



DATE: December 20, 2023

TO: Honorable Mayor and City Councilmembers

FROM: Development Services Department

SUBJECT: **CONSIDERATION OF AN ORDINANCE AMENDING CHAPTER 24 OF THE MUNICIPAL CODE TO PRECLUDE ADDITIONAL SHORT-TERM RENTALS IN ALL ZONING DISTRICTS OUTSIDE OF THE CITY'S COASTAL ZONE**

SYNOPSIS

Staff recommends that the City Council introduce an ordinance amending Chapter 24 of the Municipal Code to preclude additional short-term rentals in all zoning districts outside of the City's Coastal Zone.

BACKGROUND

In 2019 the City of Oceanside ("City") adopted Chapter 24 of the Municipal Code to regulate short-term rentals (STRs). A 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. To date, there are approximately 1,002 registered STRs in the City, with approximately 719 STRs located in the City's Coastal Zone and approximately 283 STRs outside of the City's Coastal Zone. This total can be broken down into two categories, hosted units and un-hosted units. Table 1 below outlines existing STRs outside of the City's Coastal Zone by category.

Table 1- STRs Permits Outside of the Coastal Zone by Category and Status

Category	Active Permits	Pending Permits
Hosted	112	47
Non-Hosted	171	5
Totals	283	52

Operators of non-hosted STRs are required to obtain a STR permit and a Transient Occupancy Tax (TOT) Certificate. Operators of hosted units are exempt from the need to obtain an STR permit, but are required to obtain a TOT Certificate.

At its August 30, 2023 workshop on affordable housing production, the City Council provided staff direction to prepare an amendment Chapter 24 of the Municipal Code for City Council consideration to prohibit the permitting of additional STRs outside of the City's Coastal Zone in an effort to preserve housing opportunities in the City.

PROJECT DESCRIPTION

The City Council's direction on prohibiting STRs outside of the City's Coastal Zone requires an amendment to Chapter 24 of the Municipal Code. As such, staff proposes to amend Municipal Code Section 24.6 (STR Prohibitions) by adding language that explicitly prohibits new short-term rentals outside of the City's Coastal Zone. The proposed amendment would also clarify that any existing short term permits outside of the Coastal Zone would terminate upon transfer of property ownership.

(c) Short-term rentals located in any zoning district outside of the Coastal Zone are prohibited. A short-term rental permit issued for a property outside the Coastal Zone prior to the effective date of this Section shall not be renewed after the property is transferred to a new owner.

The full text of Municipal Code Section 24.6 is included as Attachment 1 for the City Council's reference.

ANALYSIS

As a means to preserve housing opportunities in Oceanside, during the August 30 City Council Workshop, the City Council directed staff to implement policy that would prohibit permitting future/proposed STRs located outside of the City's Coastal Zone. Currently there are approximately 283 permitted STRs operating outside of the Coastal Zone, with another 52 in various stages of the permitting/licensing process. Presumably, existing STRs are occupying housing stock that would otherwise be available for long-term residents, thereby providing some level of relief to the current housing shortage.

As proposed, current operators of STRs outside of the City's Coastal Zone would be allowed to continue to operate as long as they keep their STR permit current. Should an existing operator allow their STR permit to lapse, pursuant to the proposed Municipal Code Amendment, they would no longer be eligible to operate an STR. In addition, STR permits do not run with the land, so once a property transfers ownership, the new property owner would not be able to operate an STR if located outside of the Coastal Zone.

FISCAL IMPACT

In fiscal year 2022/2023, the City collected a total of approximately \$7,964,559 in TOT associated with STRs. Given the manner in which TOT is collected (i.e., either directly from the operator or remitted by the hosting platform operators), it is not readily apparent as to the percentage of TOT that is collected inside versus outside of the Coastal Zone. However, given that the overwhelming majority of STRs are located within the Coastal

Zone it is safe to assume that the majority of the \$7.9 Million collected is derived from properties within the Coastal Zone. Precluding additional STRs outside of the City's Coastal Zone will result in a decrease in TOT revenue collected by the City over time, as the total number of STRs outside of the City's Coastal Zone will decrease due to attrition, which has averaged approximately seven percent over the last two years.

