



MEMORANDUM

TO: City Council

FROM: Brian Pedrotti, Community Development Director

SUBJECT: Consideration of Resolution Authorizing Refund of Planning Commission Appeal Fees to the Appellants of Vacation Rental Permits Approved for 263-D Spruce Street and 1170 Linda Drive

DATE: September 13, 2022

SUMMARY OF ACTION:

Adoption of the proposed Resolution would allow the City to refund Planning Commission appeal fees to the appellants for vacation rental permits approved for 263-D Spruce Street and 1170 Linda Drive.

IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:

Refunding Planning Commission appeal fees for the two subject appeals will result in a reduction in revenues of \$982.

RECOMMENDATION:

Adopt a Resolution approving a refund of the Planning Commission appeal fees to the appellants of the vacation rental permits approved for 263-D Spruce Street and 1170 Linda Drive.

BACKGROUND:

On June 10, 2014, the City Council adopted Ordinance No. 663, establishing vacation rentals and homestays (collectively known as short-term rentals, or "STR"s) as permitted land uses in the City's residential zoning districts, subject to the approval of a Minor Use Permit-Plot Plan Review. Under this review process, an STR is submitted as a Minor Use Permit – Plot Plan Review and is reviewed by staff, with approval by the Community Development Director. Notification of the Director's approval is mailed to all property owners within 300 feet of the STR, is posted on the Planning Commission's agenda, and is appealable to the Planning Commission with an appeal fee. Per Arroyo Grande Municipal Code Section 16.12.155, a notice of administrative decision for Minor Use Permits, including any approvals, denials or referrals by the Community Development Director, shall be reported on the Planning Commission agenda. This same section also states that a public hearing can be required if an administrative decision is appealed or called up for review by the Planning Commission through a majority vote. The Planning

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Commission must specify the issues to be reviewed at the meeting at which the notice of administrative decision is presented to it, and then hear and determine a decision on the item in the same manner as any other appeal.

ANALYSIS OF ISSUES:

Due to the infrequency of Planning Commission meetings during the COVID-19 pandemic, approvals began to be reported along with the cancellation notice for the cancelled Planning Commission meeting, rather than strictly on scheduled meeting agendas. Concerns were later raised regarding this practice during appeal hearings for STRs. Staff has since made a procedural change in response to this concern to require all notices of administrative approval to be placed on Planning Commission agendas for meetings that are held. Prior to this change, however, the appeals for 263-Spruce Street and 1170 Linda Drive were originally reported on cancelled Planning Commission meetings of November 2, 2021 and July 20, 2021, respectively. A third vacation rental at 1562 Strawberry Avenue was also reported on a cancelled Planning Commission meeting and appealed to the Planning Commission on December 7, 2021, where the appeal was denied. The appellant then appealed the Planning Commission's decision to the City Council on February 8, 2022, where it was subsequently denied. At the February 8, 2022 hearing, the City Council directed staff to refund the appellant's Planning Commission appeal fee of \$491 due to errors in the notification of surrounding property owners from the original approval. A refund was issued to the appellant in February 2022.

At the August 23, 2022 City Council meeting during the Council Communications portion of the agenda, Mayor Ray Russom noted staff's change in policy to not post STR approvals on cancelled Planning Commission agendas, and that some appellants paid an appeal fee of \$491 each prior to this time, without the ability to make public comment to the Planning Commission and request that it consider appealing the STR approval, and allow potential appellants the ability to avoid paying the appeal fee. A request was made to place an item on a future agenda to consider refunding appeal fees for those who had appealed STR approvals that were placed on cancelled Planning Commission agendas. Mayor Pro Tem George seconded the request. Staff has reviewed its records and confirmed that a total of three appeals were filed regarding STRs approved on cancelled Planning Commission agendas – (1) 263-D Spruce Street, (2) 1170 Linda Drive, and (3) 1562 Strawberry Avenue. The \$491 appeal fee associated with the approval of the STR permit at 1562 Strawberry Avenue was refunded to the appellants by direction of the City Council. The two remaining appeal fees are proposed to be refunded by action of the attached Resolution (Attachment 1).

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ALTERNATIVES:

The following alternatives are presented for City Council consideration:

1. Adopt the Resolution, granting a refund of Planning Commission appeal fees to the appellants of two vacation rental permits for 263-D Spruce Street and 1170 Linda Drive;
2. Do not adopt the Resolution; or
3. Provide other direction to staff.

ADVANTAGES:

Approving the requested fee refund will return funds to the appellants in the amount of \$491 each, or a total of \$982.

DISADVANTAGES:

Approving the requested fee refund will result in a loss of revenue to the City in the amount of \$982.

ENVIRONMENTAL REVIEW:

None required for refund of fees.

PUBLIC NOTIFICATION AND COMMENTS:

The Agenda was posted at City Hall and on the City's website in accordance with Government Code Section 54954.2.

Attachment:

1. Proposed Resolution