



**ACTION MINUTES**  
**REGULAR MEETING OF THE CITY COUNCIL**

**March 22, 2022, 6:00 p.m.**  
**Hybrid City Council Chamber/Virtual Zoom Meeting**  
**215 E Branch Street, Arroyo Grande, CA 93420**  
**Webinar ID: 832 5584 8846**  
**By Telephone: 1-669-900-6833; 1-346-248-7799**

Council Members Present: Mayor Ray Russom, Council Member Paulding, Council Member Barneich, Council Member Storton, Mayor Pro Tem George

Staff Present: City Clerk Jessica Matson, City Attorney Timothy Carmel, City Manager Whitney McDonald, Assistant City Manager/Public Works Director Bill Robeson, Administrative Services Director Nicole Valentine, Community Development Director Brian Pedrotti, Acting Planning Manager Andrew Perez, Assistant Planner Patrick Holub

**Given the recent increase in COVID-19 cases in San Luis Obispo County, and in compliance with Assembly Bill (AB) 361, which allows for a deviation of teleconference rules required by the Ralph M. Brown Act, this meeting was held by teleconference.**

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**1. CALL TO ORDER**

Mayor Ray Russom called the Regular City Council Meeting to order at 6:00 p.m.

**2. ROLL CALL**

City Clerk Matson took roll call.

**3. MOMENT OF REFLECTION**

**4. FLAG SALUTE**

Jim Gregory, I.O.O.F. Lodge 258, led the flag salute.

**5. AGENDA REVIEW**

Mayor Ray Russom suggested that the Council hear the following items out of order after Item 8: Item 12 Council Reports, Item 13 Council Communications, followed by Items 9.a., 11.b. and then 11.a. The Council concurred.

**5.a Closed Session Announcements**

a) **PUBLIC EMPLOYEE PERFORMANCE EVALUATION** pursuant to Government Code Section 54957:

Title: City Manager

City Attorney Carmel announced that there was no reportable action.

**5.b Ordinances read in title only**

Moved by Mayor Ray Russom

Seconded by Mayor Pro Tem George

Move that all ordinances presented at the meeting shall be read by title only and all further readings be waived.

AYES (5): Mayor Ray Russom, Council Member Paulding, Council Member Barneich, Council Member Storton, and Mayor Pro Tem George

Passed (5 to 0)

**6. SPECIAL PRESENTATIONS**

**6.a Update Regarding Countywide COVID-19 Efforts**

City Manager McDonald provided a brief update on COVID-19.

Mayor Ray Russom invited public comment. No public comments were received.

No action was taken on this item.

**6.b City Manager Communications**

City Manager McDonald announced that the City has hired Christina Alvarez as the Community Services Specialist; provided information regarding the Strother Park Public Art Project Ribbon Cutting Ceremony, sports leagues returning to Soto Sports Complex, Recreation Services' Bunny Gram Program; and discussed upcoming items for Council consideration.

Mayor Ray Russom invited public comment. No public comments were received.

No action was taken on this item.

**6.c Honorary Proclamation Declaring the Month of April 2022 as "Month of the Child" and "Child Abuse Prevention Month"**

Mayor Ray Russom read the Honorary Proclamation Declaring the Month of April 2022 as "Month of the Child" and "Child Abuse Prevention Month". Jaime Sanbonmatsu, accepted the proclamation.

Mayor Ray Russom invited public comment. Speaking from the public was Lisa Fraser. No further public comments were received.

No action was taken on this item.

**7. COMMUNITY COMMENTS AND SUGGESTIONS**

Mayor Ray Russom invited public comment. Speaking from the public were Dale Anthem, Krista Jeffries, and Simone. No further public comments were received.

**8. CONSENT AGENDA**

Mayor Ray Russom asked the Council if there were any questions or any items to be pulled from the consent agenda for further discussion. There were none.

Mayor Ray Russom invited public comment. No public comments were received.

Moved by Council Member Barneich

Seconded by Council Member Storton

Approve Consent Agenda Items 8.a. through 8.f., with the recommended courses of action. City Attorney Carmel read the full title of the Ordinance in item 8.d.

AYES (5): Mayor Ray Russom, Council Member Paulding, Council Member Barneich, Council Member Storton, and Mayor Pro Tem George

Passed (5 to 0)

**8.a Consideration of Cash Disbursement Ratification**

Ratified the listing of cash disbursements for the period of February 16 through February 28, 2022.

**8.b Approval of Minutes**

Approved the minutes of the Regular City Council Meeting of March 8, 2022 and Special City Council Meeting of March 11, 2022, as submitted.

**8.c Consideration of Adoption of a Resolution Declaring a Continued Local Emergency Related to the COVID-19 Pandemic and Authorizing the Continuance of Remote Teleconference Meetings of the Legislative Bodies Pursuant to Government Code Section 54953(e)(3)**

Adopted a Resolution entitled: ***"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE DECLARING A CONTINUED LOCAL EMERGENCY RELATED TO THE CORONAVIRUS (COVID-19) PANDEMIC AND AUTHORIZING THE CONTINUANCE OF REMOTE TELECONFERENCE MEETINGS OF THE LEGISLATIVE BODIES OF THE CITY OF ARROYO GRANDE PURSUANT GOVERNMENT CODE SECTION 54953(e)".***

**8.d Consideration of Adoption of an Ordinance Amending Chapter 8.08 of Title 8 of the Arroyo Grande Municipal Code Regarding the Sale and Discharge of Class C ("Safe and Sane") Fireworks**

Adopted an Ordinance entitled: ***"AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING CHAPTER 8.08 OF THE ARROYO GRANDE MUNICIPAL CODE RELATING TO THE DISCHARGE OF "SAFE AND SANE" FIREWORKS"***.

**8.e Consideration of Adoption of a Resolution Pursuant to Public Contract Code Section 22050 Terminating the Emergency Declaration for the Storm Drain System at 251 East Grand Avenue Project, PW 2021-12**

1) Received and filed the final report of the emergency storm drain system repairs project at 251 East Grand Avenue; and 2) Adopted a Resolution entitled: ***"A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE TERMINATING THE EMERGENCY DECLARATION FOR REPAIRS TO THE STORM DRAIN SYSTEM AT 251 EAST GRAND AVENUE"***.

**8.f Monthly Water Supply and Demand Update**

Received and filed the monthly Water Supply and Demand Report.

**9. PUBLIC HEARINGS**

The Council heard Item 12 next followed by Item 13.

**9.a Public Hearing on the Establishment of a District-Based Election System and Introduction of an Ordinance Establishing By-District Elections for Four Council Members, Defining District Boundaries, and Scheduling the Order of Elections for Each District**

City Clerk Matson introduced the item and Daniel Phillips, Consultant with National Demographics Corporation, provided a presentation regarding the process for transitioning to District Elections.