COMMISSION/COMMITTEE REPORT

On November 20, 2023, the Planning Commission conducted a public hearing to consider the proposed Municipal Code Amendment. Following staff's presentation, the Planning Commission received public testimony from five members of the public. Public testimony received included concerns related to impacts of large STRs on their surroundings, that enforcement of STR rules are not occurring, that the proposed amendments would only increase pressure on the housing inventory in the Coastal Zone, that Chapter 24 of the Municipal Code should be reviewed in its entirety as a comprehensive STR Municipal Code Amendment, and that the Coastal Zone should be included in any proposed amendments.

After hearing public testimony, the Planning Commission, by motion voted 5-0 (Commissioners Morrisey and Ogden absent) to not recommend City Council adoption of the proposed Municipal Code Amendment. As outlined in Planning Commission Resolution 2023-P29, included as Attachment 3 for reference, the Planning Commission provided a recommendation for the City Council to direct staff to:

1. Conduct a complete analysis of Chapter 24 of the Municipal Code to include an analysis of precluding additional short-term rentals citywide, including the Coastal Zone, and a review of current enforcement mechanisms;
2. Ensure that regular reporting, inclusive of enforcement complaints, occur on a regular basis to both the Planning Commission and City Council; and,
3. Analyze the impacts of the conversion of modest 3- to 4-bedroom homes to "commercialized homes" that contain 10 plus bedrooms.

The Planning Commission also made comments that echoed some of the public testimony received with regard to the perceived lack of enforcement of existing rules embedded in Chapter 24. In response to concerns regarding enforcement, staff subsequently conducted an analysis of the Code Enforcement Division's STR enforcement actions since the City Council's adoption of Chapter 24 in 2019. Table 2 provides data reflecting the number and type of STR complaints received to-date by location.

Table 2 – Most Common STR Complaints

	Coastal	Inland
2019	Misrepresenting Bedroom Count (15)	Misrepresenting Bedroom Count (8)
	High Occupancy (8)	Noise (7)
	Noise (3)	STR with a Panhandle Access (4)
2020	Unpermitted STR (136)	Unpermitted STR (97)
	High Occupancy (35)	Unpermitted Construction (25)
	Noise / Loud Parties (35)	Noise / Loud Parties (21)
	Covid-19 Guidelines (31)	TOT Reporting Past-Due (11)
	Unpermitted Construction (26)	High Occupancy (8)
	TOT Reporting Past-Due (24)	Covid-19 Guidelines (6)
2021	Unpermitted STR (87)	Unpermitted STR (32)
	Unpermitted Construction (17)	Unpermitted Construction (19)
	Other - H&S (6)	Noise / Loud Parties (5)
2022	Unpermitted STR (112)	Unpermitted STR (80)
	TOT Reporting Past-Due (42)	Unpermitted Construction (25)
	Unpermitted Construction (11)	TOT Reporting Past-Due (20)
YTD 2023	Unpermitted STR (71)	Unpermitted STR (68)
	Unpermitted Construction (11)	Unpermitted Construction (38)
	Solid Waste (5)	TOT Reporting Past-Due (9)

Public testimony at the November 20, 2023 Planning Commission meeting also included concerns about STR noise, parties, and high occupancy complaints. Table 3 below outlines the total number of complaints related to these topics. It is important to note that the data presented in Tables 3 includes complaints received by both the Code Enforcement Division and the Oceanside Police Department.

Table 3 – Total Complaints Received related to Noise, Parties, and High Occupancy

	Total Complaints					
	Inland Noise	Coastal Noise	Inland Party	Coastal Party	Inland High Occupancy	Coastal High Occupancy
2019	2	2	5	3	2	8
2020	10	7	32	51	8	35
2021	2	2	8	7	1	2
2022	4	0	3	2	1	2
2023	7	5	5	2	3	2

Finally, Table 4 below identifies the status of STR-related complaints received to-date since inception of the City's STR program.

Table 4 – Status of STR Complaints

	Coastal	Inland	Total
Closed - Violation Corrected	563	404	967
Closed - No Violation Observed	170	123	293
In Progress	22	21	43
In Progress - Verified Complaint	51	55	106

As evidenced in statistics outlined in the tables above, the Code Enforcement Division and Oceanside Police Department play very active roles in enforcing STR-related regulations.

