Additionally the room must be accessible to a bathroom without crossing into another bedroom."
6. **Parking.** All garage, driveway, and on-site designated parking spaces shall be made available for vehicle parking.
7. **Three Strikes Policy.** Three administrative citations or verifiable violations incurred by a STR operator within a 24-month period may result in permit revocation for a period of 36 months. *Please note that some violations may warrant an immediate revocation- please refer to the STR Ordinance for further details.*
8. **Formal Acknowledgement.** This GNP must be shared with all guests and renters must execute a formal written acknowledgement that they are legally responsible for compliance with all requirements listed under "Guest Responsibilities" below.

STR Guest Responsibilities

1. **Parking.** Vehicles shall be parked in garage, driveway, and on-site designated parking spaces whenever possible. Please avoid parking on street if on-site parking is available.
2. **Occupancy.** The maximum number of occupants shall be two adults per bedroom plus two people per unit (including children).
3. **Daytime Guests.** The maximum number of daytime guests allowed in a STR unit shall be 10 guests, regardless of bedroom count. Daytime guests are allowed between 7am and 10pm.
4. **Noise.** Amplified sound is prohibited between the hours of 10pm and 10am.

Revised 01/17/19