



MEMORANDUM

TO: Planning Commission

FROM: Brian Pedrotti, Community Development Director

BY: Patrick Holub, Assistant Planner

SUBJECT: CONSIDERATION OF APPEAL TO PLANNING COMMISSION CASE 21-005; APPEAL OF PLOT PLAN REVIEW 21-033 FOR THE ESTABLISHMENT OF A VACATION RENTAL; LOCATION – 263-D SPRUCE STREET; APPELLANTS – SHARON VALIENZI, ET AL.

DATE: December 7, 2021

SUMMARY OF ACTION:

Adoption of the proposed Resolution would deny the appeal and approve the proposed project in accordance with the approval granted by the Community Development Director on October 28, 2021.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

In accordance with Chapter 3.24 of the Arroyo Grande Municipal Code (AGMC), vacation rentals are required to pay the City transient occupancy tax (TOT) in the amount of ten percent (10%) of the rent charge by the operator.

RECOMMENDATION:

It is recommended that the Planning Commission adopt a Resolution denying Appeal Case No. 21-005 and approving Plot Plan Review 21-033 (Attachment 1).

BACKGROUND:

Vacation Rental Permitting

On June 10, 2014, the City Council adopted Ordinance No. 663, establishing vacation rentals and homestays as permitted land uses in the City's residential zoning districts, subject to the approval of a Minor Use Permit-Plot Plan Review (Attachment 2). During the development of Ordinance 663, both the Planning Commission and City Council had discussions about potential issues related to noise, parking, and other general nuisances, due to concerns expressed by some members of the public. The performance standards by which a vacation rental application is reviewed were generated from those discussions. For example, an applicant is required to provide a local contact to address noise and general disturbance issues that may arise from a short term rental. A 300-foot buffer

Planning Commission

CONSIDERATION OF APPEAL TO PLANNING COMMISSION CASE 21-005; APPEAL OF PLOT PLAN REVIEW 21-033 FOR THE ESTABLISHMENT OF A VACATION RENTAL; LOCATION – 263-D SPRUCE STREET; APPELLANTS – SHARON VALIENZI, ET AL.

December 7, 2021

Page 2

between rentals on the same street is required to prevent the oversaturation of short term rentals in a neighborhood. Ultimately, both bodies came to the conclusion that these concerns could be addressed by compliance with the performance standards and abiding by conditions of approval. Additionally, these issues were found to be similar to instances when long-term renters, homeowners, and even private guests of homeowners are the cause of these types of nuisances. A vacation rental includes additional protections, whereby the local contact is available to address any complaints and a property owner is motivated to comply with the conditions of approval to avoid possible revocation of the permit. Under the requirements of the Ordinance, the new vacation rental is conditioned to meet performance standards to minimize adverse impacts on adjacent properties, ensure appropriate conditions are implemented, and prohibit overconcentration of these uses in residential districts.

The Ordinance went into effect on July 10, 2014. Since that time, the City has permitted seventy-one (71) vacation rentals and forty-one (41) homestays, not including this application. In addition to this application, staff is currently processing applications for four (4) vacation rentals. Since the adoption of Ordinance No. 663, seven (7) permits that were approved by the Community Development Director for the establishment of a vacation rental have been appealed to the Planning Commission. All seven (7) of the appeals were denied by the Commission and the Community Development Director's decision was upheld. Each of the previous appeals were denied due to the Planning Commission being able to make the required findings for the Plot Plan Review.

ANALYSIS OF ISSUES:

Basis of the Appeal

The subject appeal indicated concerns about availability of parking, an unpermitted structure in the garage of the residence where the rental is proposed, and parking within a fire lane.

Vacation Rental Performance Standards

Arroyo Grande Municipal Code (AGMC) Section 16.52.230 outlines performance standards and conditions required for the operation of vacation rentals within the City. These performance standards and conditions are intended to ensure vacation rentals conform to the existing character of the neighborhood and do not create an adverse impact on adjacent properties. Applicable performance standards are included as conditions of approval to allow upfront understanding by the applicant of what the City requires for the operation of the vacation rental. Conditions include items such as having a structure consistent with the neighborhood, meeting applicable Codes, maintaining a local contact person, and limiting the number of guests allowed to occupy the rental.

Planning Commission

CONSIDERATION OF APPEAL TO PLANNING COMMISSION CASE 21-005; APPEAL OF PLOT PLAN REVIEW 21-033 FOR THE ESTABLISHMENT OF A VACATION RENTAL; LOCATION – 263-D SPRUCE STREET; APPELLANTS – SHARON VALIENZI, ET AL.

December 7, 2021

Page 3

Code Compliance

The appeal documents state that there is an unpermitted garage conversion at the property. While the City has no documentation that the converted room within the garage was ever permitted, the AGMC does not have a parking requirement for vacation rentals. Because there is not a parking requirement for vacation rentals, staff does not believe that the conversion of the garage is basis for denial of the application. A separate Code Enforcement case has been opened and the abatement of the garage conversion will be pursued separately. The applicants have stated that the area within the garage is utilized for storage of the property owner's personal belongings and that the area is entirely off-limits to prospective short term renters.

Parking

The residential complex at 263 Spruce Street consists of four separate units. Each unit has two parking spaces in their respective garage, and the four units have a total of two (2) uncovered guest parking spaces to share. The appellants have stated concerns regarding the use of the guest parking space between units C and D as well as concerns regarding parked vehicles blocking access to unit C's driveway. Additionally, there exists a twenty-one foot (21') access easement to provide ingress and egress to all four units. The easement terminates ten feet (10') into the western end of unit D's parcel, so any vehicles parked in front of the garage at the rental unit would need to be outside of the recorded easement. Furthermore, vehicles at the rental property should not be blocking other units' vehicles from exiting the property. Staff would be supportive of an added condition of approval to help address this concern.

Occupancy Limitations

Condition of Approval No. 9 limits overnight occupants of vacation rentals to two (2) persons per bedroom, and an additional two (2) people. This is to ensure rentals are not over occupied and detrimental to surrounding residences. An applicant is required to submit a floorplan as part of the application so staff can verify the number of bedrooms in a dwelling unit. At 263-D Spruce Street, the multi-family residence has three (3) bedrooms, therefore the permit was conditioned to have no more than eight (8) overnight occupants (Attachment 5).

Local Contact Person

Condition of Approval No. 6 requires the vacation rental operators to maintain a local contact person or entity, within a fifteen (15) minute drive of the property, to be available to resolve any issues resulting from the use of the residence as a vacation rental. This is meant to give neighboring property owners a primary means of addressing issues with the rental instead of relying solely on City services, such as Police, Neighborhood Services, and Community Development. If in the future the local contact changes, the applicants are required to notify the City of the new local contact and property owners within 300 feet would be mailed a postcard with the new contact information. As part of

Planning Commission

CONSIDERATION OF APPEAL TO PLANNING COMMISSION CASE 21-005; APPEAL OF PLOT PLAN REVIEW 21-033 FOR THE ESTABLISHMENT OF A VACATION RENTAL; LOCATION – 263-D SPRUCE STREET; APPELLANTS – SHARON VALIENZI, ET AL.

December 7, 2021

Page 4

their application, the applicant identified two emergency contacts. The primary emergency contact is Michelle Gust and she can be reached at 559-213-9117.

Concentration Limitations

During the Council's consideration of Ordinance No. 663, concerns were raised regarding the possibility that an overconcentration of vacation rentals and homestays could negatively impact the residential character of neighborhoods. In order to address this issue, the Council included separation requirements in the regulations that prohibit the establishment of a vacation rental within 300 feet of an existing vacation rental on the same street. The nearest permitted vacation rental is located at 1091 Ash Street, which is located approximately 1,650 feet northeast of the subject property (Attachment 6).

ALTERNATIVES:

The following alternatives are presented for the Planning Commission's consideration:

1. Adopt the attached Resolution denying Appeal Case No. 21-005 and approving Plot Plan Review Case No. 21-033;
2. Modify and adopt the attached Resolution denying Appeal Case No. 21-005 and approving Plot Plan Review Case No. 21-033;
3. Do not adopt the attached Resolution, take tentative action to approve Appeal Case No. 21-005, and provide direction for staff to return with an appropriate resolution including findings for denial of Plot Plan Review Case No. 21-033; or
4. Provide direction to staff.

ADVANTAGES:

Denial of the appeal and approval of the requested plot plan review would allow the applicants to establish a vacation rental in accordance with City regulations, and provide the applicants flexibility to use the home to generate supplemental income. The applicant would also collect and remit TOT from rentals which would be used to help maintain City streets and services.

DISADVANTAGES:

The establishment of a number of vacation rentals in an established neighborhood could impact the atmosphere developed in the neighborhood through time. Impacts to noise, traffic, property values, and neighborhood composition could be observed. However, concentration limitations and performance standards developed specifically for vacation rentals were intended to reduce this potential, including the designation of a local contact person to manage neighbor complaints and prevent overburdening City services. Additionally, Citywide performance standards, including the Noise Ordinance, also apply to vacation rentals. If the vacation rental begins operating outside of any of these

Planning Commission

CONSIDERATION OF APPEAL TO PLANNING COMMISSION CASE 21-005; APPEAL OF PLOT PLAN REVIEW 21-033 FOR THE ESTABLISHMENT OF A VACATION RENTAL; LOCATION – 263-D SPRUCE STREET; APPELLANTS – SHARON VALIENZI, ET AL.

December 7, 2021

Page 5

standards or the conditions of the permit, remedies are made available through the AGMC.

ENVIRONMENTAL REVIEW:

Staff has reviewed the project in accordance with the California Environmental Quality Act (CEQA) and determined that it is categorically exempt per Section 15301 of the CEQA Guidelines regarding existing facilities.

PUBLIC NOTIFICATION AND COMMENTS:

A notice of public hearing was mailed to all property owners within 300 feet of the project site, published in the Tribune, and posted on the City's website and at City Hall on Friday, November 22, 2021. The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2. At the time of report publication, no comments have been received beyond what was contained in the appeal forms.

Attachments:

1. Draft Resolution
2. Ordinance No. 663
3. October 28, 2021 Approval letter
4. Appeal form
5. Floor plan
6. Vacation Rental vicinity map