ENVIRONMENTAL DETERMINATION

Pursuant to the California Environmental Quality Act (CEQA) of 1970 and State Guidelines thereto, the City of Oceanside, as Lead Agency, has determined that the proposed text amendments are exempt from CEQA per Article 5, Section 15061(b)(3): The activity is covered by the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA.

CITY ATTORNEY'S ANALYSIS

The City Attorney has approved the draft amendment to Oceanside City Code Chapter 24 as to form.

RECOMMENDATION

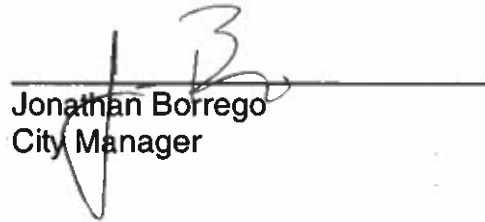
Staff recommends that the City Council introduce an ordinance amending Chapter 24 of the Municipal Code to preclude additional short-term rentals in all zoning districts outside of the City's Coastal Zone.

PREPARED BY:

SUBMITTED BY:



Sergio Madera
City Planner



Jonathan Borrego
City Manager

REVIEWED BY:

Darlene Nicandro, Development Services Director
Kirk Mundt, Code Enforcement Manager
Jill Moya, Financial Services Director



ATTACHMENTS:

1. City Council Ordinance
2. Planning Commission staff report dated November 20, 2023
3. Planning Commission Resolution 2023-P29
4. Notice of Exemption

ORDINANCE NO.

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF OCEANSIDE AMENDING CHAPTER 24 OF THE OCEANSIDE CITY CODE TO PRECLUDE ADDITIONAL SHORT-TERM RENTALS IN ALL ZONING DISTRICTS OUTSIDE OF THE CITY'S COASTAL ZONE

(Short Term Rentals)

WHEREAS, the City of Oceanside ("City") has experienced an increase in the number of residential properties being used as short-term rentals; and

WHEREAS, in May 2019 the City adopted Chapter 24 of the City Code, to regulate short-term rentals; and

WHEREAS, the City Council, on August 30, 2023, directed staff to prepare amendments to Chapter 24 to prohibit any additional short-term rentals outside of the City's Coastal Zone; and

WHEREAS, the City has approximately 1,002 registered short-term rentals, with approximately 283 of them occurring outside of the City's Coastal Zone; and

WHEREAS, staff has prepared amendments to the Oceanside City Code to prohibit additional short-term rentals outside of the City's Coastal Zone for City Council consideration; and

WHEREAS, the Planning Commission, after giving the required notice, did on the 20th day of November, 2023 conduct a duly noticed public hearing to consider a recommendation to the City Council on said text amendments; and

WHEREAS, the Planning Commission, after receiving a presentation from staff and public testimony, recommended against the City Council approval of the proposed amendment. The Planning Commission decision is more fully discussed in the staff report prepared for this item dated December 20, 2023; and

WHEREAS, a Notice of Exemption was prepared per California Environmental Quality Act (CEQA), Article 5, Section 15061(b)(3), under the common-sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment;

NOW, THEREFORE, the City Council of the City of Oceanside does ordain as follows:

SECTION 1. Chapter 24, Section 24.6 of the Oceanside City Code, as specified in Exhibit A, is hereby adopted.

1 **SECTION 2.** The City Clerk of the City of Oceanside is hereby directed to publish this
2 Ordinance, or the title hereof as a summary, pursuant to state statute, once within fifteen (15) days
3 after its passage in a newspaper of general circulation published in the City of Oceanside.

4 **SECTION 3. Severability.**

5 If any section, sentence, clause or phrase of this Ordinance is for any reason held to be invalid
6 or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not
7 affect the validity of the remaining portions of this Ordinance. The City Council hereby declares
8 that it would have passed this Ordinance and adopted this Ordinance and each section, sentence,
9 clause or phrase thereof, irrespective of the fact that any one or more sections, subsections,
10 sentences, clauses or phrases be declared invalid or unconstitutional.

11 **SECTION 4.** This ordinance shall be effective 30 days after its adoption.