Mayor Ray Russom opened the public hearing. Speaking from the public was Jim Guthrie. Upon hearing no further public comments, Mayor Ray Russom closed the public hearing.

Moved by Council Member Storton  
Seconded by Mayor Pro Tem George

Introduce an Ordinance entitled: ***"AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE, ADDING CHAPTER 2.21 TO TITLE 2 OF THE CITY OF ARROYO GRANDE MUNICIPAL CODE ESTABLISHING BY-DISTRICT ELECTIONS FOR FOUR COUNCIL MEMBERS, DEFINING DISTRICT BOUNDARIES, AND SCHEDULING THE ORDER OF ELECTION FOR EACH DISTRICT"***, and clarified the selection of Plan 202 Mod, with an election sequence of Districts 1 and 4 in November 2022 and Districts 2 and 3 in 2024.

AYES (4): Council Member Paulding, Council Member Barneich, Council Member Storton, and Mayor Pro Tem George

NOES (1): Mayor Ray Russom

Passed (4 to 1)

**10. OLD BUSINESS**

None.

## **11. NEW BUSINESS**

The Council heard Item 11.b. next.

*Mayor Ray Russom called for a brief break at 8:55 p.m. The Council reconvened at 9:03 p.m. and returned to Item 11.a.*

### **11.a Study Session Regarding Short Term Rentals (Vacation Rentals and Homestays) and Potential Revisions to the City's Short Term Rental Ordinance**

City Attorney Carmel commented on the Fair Political Practices Commission's (FPPC) advice regarding the conflicts of interest for Mayor Ray Russom, Mayor Pro Tem George, Council Member Storton, and Council Member Barneich.

City Clerk Matson explained the process for randomly drawing straws to determine which two of the conflicted Council members may hear the item. Mayor Ray Russom, Mayor Pro Tem George, and Council Members Barneich and Storton drew straws. Mayor Ray Russom and Council Member Storton drew the short straws and remained in the meeting to hear the item.

Mayor Pro Tem George and Council Member Barneich left the meeting.

Community Development Director Pedrotti introduced the item and Assistant Planner Holub provided a presentation and responded to questions from Council.

Mayor Ray Russom invited public comment. Speaking from the public were John Keen, and Jim Guthrie. City Clerk Matson read into the record written comments received from Krista Jeffries. No further public comments were received.

Council discussion ensued regarding staff recommendations.

At 10:52 p.m., Mayor Ray Russom stated that pursuant to Council policy, the Council must vote unanimously to continue the meeting past 11:00 p.m.

Mayor Ray Russom moved to continue the meeting to 11:10 p.m. Council Member Paulding seconded the motion, and the motion passed unanimously by voice vote.

Council directed staff to include a Short Term Rental buffer for homestays and vacation rentals; apply a cap of 120 vacation rentals; send the performance standards and parking standards sections of the Ordinance to Planning Commission for review; do not place approvals on a cancelled Planning Commission agenda; charge for mailing labels to notice neighbors; revoke permits if no Transient Occupancy Tax (TOT) is generated within a 12 month period; research a full service company to administer host compliance; add a section to the permit application where applicants can state they will provide contact information to neighbors each year; and create a process to notify the public regarding the number of current permits. Council also requested that staff bring back a discussion regarding administrative fines for violation of the Ordinance.

No action was taken on this item.

### **11.b Study Session for City Council to Provide Direction on a New Ordinance to Implement Senate Bill 9**

Acting Planning Manager Perez presented the staff report. Acting Planning Manager Perez, Community Development Director Pedrotti and City Manager McDonald responded to questions from Council.

Mayor Ray Russom invited public comment. Speaking from the public was Rachel Mann, John Keen, and Jim Guthrie. City Clerk Matson read into the record written comments from Krista Jeffries. No further public comments were received. City Attorney Carmel and City Manager McDonald responded to questions from the public.

Council expressed support for the proposed draft Ordinance and staff recommendations including the prohibition of short term rentals and requiring undergrounding of utilities. Council directed staff to provide clarification in Section D of the draft Ordinance regarding parking, to leave the height restriction for further discussion, and requested the addition of a disclaimer regarding abiding by individual CCRs.

No action was taken on this item.

*Mayor Ray Russom called for a brief break at 8:55 p.m. The Council reconvened at 9:03 p.m. and returned to Item 11.a.*

## **12. CITY COUNCIL REPORTS**

The City Council provided brief reports from the following committee, commission, board, or other subcommittee meetings that they attended as the City's appointed representative.

### **12.a MAYOR RAY RUSSOM:**

1. California Joint Powers Insurance Authority (CJPIA)
2. South San Luis Obispo County Sanitation District (SSLOCSD)
3. Tourism Business Improvement District Advisory Board
4. Other

### **12.b MAYOR PRO TEM GEORGE:**

1. County Water Resources Advisory Committee (WRAC)
2. Visit SLO CAL Advisory Board
3. Other

### **12.c COUNCIL MEMBER BARNEICH:**

1. Audit Committee
2. Homeless Services Oversight Council (HSOC)
3. Zone 3 Water Advisory Board
4. Other

### **12.d COUNCIL MEMBER STORTON:**

1. Brisco/Halcyon Interchange Subcommittee

2. Five Cities Fire Authority (FCFA)
3. Integrated Waste Management Authority Board (IWMA)
4. South County Chambers of Commerce Governmental Affairs Committee
5. Other

**12.e COUNCIL MEMBER PAULDING:**

1. Air Pollution Control District (APCD)
2. Brisco/Halcyon Interchange Subcommittee
3. Council of Governments/Regional Transit Authority/ South County Transit (SLOCOG/SLORTA/SCT)
4. REACH SLO Advisory Commission
5. Other

**13. COUNCIL COMMUNICATIONS**

Council Member Storton discussed having a rotational schedule for the Arroyo Grande Business Meetings hosted by the South County Chambers of Commerce. Mayor Pro Tem George and Council Member Paulding concurred and stated that they would like to be included in the rotation.

**14. CLOSED SESSION**

None.

**15. ADJOURNMENT**

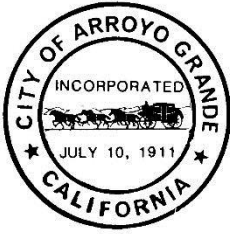
There being no further business to come before the City Council, Mayor Ray Russom adjourned the meeting at 11:08 p.m.

