



MEMORANDUM

TO: Planning Commission

FROM: Brian Pedrotti, Community Development Director

BY: Patrick Holub, Associate Planner

SUBJECT: Consideration of Appeal to Planning Commission Case 22-001; Appeal of Plot Plan Review 22-026 for the Establishment of a Vacation Rental; Location – 1136 East Grand Avenue

DATE: October 4, 2022

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 June 9, 2022.

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 charged by the operator.

RECOMMENDATION:

Adopt a Resolution denying Appeal Case No. 22-001 and approving Plot Plan Review 22-026 (Attachment 1).

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 2). A vacation rental is defined as a structure being rented for less 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 or STRs.

The Ordinance went into effect on July 10, 2014. Since that time, the City has permitted eighty-six (86) vacation rentals and forty-seven (47) homestays, not including this

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application. Since the adoption of Ordinance No. 663, 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. All nine (9) 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. Of the nine (9) approvals that have been appealed, two (2) of those were further appealed to the City Council. In both of those cases, the City Council was able to make the required findings for approval, denied the appeal and upheld the Community Development Director's original decision.

Property History

On June 9, 2022, the Community Development Director approved Plot Plan Review 22-026 for the establishment of a vacation rental at 1136 East Grand Avenue. At the time of approval, notices of the Director's approval were sent to the owners of properties within 300 feet of the subject property. The notice included the name and phone number of the applicant's local contact person in accordance with AGMC Subsection 16.52.230.C.5, appeal information, and information about how to contact Community Development staff should there be questions about the project. The approval letter is included as Attachment 3.

The Director's approval of the application was reported to the Planning Commission at its regularly scheduled meeting on August 2, 2022, pursuant to AGMC Section 16.12.155. After receiving public comment, the Planning Commission voted by consensus to appeal the Community Development Director's decision to approve the application to establish a vacation rental at the subject location.

ANALYSIS OF ISSUES:

Basis of the Appeal

The public comment received during the August 2, 2022 Planning Commission meeting indicated that the listed emergency contact's phone number was a number for a local non-profit organization, known as "Building a Better SLO," which was created to, "bring new information, ideas and inspiration to San Luis Obispo, equipping our community to discuss and re-imagine our built environment for the future." After contacting the emergency contact and conducting additional research, staff has determined that the designated emergency contact is a board member of Building a Better SLO, and that the phone number listed on the approval mailer postcard is the emergency contact's personal phone number, which he also uses as a general contact number for the non-profit organization. In staff's opinion, the listed emergency contact is compliant with performance standard number five for vacation rentals, which states,

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“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.”

The application meets all of the other performance standards for a vacation rental, therefore staff recommends a denial of the appeal.

ALTERNATIVES:

1. Adopt the attached Resolution denying Appeal Case No. 22-001 and approving Plot Plan Review Case No. 22-026;
2. Modify and adopt the attached Resolution denying Appeal Case No. 22-001 and approving Plot Plan Review Case No. 22-026;
3. Do not adopt the attached Resolution, take tentative action to approve Appeal Case No. 22-001, and provide direction for staff to return with an appropriate resolution including findings for denial of Plot Plan Review Case No. 22-026; 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 standards or the conditions of the permit, remedies are made available through the AGMC.

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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:

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

Attachments:

1. Resolution
2. Ordinance No. 663
3. June 9, 2022 Approval Letter
4. Approval Mailer