12 INTRODUCED at a regular meeting of the City Council of the City of Oceanside,
13 California, held on the 20th day of December, 2023, and thereafter,

14 PASSED AND ADOPTED at a regular meeting of the City Council of the City of Oceanside,
15 California, held on the ___ day of _____, 2024, by the following vote:

16 AYES:

17 NAYS:

18 ABSENT:

19 ABSTAIN:

20 _____
MAYOR OF THE CITY OF OCEANSIDE

21 ATTEST:

22 APPROVED AS TO FORM:

23
24 _____
CITY CLERK

25
26 
27 _____
CITY ATTORNEY

EXHIBIT "A"

Sec. 24.6. Short-term rental prohibitions.

- (a) Short-term rentals are prohibited in a manufactured home park, as defined in chapter 16.B.2(c) of the Oceanside City Code.
- (b) Short-term rentals served by a panhandle access that does not meet city standards set forth in Oceanside Zoning Ordinance 1050(Y) or other applicable city ordinances are prohibited.
- (c) Short-term rentals located in any zoning district outside of the Coastal Zone are prohibited. A short term rental permit issued for a property outside the Coastal Zone prior to the effective date of this Section shall not be renewed after the property is transferred to a new owner.**



DATE: November 20, 2023

TO: Chairperson and Members of the Planning Commission

FROM: Development Services Department/Planning Division

SUBJECT: **CONSIDERATION OF A MUNICIPAL CODE AMENDMENT AMENDING CHAPTER 24 OF THE MUNICIPAL CODE TO PRECLUDE SHORT TERM RENTALS IN ALL ZONING DISTRICTS OUTSIDE OF THE CITY'S COASTAL ZONE – SHORT-TERM RENTALS – APPLICANT: CITY OF OCEANSIDE**

RECOMMENDATION

Staff recommends that the Planning Commission by motion:

- (1) Adopt Planning Commission Resolution No. 2023-P29 recommending City Council approval of a Municipal Code Amendment to Chapter 24 - Short-Term Rentals.

BACKGROUND

In 2019 the City of Oceanside adopted Chapter 24 of the Municipal Code to regulate short-term rentals (STR). A 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. To date, there are approximately 1,112 registered STRs in the City of Oceanside, with approximately 749 STRs located in the City's Coastal Zone and approximately 263 STRs outside of the City's Coastal Zone.

At its August 30, 2023 workshop on housing production, the City Council provided staff direction to amend Chapter 24 of the Municipal Code to prohibit permitting additional STRs outside of the City's Coastal Zone.

PROJECT DESCRIPTION

The City Council's direction on prohibiting STRs outside of the City's Coastal Zone requires an amendment to Chapter 24 of the Municipal Code. As such, staff proposes to amend Municipal Code Section 24.6 (STR Prohibitions) by adding a new sub-section as outlined below:

- (c) Short-term rentals located in any zoning district outside of the Coastal Zone.**

The full text of Municipal Code Section 24.6 is included as Attachment 2 for the Planning Commission's reference, with the proposed new language shown in **bold/underline** format.

ANALYSIS

As a means to increase housing opportunities in Oceanside, during the August 30 City Council Workshop the City Council directed staff to implement policy that would prohibit permitting future/proposed STRs located outside of the City's Coastal Zone. Currently there are approximately 263 STRs operating outside of the Coastal Zone, with another 49 in various stages of the permitting/licensing process.

ENVIRONMENTAL DETERMINATION

Planning Division staff has completed a 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 municipal code text amendment may have a significant effect on the environment and therefore is not subject to CEQA review.

SUMMARY

The proposed amendment to Chapter 24 of the Municipal Code is intended to comply with City Council direction to prohibit additional STRs located outside of the City's Coastal Zone.

Therefore, staff recommends that the Planning Commission:

- (1) Adopt Planning Commission Resolution No. 2023-P29 recommending City Council approval of Municipal Code Amendment to Chapter 24 - Short-Term Rentals.