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Caren Ray Russom, Mayor

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Jessica Matson, City Clerk



## MEMORANDUM

**TO:** City Council

**FROM:** Brian Pedrotti, Community Development Director

**BY:** Patrick Holub, Assistant Planner

**SUBJECT:** Study Session Regarding Short Term Rentals (Vacation Rentals and Homestays) and Potential Revisions to the City's Short Term Rental Ordinance

**DATE:** March 22, 2022

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### **SUMMARY OF ACTION:**

The purpose of this study session is to provide an opportunity to receive an update on the City's Short Term Rental (Vacation Rentals and Homestays) Program and to provide direction to staff regarding potential changes to the City's Short Term Rental Ordinance (Ordinance 663).

### **IMPACT ON FINANCIAL AND PERSONNEL RESOURCES:**

No financial impact is projected with the study session. Staff time from both the Community Development Department and the City Attorney will be required to draft any future ordinance changes. In accordance with Chapter 3.24 of the Arroyo Grande Municipal Code (AGMC), short term rentals are required to pay the City's transient occupancy tax (TOT) in the amount of 13.5% of the rent charged by the operator, 10% of which is retained by the City, 2% is provided to the Arroyo Grande Tourism Business Improvement District (AGTBID), and 1.5% is provided to the San Luis Obispo County Tourism Marketing District (SLOTMD) (Visit SLO Cal). The City currently receives an estimated \$90,500 per year in TOT from Short Term Rentals.

### **RECOMMENDATION:**

Receive public comment, discuss potential future changes to the City's Short Term Rental Ordinance, and provide direction to staff.

### **BACKGROUND:**

On June 10, 2014, the City Council adopted Ordinance No. 663, establishing vacation rentals and homestays (Short Term Rentals or STRs) as permitted land uses in the City's residential zoning districts, subject to the approval of a Minor Use Permit-Plot Plan Review (Attachment 1). A vacation rental is defined as a structure being rented for less

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than thirty (30) days without concurrently being occupied by the owner/operator, while a homestay is defined as an owner-occupied dwelling unit where a maximum of two short-term lodging rooms are provided for compensation. These two uses are collectively known as Short Term Rentals.

During the development of Ordinance 663, both the Planning Commission and City Council discussed potential issues related to noise, parking, and other general nuisances. Performance standards by which a STR application is reviewed were generated from those discussions. 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 private guests of homeowners are the cause of these types of nuisances. For example, Ordinance 663 requires applicants to provide a local contact to address noise and general disturbance issues that may arise from the STR. A 300-foot buffer between rentals on the same street is required to prevent the oversaturation of STRs in a neighborhood.

Arroyo Grande Municipal Code Section 16.52.230 lists the performance standards required to be complied with in order to receive approval for and to operate a vacation rental, which are as follows:

1. *Operators of vacation rentals are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.*
2. *Any proposed vacation rental shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood.*
3. *All Building Code and Fire Code requirements for the level of occupancy of the vacation rental shall be met.*
4. *All environmental health regulations shall be met.*
5. *The operator of the vacation rental shall, at all times while the property is being used as a vacation rental, maintain a contact person/entity within a fifteen-minute drive of the property. The contact person or entity must be available via telephone twenty-four (24) hours a day, seven days a week, to respond to complaints regarding the use of the vacation rental. The contact person or entity shall respond, either in person or by return telephone call, with a proposed resolution to the complaint within three hours between seven a.m. and nine p.m., and within thirty (30) minutes between nine p.m. and seven a.m.*
6. *The operator of the vacation rental shall annually, at the time of renewal of the business license, notify the community development department of the name, address and telephone number of the contact person required in subsection (C)(6).*
7. *A written notice shall be conspicuously posted inside each vacation rental unit setting forth the name, address and telephone number of the contact person required in subsection (C)(6). The notice shall also set forth the address of the*

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*vacation rental, the maximum number of occupants permitted to stay overnight in the unit, the maximum number of vehicles allowed to be parked on-site, and the day(s) established for garbage collection. The notice shall also provide the non-emergency number of the Arroyo Grande Police Department.*

- 8. On-site advertising of the vacation rental is prohibited.*
- 9. The number of overnight occupants shall be limited to two persons per bedroom and two additional persons. A bedroom shall meet the minimum size requirements as defined in the Building Code.*
- 10. All refuse shall be stored in appropriate containers and placed at the curb for collection every week.*
- 11. The operator of the vacation rental shall pay transient occupancy tax as required by Arroyo Grande Municipal Code Section 3.24.030.*
- 12. Establishment of a vacation rental within three hundred (300) feet of an existing vacation rental on the same street shall not be permitted.*
- 13. Violations. Violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.*

Arroyo Grande Municipal Code Section 16.52.240 lists the performance standards required to be complied with in order to receive approval for and to operate a homestay, which are as follows:

- 1. Operators of homestays are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.*
- 2. Any proposed homestay shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood.*
- 3. All Building Code and Fire Code requirements for the level of occupancy of the homestay shall be met.*
- 4. All environmental health regulations shall be met.*
- 5. The operator shall reside on the premises.*
- 6. Individual guest stays shall be limited to fourteen (14) days, with a seven-day period between stays.*
- 7. On-site advertising of the homestay is prohibited.*
- 8. A bedroom shall meet the minimum size requirements as defined in the Building Code.*
- 9. The operator of the homestay shall pay transient occupancy tax as required by Arroyo Grande Municipal Code Section 3.24.030.*
- 10. Establishment of a homestay within three hundred (300) feet of an existing homestay on the same street shall not be permitted.*
- 11. Violations. Violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.*

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On September 3, 2019, the Planning Commission received a status report on the City's STR regulations and made a number of recommendations including:

1. Implementation of parking requirements for STRs;
2. Administrative fines for non-permitted STRs;
3. Utilization of compliance technology to address non-permitted STRs; and
4. Reconsideration of current buffer distances or methods.

The minutes from that meeting are included as Attachment 2. Since that time staff has met with compliance agencies to identify unpermitted rentals and estimate TOT shortfalls. An administrative fine system established by Council applies to all zoning violations, unpermitted short term rentals included. Implementation of parking requirements and the reconsideration of buffer distances are part of this hearing's discussion and would potentially need to come back for code amendments.

On October 12, 2021, the City Council directed staff to bring back a discussion item at a future meeting to evaluate Ordinance 663 after receiving public comment expressing concerns regarding the recent proliferation of STRs, the application and appeal process associated with STRs, and other related issues such as the 300-foot location radius. Since that time, this discussion item was delayed while advice could be sought from the Fair Political Practices Commission regarding potential conflicts of interest related to Councilmembers who have approved STRs or are in the process of constructing accessory dwelling units that could become STRs.

The FPPC determined that because Mayor Ray Russom and Council Member Barneich have vacation rental permits, it is reasonably foreseeable that changes to the Vacation Rental Ordinance would have a material financial effect on each official's property, distinguishable from the effect on the public generally. Accordingly, the Political Reform Act would prohibit each official from taking part in Vacation Rental Ordinance decisions. Additionally, the FPPC determined although neither Council Member Storton nor Council Member George have vacation rental permits, both are currently constructing accessory dwelling units and that any decision impacting vacation rentals and vacation rental permits would have a greater impact on the development and income producing potential of their property compared to properties without ADUs. Accordingly, the Political Reform Act would prohibit each official from taking part in Vacation Rental Ordinance decisions. Because the City Council consists of five members and three are necessary for a quorum, while the Mayor and other disqualified Council Members would otherwise be prohibited from taking part in Vacation Rental Ordinance decisions, the FPPC advice letter determined that in order to establish a quorum of three councilmembers, two otherwise disqualified councilmembers may be "legally required" to participate as provided under Regulation 18705. Under that Regulation, a random means of selection may be used to select two otherwise disqualified councilmembers to form a quorum with respect to decisions relating to the Vacation Rental Ordinance. When two councilmembers are selected, those councilmembers are selected for the duration of the proceedings and in

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all related matters until those councilmembers' participation is no longer legally required, or the need for invoking the exception no longer exists. City Clerk Matson will choose a random means of selection to determine which councilmembers will participate in the discussion and decision regarding STRs.

#### **ANALYSIS OF ISSUES:**

##### Trends

When the Ordinance 663 went into effect in 2014, it was a first of its kind in San Luis Obispo County. While drawing on existing regulations implemented sporadically throughout the County, the Ordinance addressed the growing trend in home sharing by regulating both vacation rentals and homestays.

Since the Ordinance's implementation, the City has permitted seventy-four (74) vacation rentals and forty-one (41) homestays. The following list represents the number of vacation rentals approved per year:

- 2014 – Two (2) approvals
- 2015 – Two (2) approvals
- 2016 – Six (6) approvals
- 2017 – Five (5) approvals
- 2018 – Seven (7) approvals
- 2019 – Eighteen (18) approvals
- 2020 – Ten (10) approvals
- 2021 – Nineteen (19) approvals
- 2022 – Five (5) approvals\*

\*Approvals listed for 2022 reflect approvals granted through the end of February.

##### Neighborhood Impacts

Since the adoption of the Ordinance, nine (9) permits that were approved by the Community Development Director for the establishment of a vacation rental have been appealed to the Planning Commission, and zero (0) permits that were approved for the establishment of homestays have been appealed. All nine (9) of the appeals were denied by the Commission and the Community Development Director's decision was upheld. Of the nine (9) appeals that were denied by the Planning Commission, two (2) approvals were further appealed to the City Council. Both of these appeals were later denied by the City Council, which was able to make the required findings for approval.

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Appellants of vacation rental permits have cited similar reasons for their appeal, typically including concerns regarding:

- Noise;
- Traffic;
- Parking;
- Transient Occupation; and
- Loss of property values.

In each consideration of the appeals, the Planning Commission indicated that although neighbors had concerns regarding nearby rentals, the concerns they raised were discussed during development of the Ordinance, were addressed by the performance standards required for the vacation rentals, or were addressed by conditions of approval implemented for the project. Staff has not received complaints that have led to the opening of a code enforcement case or which rise to a level where revocation was considered or recommended since the Ordinance went into effect.

#### Housing Needs

The City's General Plan is the blueprint for how development and activities are to occur within City limits. Housing Element Policy B.6. states: "The City shall continue to regulate the use of existing residences on residentially zoned properties for vacation rentals." Housing Element Program B.6-1 states: "The City shall monitor the loss of permanent workforce housing from vacation rentals and consider modifying the Development Code to adjust for this loss."

The most recent data available from the United States Census Bureau estimates that there are 7,847 housing units in the City, and 2,169 of those are rental units. Analysis of the ownership information of properties where vacation rentals are permitted indicates that a majority of the vacation rentals are rented on a part time basis when owners are absent. The current number of vacation rentals (74) comprises approximately three percent (3%) of the City's total rental housing market. While this may not appear to be a significant impact on the City's housing stock at this time, analysis was completed utilizing the City's Geographic Information System that estimated a total of 716 vacation rentals could be permitted under the current regulations. This constitutes thirty-three percent (33%) of the City's rental housing stock.

#### Financial Impact

Operators of vacation rentals and homestays are required to obtain a Business License from the City every year, as well as remit Transient Occupancy Tax (TOT). TOT is assessed to any short term occupancies in the City, whether it be at a hotel, motel, bed and breakfast, vacation rental, or homestay, at a rate of 13.5% of fees charged for lodging. Ten percent (10%) of this tax goes into the City's General Fund, which is used for the maintenance of City streets and services being used by the short term occupants of these facilities. Of the remaining three and a half percent (3.5%), a two percent (2%)

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assessment is charged to the lodging business operators and restricted to the AGTBID for the purpose of marketing and promotional efforts for the local lodging industry and an additional one percent (1.5%) assessment is charged to the lodging operators and restricted to the SLOTMD (Visit SLO Cal) for the purpose of marketing and promotional efforts for the County lodging industry. The Biennial Budget for Fiscal Years 2021 through 2023 projects that the City will receive approximately \$2,031,480 in TOT. It is estimated that \$182,900 will come from STRs. In Fiscal Year 2020-21, the City received \$90,500 in TOT from STRs.

#### Unpermitted STRs

One of the most difficult items associated with implementation of the Ordinance is enforcement associated with non-permitted rentals. At any given time, searches can be done on many of the popular rental sites that show rentals operating outside of City regulations. However, efforts necessary to find, geo-locate, track, build a case of facts, and attempt to rectify illegal rentals are time consuming. Staff will monitor and rectify non-compliant rentals when there is a complaint, or when staff resources are available, which is infrequent.

There are companies that can utilize technology to do this work for the City. One company has recently estimated that there are between 150 and 200 unpermitted STRs operating in the City. In addition to the benefits of collecting the unpaid taxes, Host Compliance, or similar enforcement companies, could curb illegal STRs that are not subject to the same scrutiny as permitted ones. Services are offered as a menu, with each service being charged per rental within the City, per month. Specific estimates on additional TOT anticipated from enforcement efforts cannot easily be completed, as a number of assumptions would need to be made regarding the number of operators that simply cease their rental, the fees charged for these rentals, etc. However, it is anticipated that while a compliance monitoring service would cut into any additional TOT generated, the City would receive more than it currently does.

#### Application, Approval Process and Notification Procedures

The application and approval process for STRs have been raised as areas of concern in recent appeals of STR approvals. Currently, 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 a \$497 appeal fee. The fee to appeal the Planning Commission's decision to the City Council is an additional \$1,163.00. Community members and appellants have indicated that an STR application should be subject to an initial public hearing so that community input can be provided without having to personally pay the fee and go through the appeal process.

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One of the concerns regarding notification of the Community Development Director's approval of vacation rental applications has involved the ability of applicants to provide the mailing labels and have the potential to omit property owners that legally should be notified of the decision. In response to this concern, staff has been able to use a combination of City and County resources to verify the correct property owners are notified of each decision. Community Development staff intends to work with an on-call Geographic Information Systems (GIS) consultant to update the City's capabilities to be able to perform this function fully in-house. If the Council chooses, staff may be directed to generate the mailing labels for each application rather than allowing mailing labels generated by a third party/applicant to be submitted. Currently, the City charges applicants \$406.00 to provide the mailing labels for their applications.

An additional concern raised by members of the public in relation to STRs involves how the Community Development Director's decision is reported to the Planning Commission. 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. Due to the infrequency of Planning Commission meetings during the pandemic, approvals began to be reported along with the cancellation notice for the cancelled Planning Commission meeting, rather than strictly on scheduled meeting agendas. Staff has made a procedural change in response to this concern to require all notices of administrative approval to be placed on agendas for meetings that are held.

#### **POTENTIAL ORDINANCE REVISIONS:**

##### **Short Term Rental Buffer**

The existing performance standards require a 300-foot buffer between two short term rentals on a given street. This standard allows for the possibility of rentals being back-to-back or next door to each other when the properties are located on a corner and their addresses are on different streets. This standard also only requires the 300-foot buffer between any two homestays or vacation rentals, not simply between any two short term rentals. As the Ordinance is currently written, a homestay and a vacation rental may be permitted on adjacent properties. The combination of these short term rentals can result in an overconcentration in a given area, despite compliance with the existing standards. In light of these considerations, Council may wish to direct staff to:

1. alter the 300-foot buffer so that it applies to the distance between any two short term rentals; and/or
2. increase the distance of the buffer between short term rentals; or
3. maintain the existing buffer requirement.

##### **Cap on Total Number of Short Term Rentals**

Another potential revision would be to cap the total number of STRs in the City. While a cap could result in an increase in illegal rentals, it can also be used as a method of protecting the City's housing supply as highlighted in the Housing Element. A cap of

**Item 11.a.**

## **City Council**

### **Study Session Regarding Short Term Rentals (Vacation Rentals and Homestays) and Potential Revisions to the City's Short Term Rental Ordinance**

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vacation rentals specifically, since these have the greatest potential to be located in an available rental unit, of five percent (5%) would result in a total of 108 vacation rentals in the City. For example, the City of Grover Beach's vacation rental ordinance caps the number of vacation rentals at one hundred (100).

The downside of a cap is that it would reduce potential TOT revenue and could encourage residents in the City to obtain proper permits without intending to rent the unit, simply to keep others from being able to obtain the permits. While these instances may be limited due to the costs associated with permitting, it could further reduce future TOT generation. An associated revision to address this concern could be to require a specified minimum amount of TOT or rental activity per year to validate and maintain a vacation rental, which is discussed further below under revocation. Council may wish to consider directing staff to:

1. cap the total number of short term rentals; and/or
2. require a minimum amount of TOT or rental activity per year to validate and maintain a vacation rental.

#### Performance Standards

Past appeals of STRs have cited concerns with parking, noise, traffic, strangers in the neighborhood, and loss of property values. The performance standards in the Ordinance were originally intended to address these concerns. However, in some cases, the Planning Commission and City Council have added conditions to the permits to bolster the required standards, such as restricting parking or requiring that the property owner provide additional notification to short term renters of certain rules or limitations. The Council may wish to consider directing staff to revise the performance standards to address some of these concerns.

#### Application, Approval Process and Notification Procedures

Per some community input, another revision Council may wish to consider is to revise the application and approval process for STRs or vacation rentals. In order to receive initial input from the community up front, the Ordinance could be revised to require all applications for STRs or vacation rentals to be reviewed and approved by the Planning Commission at a public hearing. The City Council could direct staff to revise the Ordinance to require a public hearing at the Planning Commission for STRs or for vacation rentals only.

#### Revocation Process

During the recent appeal hearings for vacation rentals held before the Planning Commission and City Council, questions were raised regarding the permit revocation process. Currently, required findings for revocation include:

1. That the permit was obtained by misrepresentation or fraud;
2. That the use for which the permit was granted has ceased and was suspended for six or more consecutive calendar months; or

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3. That the conditions of the permit have not been met or the permit granted is being or has been exercised contrary to the terms of the approval or in violation of any statute, ordinance, law or regulation.

Specifically, there were questions from Council and the public on what would “trigger” the potential revocation of a permit based on finding #3. For instance, would there need to be a certain number of verified complaints that have occurred, or should revocation be strictly on a case-by-case basis? The City Council may also wish to consider directing staff to identify more specific revocation triggers in the Ordinance, such as the lack of response from the primary contact person, parking violations, or verified noise complaints. Staff has not historically enforced finding #2 regarding the cessation of an STR permit, but the City could begin to do so with clarifying information in the ordinance about when an STR permit is deemed suspended or ceased and is therefore subject to revocation.

#### Next Steps

Depending upon the direction from Council, staff would draft amendments to the Ordinance that would be scheduled for review by the Planning Commission and subsequently by the City Council to incorporate recommendations made by both bodies as well as public comment through the public hearing process. Typically, ordinance amendments would not apply to existing entitled STRs, and staff recommends that amendments would not apply to applications already in the pipeline.

#### Temporary Moratorium on STRs

As part of their direction to staff on October 12, 2021, the City Council requested information about the process for declaring a temporary moratorium on STRs. A temporary moratorium is typically accomplished through approval of an urgency ordinance. However, approval of an urgency ordinance requires a 4/5 affirmative vote. In accordance with the FPPC determination regarding conflicts of interest stated earlier, no more than three (3) councilmembers can participate in decisions by the Council on this subject, which would be insufficient to approve an urgency ordinance for a temporary moratorium.

#### **ALTERNATIVES:**

The following alternatives are provided for the Council's consideration:

1. Provide direction to staff regarding potential future Ordinance changes;
2. Do not provide direction to staff regarding potential future Ordinance changes; or
3. Provide other direction to staff.

#### **ADVANTAGES:**

Recommendations for future changes to the Ordinance will allow staff to make the appropriate revisions and return to the Planning Commission and City Council for final approval in order to address concerns from members of the community regarding STRs in the City.

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**DISADVANTAGES:**

No disadvantages identified.

**ENVIRONMENTAL REVIEW:**

No environmental review is required for this item.

**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.

**Attachments:**

1. Ordinance 663
2. Minutes from the September 3, 2019 Planning Commission Meeting

**Item 11.a.**

## ORDINANCE NO. 663

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING TITLE 16 OF THE ARROYO GRANDE MUNICIPAL CODE REGARDING VACATION RENTALS AND HOMESTAYS**

**WHEREAS**, the City of Arroyo Grande ("City") currently does not regulate vacation rentals or homestays; and

**WHEREAS**, the City does regulate similar transient uses with similar impacts such as bed and breakfast inns; and

**WHEREAS**, the City Council finds that, unless properly regulated, vacation rentals and homestays can result in adverse impacts to adjacent properties; and

**WHEREAS**, the purpose of these regulations is to ensure that vacation rentals and homestays conform to the existing character of the neighborhood in which they are located and do not create an adverse impact on adjacent properties; and

**WHEREAS**, the increasing popularity of vacation rentals and homestays in the City the implementation of appropriate regulations to ensure that impacts are addressed and the character of existing neighborhoods is maintained, while providing an expanded type of lodging facility available within the City; and

**WHEREAS**, it is the purpose of this Ordinance to protect the public health, safety, and welfare within the City by establishing rules and requirements for vacation rentals and homestays; and

**WHEREAS**, after consideration of all testimony and all relevant evidence, the City Council has determined that the following Development Code Amendment findings can be made in an affirmative manner:

- A. The proposed revisions to Title 16 are required to ensure consistency with the objectives, policies and implementation measures of the General Plan, particularly the Land Use Element, and is therefore desirable to implement the provisions of the General Plan.
- B. The proposed revisions to Title 16 will not adversely affect the public health, safety, and welfare or result in an illogical land use pattern.
- C. The proposed revisions are consistent with the purpose and intent of Title 16 and satisfy the intent of Chapter 16.08 of the Municipal Code and provide for internal consistency.
- D. The proposed revisions to Title 16 are exempt under per Sections 15061(b)(3) and 15308 of the California Environmental Quality Act (CEQA) Guidelines.

**NOW, THEREFORE, BE IT ORDAINED** by the City Council of the City of Arroyo Grande as follows:

**SECTION 1:** The above recitals and findings are true and correct and incorporated herein by this reference.

**SECTION 2:** Arroyo Grande Municipal Code Section 16.52.230 is hereby added as follows:

**SECTION 16.52.230 – VACATION RENTALS**

- A. Purpose and intent. The purpose of these regulations is to ensure that vacation rentals located in the city conform to the existing character of the neighborhood in which they are located and do not create an adverse impact on adjacent properties.
- B. Applicability. Vacation rentals may be permitted only with approval of a minor use permit. Vacation rentals shall comply with the property development standards of the underlying district and the performance standards and special conditions listed in Section 16.52.230.C.
- C. Performance standards and conditions for vacation rentals.
  - 1. Operators of vacation rentals are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.
  - 2. Any proposed vacation rental shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood
  - 3. All Building Code and Fire Code requirements for the level of occupancy of the vacation rental shall be met.
  - 4. All environmental health regulations shall be met.
  - 5. The operator of the vacation rental shall, at all times while the property is being used as a vacation rental, maintain a contact person/entity within a fifteen (15) minute drive of the property. The contact person or entity must be available via telephone twenty-four (24) hours a day, seven (7) days a week, to respond to complaints regarding the use of the vacation rental. The contact person or entity shall respond, either in person or by return telephone call, with a proposed resolution to the complaint within three (3) hours between 7:00 am and 9:00 pm, and within thirty (30) minutes between 9:00 pm and 7:00 am.

6. The operator of the vacation rental shall annually, at the time of renewal of the business license, notify the Community Development Department of the name, address and telephone number of the contact person required in subsection 16.52.230.C.6.
7. A written notice shall be conspicuously posted inside each vacation rental unit setting forth the name, address and telephone number of the contact person required in subsection 16.52.230.C.6. The notice shall also set forth the address of the vacation rental, the maximum number of occupants permitted to stay overnight in the unit, the maximum number of vehicles allowed to be parked on-site, and the day(s) established for garbage collection. The notice shall also provide the non-emergency number of the Arroyo Grande Police Department.
8. On-site advertising of the vacation rental is prohibited.
9. The number of overnight occupants shall be limited to two persons per bedroom and two additional persons. A bedroom shall meet the minimum size requirements as defined in the Building Code.
10. All refuse shall be stored in appropriate containers and placed at the curb for collection every week.
11. The operator of the vacation rental shall pay Transient Occupancy Tax as required by Arroyo Grande Municipal Code Section 3.24.030.
12. Establishment of a vacation rental within 300 feet of an existing vacation rental on the same street shall not be permitted.
13. Violations – violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.

**SECTION 3:** Arroyo Grande Municipal Code Section 16.52.240 is hereby added as follows:

**SECTION 16.52.240 – HOMESTAYS**

- A. Purpose and intent. The purpose of these regulations is to ensure that homestays located in the city conform to the existing character of the neighborhood in which they are located and do not create an adverse impact on adjacent properties.
- B. Applicability. Homestays may be permitted only with approval of a minor use permit. Homestays shall comply with the property development standards of the

underlying district and the performance standards and special conditions listed in Section 16.52.240.C.

**C. Performance standards and conditions for homestays.**

1. Operators of homestays are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.
2. Any proposed homestay shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood
3. All Building Code and Fire Code requirements for the level of occupancy of the homestay shall be met.
4. All environmental health regulations shall be met.
5. The operator shall reside on the premises.
6. Individual guest stays shall be limited to fourteen (14) days, with a seven-day period between stays.
7. On-site advertising of the homestay is prohibited.
8. A bedroom shall meet the minimum size requirements as defined in the Building Code.
9. The operator of the homestay shall pay Transient Occupancy Tax as required by Arroyo Grande Municipal Code Section 3.24.030.
10. Establishment of a homestay within 300 feet of an existing homestay on the same street shall not be permitted.
11. Violations – violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.

**SECTION 4:** The following definitions in Arroyo Grande Municipal Code Subsection 16.04.070.C. are hereby amended or added as follows:

**16.04.070.C. Definitions**

"Bed and breakfast inn" means an owner-occupied dwelling unit where three (3) or more short-term lodging rooms and meals are provided for compensation or onsite signage is desired.

"Homestay" means an owner-occupied dwelling unit where a maximum of two (2) short-term lodging rooms are provided for compensation.

"Vacation rental" means a structure being rented for less than thirty (30) days without concurrently being occupied by the owner/operator where the short-term lodging is provided for compensation.

**SECTION 5:** Arroyo Grande Municipal Code Section 16.16.080 is hereby amended to add Subsection B.10 and Subsection C.6 as follows:

16.16.080.B.10. Establishment of vacation rentals or homestays in applicable zoning districts identified in Table 16.32.040-A and Table 16.36.030(A).

16.16.080.C.6. For plot plan reviews establishing the use of property for vacation rental purposes, the decision of the community development director shall also be mailed to all property owners of parcels within three hundred (300) feet of the property for which the plot plan review has been requested, in addition to the requirements of Section 16.16.080.C.5. The notice shall indicate the appeal provisions of Section 16.12.150.

**SECTION 6:** Arroyo Grande Municipal Code Table 16.32.040-A, entitled "Uses Permitted Within Residential Districts", Section A. Residential Uses is hereby amended to add Subsection A.17. as follows:

| USE                                | RE  | RH  | RR  | RS  | SF  | VR D-2.4 | MF  | MFA | MFVH | MHP |
|------------------------------------|-----|-----|-----|-----|-----|----------|-----|-----|------|-----|
| <b>A. Residential Uses</b>         |     |     |     |     |     |          |     |     |      |     |
| 17. Vacation Rentals and Homestays | MUP | MUP | MUP | MUP | MUP | MUP      | MUP | MUP | NP   | NP  |

**SECTION 7:** Arroyo Grande Municipal Code Table 16.36.030(A), entitled "Uses Permitted Within Mixed Use and Commercial Districts", Section B. Services - General is hereby amended to add the following use:

| USE                            | IMU | TMU<br>D-2.11 | VCD<br>HCO<br>D-<br>2.4 | VMU<br>D-2.11<br>HCO<br>D-2.4 | GMU | FOMU | HMU | OMU <sup>1</sup><br>D-<br>2.20 | RC <sup>2</sup> | Specific<br>Use Stds   |
|--------------------------------|-----|---------------|-------------------------|-------------------------------|-----|------|-----|--------------------------------|-----------------|------------------------|
| <b>B. Services - General</b>   |     |               |                         |                               |     |      |     |                                |                 |                        |
| Vacation Rentals and Homestays | NP  | MUP           | MUP                     | MUP                           | MUP | MUP  | MUP | MUP                            | NP              | 16.52.230<br>16.52.240 |

**SECTION 8:** If any section, subsection, subdivision, paragraph, sentence, or clause of this Ordinance or any part thereof is for any reason held to be unlawful, such decision shall not affect the validity of the remaining portion of this Ordinance or any part thereof. The City Council hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, or clause thereof, irrespective of the fact that any one or more section, subsection, subdivision, paragraph, sentence, or clause be declared unconstitutional.

**SECTION 9:** Upon adoption of this Ordinance, the City Clerk shall file a Notice of Exemption pursuant to 14 CCR § 15062.

**SECTION 10:** A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Arroyo Grande at least five (5) days prior to the City Council meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the proposed Ordinance shall be posted in the office of the City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council Members voting for and against the Ordinance shall be published again, and the City Clerk shall post a certified copy of the full text of such adopted Ordinance.

**SECTION 11:** This Ordinance shall take effect thirty (30) days from the date of adoption.

On motion of Council Member Barneich, seconded by Council Member Brown, and on the following roll call vote to wit:


**AYES:** Council Members Barneich, Brown, Costello, Guthrie, and Mayor Ferrara

**NOES:** None


**ABSENT:** None

the foregoing Ordinance was adopted this 10<sup>th</sup> day of June, 2014.



  
\_\_\_\_\_  
TONY FERRARA, MAYOR

ATTEST:

  
\_\_\_\_\_  
KELLY WETMORE, CITY CLERK

APPROVED AS TO CONTENT:

  
\_\_\_\_\_  
STEVEN ADAMS, CITY MANAGER

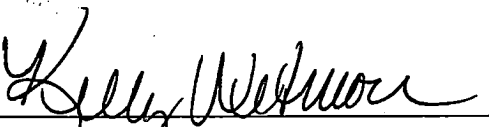
APPROVED AS TO FORM:

  
\_\_\_\_\_  
TIMOTHY J. CARMEL, CITY ATTORNEY

## OFFICIAL CERTIFICATION

I, **KELLY WETMORE**, City Clerk of the City of Arroyo Grande, County of San Luis Obispo, State of California, do hereby certify under penalty of perjury, that the attached is a true, full, and correct copy of Ordinance No. 663 which was introduced at a regular meeting of the City Council on May 27, 2014; was passed and adopted at a regular meeting of the City Council on the 10<sup>th</sup> day of June 2014; and was duly published in accordance with State law (G.C. 40806).

**WITNESS** my hand and the Seal of the City of Arroyo Grande affixed this 12<sup>th</sup> day of June 2014.

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**KELLY WETMORE, CITY CLERK**

**ACTION MINUTES  
MEETING OF THE PLANNING COMMISSION  
TUESDAY, SEPTEMBER 3, 2019  
ARROYO GRANDE COUNCIL CHAMBERS  
215 EAST BRANCH STREET  
ARROYO GRANDE, CALIFORNIA**

**1. CALL TO ORDER**

Chair Martin called the Planning Commission meeting to order at 6:00 p.m.

**2. ROLL CALL**

Planning Commission: Commissioners Jamie Maraviglia, Andrea Montes, Ken Sage, Vice Chair Frank Schiro and Chair Glenn Martin were present.

Staff Present: Community Development Director Teresa McClish, Planning Manager Matt Downing, Assistant Planner Andrew Perez, and Permit Technician Patrick Holub were present.

**3. FLAG SALUTE**

Commissioner Maraviglia led the flag salute.

**4. AGENDA REVIEW**

None.

**5. COMMUNITY COMMENTS AND SUGGESTIONS**

None.

**6. WRITTEN COMMUNICATIONS**

The Commission received the following material after preparation of the agenda:

1. One memo dated September 3, 2019 from Community Development Director McClish related to Agenda Item 9.a.

**7. CONSENT AGENDA**

**7.a. CONSIDERATION OF APPROVAL OF MINUTES**

**Recommended Action:** Approve the minutes of the August 20, 2019 Regular Planning Commission Meeting.

**7.b. CONSIDERATION OF CERTIFICATE OF COMPLIANCE 19-001; LOCATION – 460 COACH ROAD; APPLICANT – MARTIN DELEON, MBS LAND SURVEYS**

**Recommended Action:** It is recommended that the Planning Commission adopt a Resolution approving Certificate of Compliance 19-001.

**Action:** Vice Chair Schiro moved to approve the consent agenda as submitted. Commissioner Maraviglia seconded and the motion passed on the following voice vote:

**AYES:** Schiro, Maraviglia, Montes, Sage, and Martin

**NOES:** None

**ABSENT:** None

**8. PUBLIC HEARINGS**

None.

**9. NON-PUBLIC HEARINGS**

**9.a. CONSIDERATION OF A STATUS REPORT ON THE CITY'S SHORT TERM RENTAL ORDINANCE (Downing)**

**Recommended Action:** It is recommended that the Planning Commission discuss the short term rental ordinance, provide feedback to staff, and make a recommendation to the City Council, if necessary.

Planning Manager Downing presented the staff report and responded to Commissioner questions regarding enforcement, parking, and the permitting process.

Chair Martin opened the public comment period.

Jimmy Lehey asked whether the number of vacation rentals impacts the price of rental housing in the City.

Chair Martin closed the public comment period.

It was the consensus of the Commission that the following items be discussed by the City Council:

1. Implementation of parking requirements;
2. Administrative fines for non-permitted short term rentals;
3. Utilization of compliance technology to address non-permitted short term rentals; and
4. Reconsideration of current buffer distances or methods.

**10. ADMINISTRATIVE DECISIONS SINCE AUGUST 20, 2019**

| <b>Case No.</b> | <b>Applicant</b>             | <b>Address</b>         | <b>Description</b>  | <b>Action</b> | <b>Planner</b> |
|-----------------|------------------------------|------------------------|---|---------------|----------------|
| PPR 19-019      | Tom & Karen Franck           | 626 Cerro Vista Circle | Establishment of a vacation rental in an existing single family residence.                        | A             | A. Perez       |
| PPR 19-023      | Figueroa Mountain Brewery    | 1462 E. Grand Ave.     | Establishment of a new outdoor dining area in an existing parking lot for an existing restaurant. | A             | A. Perez       |
| TUP 19-007      | St. Patrick School           | 900 W. Branch Street   | 57 <sup>th</sup> Annual Saint Patrick BBQ and Auction   | A             | A. Perez       |
| PPR 18-030      | Aaron & Mallory Scribner     | 408 Bakeman Street     | Establishment of a vacation rental in an existing single family residence                         | A             | A. Perez       |
| ARCH 19-002     | Arroyo Grande Comercial, LLC | 1570 W. Branch Street  | Commercial façade approval for entitled drive-thru  | A             | M. Downing     |

**11. COMMISSION COMMUNICATIONS**

Vice Chair Schiro reminded the public that the Arroyo Grande Beer Feast event, which will raise funds for Meals on Wheels, will be held on October 12, 2019.

**PLANNING COMMISSION  
MINUTES  
SEPTEMBER 3, 2019**

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**12. STAFF COMMUNICATIONS**

Community Development Director McClish informed the Commission that the September 17<sup>th</sup> meeting would be cancelled due to a lack of a quorum, while staff and some Commissioners attend the American Planning Associate Conference in Santa Barbara.

**13. ADJOURNMENT**

The meeting adjourned at 7:48 p.m.

**ATTEST:**



**PATRICK HOLUB**

**PERMIT TECHNICIAN**

**(Approved at PC Meeting 10-1-19)**



**GLENN MARTIN, CHAIR**



## **MEMORANDUM**

**TO:** City Council

**FROM:** Jessica Matson, Legislative & Information Services Director/City Clerk

**SUBJECT:** Supplemental Information  
Agenda Item 11.a. – Study Session Regarding Short Term Rentals  
(Vacation Rentals and Homestays) and Potential Revisions to the  
City's Short Term Rental Ordinance

**DATE:** March 22, 2022

Attached is correspondence received prior to 4:00 p.m. for the above referenced item.

cc: City Manager  
Assistant City Manager/Public Works Director  
Community Development Director  
City Attorney  
City Clerk  
City Website (or public review binder)

## Jessica Matson

---

**From:** Jim Guthrie [REDACTED] >  
**Sent:** Tuesday, March 22, 2022 12:12 PM  
**To:** Caren Ray Russom; Jimmy Paulding; Keith Storton; Kristen Barneich; Lan George  
**Cc:** Jessica Matson  
**Subject:** Comments for 3/22 council meeting

Mayor and Council Members

Just a quick note for tonight's item on STR's.

A few things that might be helpful in making a decision.

What is the actual TOT revenue from STR's (2021 or the city fiscal year 2020-2021). If the revenue is less than \$30,000, we should consider whether it is worthwhile to have STR's at all.

Has any other city of our size banned STR's completely? If there is going to be a second hearing, could we find out how the enforced it.

I don't think we have a good handle on how impactful STR's are on their neighborhood. The few appeals we have heard demonstrate that the neighbors do not know how or where to report problems. While I doubt that we would find wide spread problems we may be able identify the problems that are out there. I recognize that we do not have enough staff time to check in with each neighbor, but we could send out a letter to the immediate neighbor of each STR inviting them to email their experience with the STR.

A few ideas to improve the current program.

1 Send out a letter to the immediate neighbors of each STR with the current STR contact every year as part of the licensing process.

2 Test the contact to ensure that they meet the response requirements i.e., verify that they will respond in the required time period and what their current address is.

3 Prioritize the 2<sup>nd</sup> criteria for revoking the license/approval that requires that they are actually using it for the intended use. At least require that they have a current license and probably that they have a reported rental and TOT in the last year.

4 Consider an extra level of findings for STRs in PUDs or where ever there are special conditions even if they are in the CC&Rs, particularly around parking or access (fire lanes, long driveways or shared entry or walls). The education of each guest is difficult but necessary to make the change use work for each of the neighbors.

Thanks

**From:** Kevin Buchanan [REDACTED] >  
**Sent:** Tuesday, March 22, 2022 10:10 AM  
**To:** public comment  
**Subject:** Item 11.a - Short Term Rental Ordinance

Councilmembers and staff,

I'm writing support changes to the existing short term rental ordinance that further restrict short term rentals in the city. The prevalence of short term rentals in Arroyo Grande is removing much needed housing from the market, and strips neighborhoods of the actual neighbors that actively contribute to our communities.

I support the following changes to the short term rental ordinance:

1. Set a cap on the available vacation rental permits. 3% of the existing rental housing stock is already too much. I recommend capping vacation rentals at 1% of the total rental housing market.
2. Move all vacation rental permits to planning commission review. Planning commission is already hearing appeals of most of the vacation rental permits, which leaves the PC in a reactive state, making it harder to provide positive guidance and recommendations for vacation rental planning and implementation in the city.
3. Expand the buffer between vacation rentals. Neighborhoods should be for neighbors.
4. Expire permits after 2 years. Allow neighbors and the planning commission to re-assess the impacts of any given vacation rental, rather than binding the permission in perpetuity and thereby raising the stakes of the singular approval. Keep a waiting list for vacation rental permits, and move holders of expired permits to the back of the waiting list every 2 years.
5. Increase enforcement of unpermitted vacation rentals. I know for a fact that there are unpermitted vacation rentals currently operating in Arroyo Grande. Grover Beach uses Host Compliance for enforcement, and by all accounts has been successfully enforcing their ordinance.

Kevin Buchanan  
Arroyo Grande Planning Commission