PREPARED AND SUBMITTED BY:



Sergio Madera
City Planner

Attachments:

1. Planning Commission Resolution No. 2023-P29
2. Draft Municipal Code Amendment to Chapter 24 of the Municipal Code (Exhibit A)
3. Notice of Exemption

**PLANNING COMMISSION
RESOLUTION NO. 2023-P29**

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF OCEANSIDE RECOMMENDING THE CITY COUNCIL NOT APPROVE AN AMENDMENT TO CHAPTER 24 OF THE MUNICIPAL CODE TO RESTRICT SHORT TERM RENTALS IN ALL ZONING DISTRICTS OUTSIDE OF THE COASTAL ZONE

APPLICANT: City of Oceanside
LOCATION: Citywide

THE PLANNING COMMISSION OF THE CITY OF OCEANSIDE, CALIFORNIA DOES RESOLVE AS FOLLOWS:

WHEREAS, the City of Oceanside ("City") has experienced a dramatic increase in the number of residential properties being used as short-term rentals; and

WHEREAS, the city has approximately 1,002 registered short-term rentals, with approximately 283 of them occurring outside of the Coastal Zone; and

WHEREAS, the City Council, on August 30, 2023, directed staff to amend Chapter 24 of the Municipal Code to prohibit any additional short-term rentals outside of the City's Coastal Zone; and

WHEREAS, amendments to the City's Municipal Code regarding the prohibition of additional short-term rentals outside of the City's Coastal Zone were prepared for City Council consideration; and

WHEREAS, the Planning Commission, after giving the required notice, did on the 20th day of November, 2023 conduct a duly noticed public hearing as prescribed by law to consider said text amendments; and

WHEREAS, the Planning Commission received a presentation from staff and public testimony from five individuals, expressing concerns about short-term rentals and impacts on quality of life issues; and

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1 WHEREAS, pursuant to Section 15378(c) of the California Environmental Quality
2 Act (CEQA) Guidelines which defines "Project" in the context of the CEQA Guidelines,
3 CEQA only applies to proposed projects where the project is being approved by the Lead
4 Agency and project denials are not subject to CEQA;

5 NOW, THEREFORE, BE IT RESOLVED that the Planning Commission does
6 hereby recommend that the City Council not approve the Municipal Code Amendment as
7 represented in the attached Exhibit "A" and further recommends as follows:

8 1. That the City Council direct staff to conduct a complete analysis of Chapter 24
9 of the Municipal Code to include consideration of precluding additional short-term rentals
10 citywide, including the Coastal Zone, and a review of current enforcement mechanisms.

11 2. That the City Council direct staff to ensure that regular reporting, inclusive of
12 enforcement issues, occur on a regular basis to both the Planning Commission and City
13 Council.

14 3. That the City Council direct staff to analyze the impacts of the conversion of
15 modest 3-4 bedroom homes to commercialized homes that contain 10 plus bedrooms.

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1 PASSED AND ADOPTED Resolution No. 2023-P29 on November 20, 2023 by
2 the following vote, to wit:

3 AYES:

4 NAYS:

5 ABSENT:

6 ABSTAIN:



7 Tom Rosales, Chairperson
8 Oceanside Planning Commission

9 ATTEST:



10 Sergio Madera, Secretary

11 I, SERGIO MADERA, Secretary of the Oceanside Planning Commission, hereby certify
12 that this is a true and correct copy of Resolution No. 2023-P29.
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14 Dated: November 20, 2023
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NOTICE OF EXEMPTION

City of Oceanside, California

Post Date:
Removal:
(180 days)

1. **APPLICANT:** City of Oceanside
2. **ADDRESS:** 300 N. Coast Highway, Oceanside, CA 92054
3. **PHONE NUMBER:** (760) 435-3539
4. **LEAD AGENCY:** City of Oceanside
5. **PROJECT MGR.:** Sergio Madera, City Planner
6. **PROJECT TITLE:** Short Term Rental Ordinance Update
7. **DESCRIPTION:** A Municipal Code Amendment Amending Chapter 24 of the Municipal Code to preclude short term rentals in all zoning districts outside of the City's Coastal Zone – Short-Term Rentals – Applicant: City of Oceanside.

ADMINISTRATIVE 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. Projects subject to the amended provisions would be subject to separate CEQA review. Therefore, the Planning Division has determined that further environmental evaluation is not required because:

- "The activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment. Where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA" (Section 15061(b)(3)); or,
- The project is statutorily exempt, Section _____, (Sections 15260-15277); or,
- The project is categorically exempt, Class 8, "Action by Regulatory Agencies for Protection of the Environment" per Section 15308 of the California Environmental Quality Act; or,
- The project does not constitute a "project" as defined by CEQA (Section 15378).

Sergio Madera, City Planner

Date: December 20, 2023

cc:

Project file Counter file Library
County Clerk \$50.00 Admin. Fee

Posting: