



## County of Sonoma Agenda Item Summary Report

Clerk of the Board  
575 Administration Drive  
Santa Rosa, CA 95403

**Agenda Item Number:**  
(This Section for use by Clerk of the Board Only.)

**To:** Board of Supervisors

**Board Agenda Date:** January 26, 2016

**Vote Requirement:** Majority

**Department or Agency Name(s):** Permit and Resource Management Department

**Staff Name and Phone Number:**

Jane Riley 565-7388

**Supervisorial District(s):**

County-wide

**Title:** Vacation Rental Program Changes

### **Recommended Actions:**

Hold a public hearing and adopt zoning code amendments for vacation rentals.

### **Executive Summary:**

In November of 2014, the Board of Supervisors reviewed the existing vacation rental ordinance and directed Permit and Resource Management Department (PRMD) staff to conduct a community outreach effort to receive input and to address the following issues: noise, parking, and overconcentration; trespass and security; health and safety; special events; loss of rental housing stock; complaint response; access to property manager's contact information; and certification and payment of transient occupancy tax (TOT).

Staff conducted a robust outreach and engagement program with community meetings held in Healdsburg, Monte Rio, Boyes Hot Springs and Santa Rosa and also met with stakeholder groups including the North Bay Association of Realtors and various neighborhood groups. At the conclusion of these meetings, the Planning Commission hosted a large public workshop at the Veterans Memorial Building to present the policy options, and conducted two public hearings and three additional public meetings to deliberate on the policy recommendations. The Planning Commission's discussion focused on several key needs:

- Balance the opportunities for property owners and visitor serving uses against neighborhood compatibility concerns;
- Provide flexibility to address the needs of traditional resort areas while preserving the housing stock and character of residential neighborhoods;
- Incentivize best management practices by rental property managers; and
- Provide better tools for enforcement.

### Recommended Changes to Vacation Rental Ordinance

At the conclusion of the deliberative process, the Planning Commission recommended the changes listed below:

#### Permit Requirements

- 1) Allow vacation rentals in existing dwellings within Commercial Zones (C2, LC and K Zones).
- 2) Adopt a new VR Visitor-Residential Combining Zone and initiate rezoning to apply to traditional resort areas.
- 3) Adopt a new X Vacation Rental Exclusion Combining Zone and initiate rezoning.
- 4) Prohibit new vacation rentals in the Urban Residential (R1) zone unless they are also within the Visitor Residential (VR) Combining Zone.
- 5) Allow hosted rentals and rental of guest houses which are currently prohibited.
- 6) Require a use permit for larger vacation rentals with more than 4 bedrooms (currently more than 5 bedrooms) and prohibit events in all vacation rentals.
- 7) Apply new standards to all existing and future vacation rental permits and establish a 2-year term for vacation rental permits with automatic renewals if no compliance issues arise.
- 8) Require a completed Property Report Checklist for new vacation rentals to include verification of building and fire safety, pool covers/fencing, required parking and functioning septic systems.

#### Operating Standards

- 9) Reduce quiet hours to 10:00 pm – 7:00 am (currently 10:00 pm – 9:00 am) and prohibit outdoor activities during those quiet hours to ensure noise standards are met.
- 10) Limit the number of vehicles to no more than one per bedroom and require the rental property and all digital ads and internet listings to include limits on maximum occupants, vehicles, and quiet hours.
- 11) Require certified property managers (owner-managers may obtain certification) to be located within 30 miles of the rental and to report complaints and responses to the PRMD website.

#### Code Enforcement

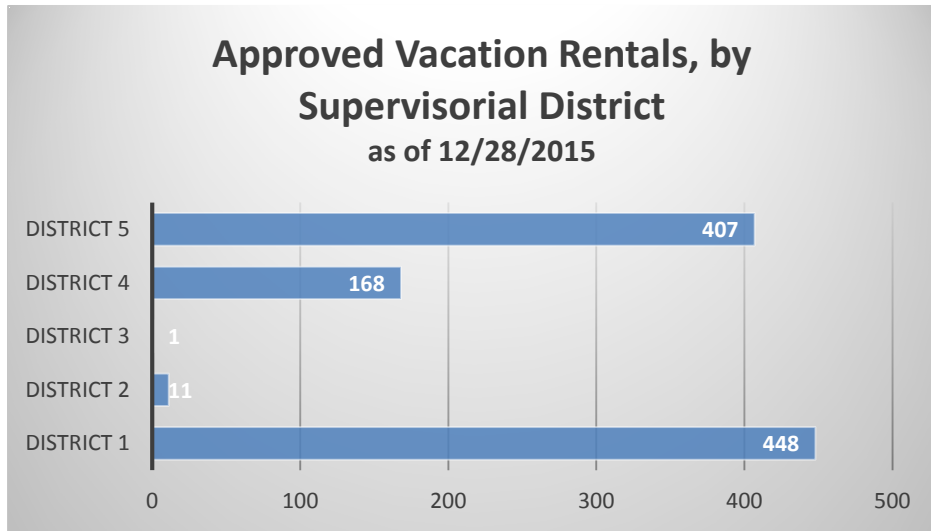
- 12) Impose a larger penalty for operating without a permit or violation of operating standards.
- 13) Establish a new administrative citation program for violations.
- 14) Establish a “three strikes rule” for summary revocation of a permit if three verified violations or citations are received within a 2 year period.

The following analysis below presents the background data, key issues and policy options for the Board's consideration.

#### Current Vacation Rental Permits in Sonoma County

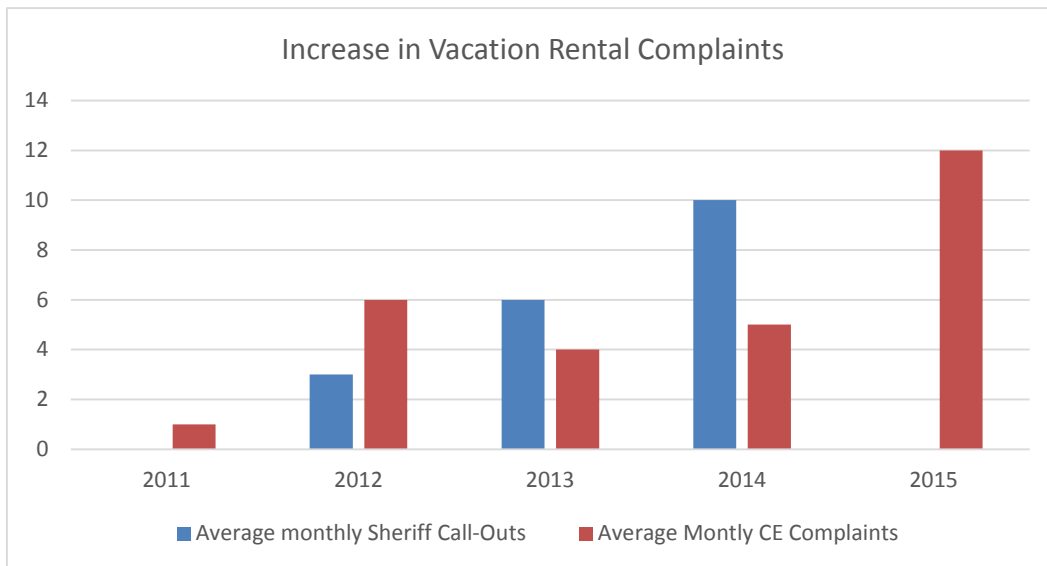
Since the Board of Supervisors adopted the vacation rental program in 2011, PRMD has received 1,358 vacation rental permit applications, including 461 new applications since November 2014. Of the total 1,358 total applications, 60 were requests to continue a vacation rental use after a change in ownership, for a total of 1,298 new vacation rental applications. Of the 1,298 new applications, 1,034 permits have been approved to date. The majority of the vacation rentals permitted in the County continue to be located in the Sonoma Valley and in the Russian River Resort areas. The total distribution of approved vacation rental permits issued, by Supervisorial District, is provided in the chart below. No permit

requests have been received in coastal areas (District 5) because vacation rentals are not yet regulated within the coastal zone.



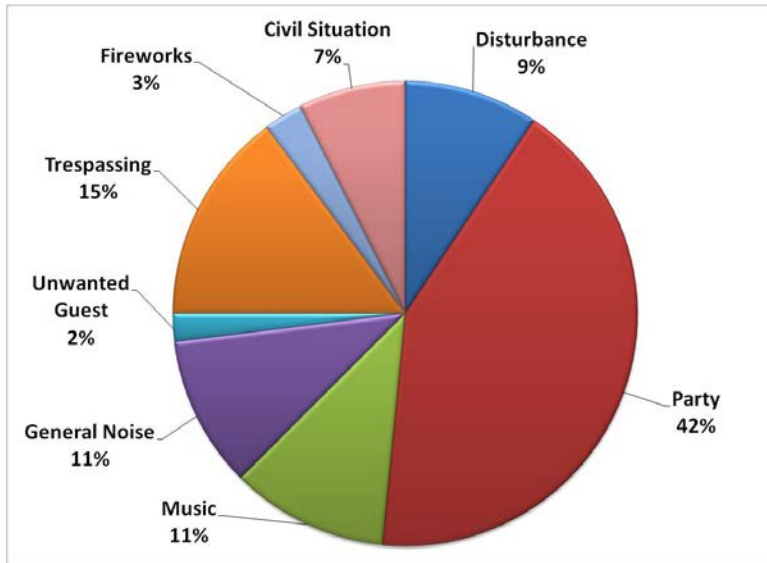
**Vacation Rental Complaints**

The 2011 vacation rental ordinance has been effective in educating property owners, establishing operating standards, and bringing most properties into compliance with permit requirements. Since adoption of the ordinance, complaints regarding noise, parking, occupancy or other issues must be directed first to the property manager. However, as the number of vacation rentals has increased across the county, complaints about vacation rentals have likewise escalated, as shown in the chart below. In total, PRMD Code Enforcement and the Sheriff have handled over 500 complaints about vacation rentals over the past five years, including 217 complaints regarding unpermitted rentals. Additional complaints regarding unpermitted rentals within the incorporated cities have also been submitted to the County Auditor.

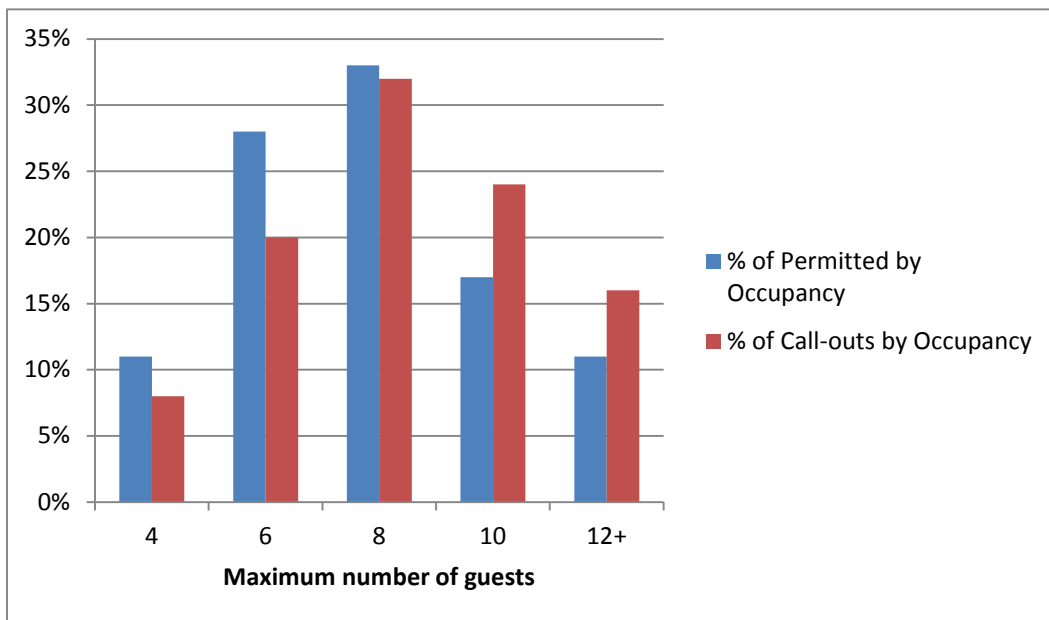


*\*Sheriff call-out data was not available for 2011 and 2015*

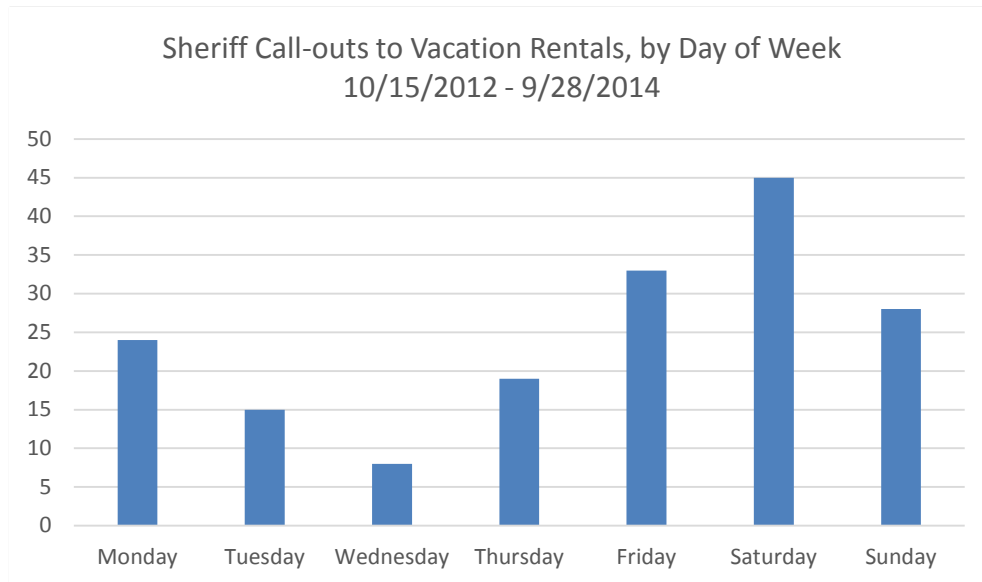
The majority of complaints (72%) reported to the Sheriff on permitted vacation rentals are related to noise, parties, music, and disturbances, as shown below. The nature of the complaints indicates that a more appropriate balance between opportunities for property owners and neighborhood compatibility concerns is to restrict vacation rentals in urban residential zones to hosted rentals and guest houses which produce less noise and party complaints, and allow vacation rentals in commercial zones and traditional vacation zones.



Data from complaints to the Sheriff’s Department indicates that the larger rentals generate significantly more complaints than those with guest limits of 6 or less, as indicated in the graph below. The number of vehicles associated with a vacation rental is also tied to the number of guests allowed, with more problems reported for larger rentals. This data supports requiring a use permit for rentals with more than 4 rooms instead of more than 5, limiting the number of guests and cars, and requiring owners to post those limits.



Sonoma County Sheriff Call-Out Data. The Sheriff Call-out data show 174 Sheriff responses to permitted vacation rental properties covering a period of just over two years, from 15 October 2012 through 28 September 2014. Updated Sheriff call-out data for 2015 was not available as this report was prepared.



Most Sheriff call-outs to permitted vacation rental properties take place on the weekends during the summer and fall months, with the majority of responses taking place during the swing and graveyard shifts (4:30 pm – 7 am). These are hours that Code Enforcement staff are not available. The Planning Commission strongly recommends that the Board provide additional staff resources or contract services and funding to address problems that occur after hours and on weekends. The Planning Commission recommends that additional TOT funds be allocated for security contract services to offset the impacts of the vacation rental uses.

#### Monitoring and Enforcement

Monitoring and Enforcement will be key to the success of the revised Vacation Rental Program. As recommended by the Planning Commission, the proposed amended program places a much greater emphasis on four areas to increase compliance:

- Providing information on occupancy, parking and noise limits to potential renters on websites to discourage inappropriate rentals;
- Educating all persons managing vacation rentals properties through a certification program;
- Imposing a higher level of responsibility on property managers to report and respond to complaints; and
- Crafting better tools for enforcement when problems arise, including a new citation program.

#### Application of New Rules to Existing Vacation Rentals

The Planning Commission felt that it was important to address the noncompliant vacation rental properties without creating an onerous process for well-managed properties. A mechanism to keep neighbors informed of the correct contact information for managers was also needed, as was a way to ensure that TOT accounts remained current. After much discussion, the Commission recommended a 2-year renewal for vacation rental permits, whereby vacation rentals that are

operating in compliance with the Code would be automatically renewed upon verification of continued operation, TOT compliance, and verification of the current rental manager. Vacation rental properties that have had one or two verified complaints or citations would be subject to an administrative review prior to renewal in order to ensure that the problems have been corrected. Properties with three or more verified complaints or citations within the previous 2-year period would not be renewed and would be barred from re-applying for 2 years. Property owners would have an opportunity to appeal any decision to repeal or not renew a vacation rental permit.

The Planning Commission felt that it was important to have a level playing field and a consistent set of rules that would apply to all vacation rentals, including existing permitted rentals. County Counsel advised that if the program changes did not affect the occupancy limits and resultant investment expectations and focused instead on the operating standards and permit requirements, then the new standards could be applied uniformly to all existing and future permits. The Commission's recommendations were carefully crafted so that the revised ordinance could be applied to all vacation rentals, not just new ones. The only exception is for existing, permitted vacation rentals within the R1 zone which would not be subject to the 2-year term, but instead would be allowed to continue until they expire upon sale or transfer of the property. A pipeline provision is also included in the ordinance to accept applications for vacation rentals in the R1 zone until the effective date of the ordinance.

#### Alternatives Considered

The Commission has recommended a number of proposed changes to the County's Vacation Rental Program. Prior to recommending the changes, the Commission considered each of the Policy Options outlined in Attachment 1: *Table of Policy Options*. More information about the different issues and policy options were presented in a series of separate discussion papers available on file and in the blue program binders which staff previously provided to the Board offices.

#### Remaining Issues

While the Planning Commission came to an affirmative vote on the overall package of amendments, two issues that the Board of Supervisors may wish to address include the following:

- Use permits and neighborhood notification; and
- North Coast Regional Water Quality Control Board (Regional Water Board) concerns.

At the conclusion of the Planning Commission hearings, Commissioner Carr voted against the package of Code changes because they did not include the requirement for a use permit in Rural Residential zones where notice to neighbors and opportunity for public hearing would be required prior to the issuance of a vacation rental permit and where conditions could be added to address site specific factors. The Board may consider requiring a use permit in the Rural Residential zones as an alternative to the Planning Commission's recommendation of a permit by right.

Additionally, comments were received after the Planning Commission's final recommendation from the Regional Water Board about potential for contamination and exceedances of the proposed Total Maximum Daily Limits (TMDL) that may result from allowing vacation rentals without a full septic review. Options for the Board to consider in addressing this issue include revising the ordinance to require a full septic evaluation prior to approval of vacation rental permits or requiring a use permit for

vacation rentals in areas with adopted TMDLs. PRMD staff continue to work with the Regional Water Board to address TMDL issues in the County.

Additional Recommendations

The Planning Commission has made additional recommendations that the Board:

- Direct staff to work with industry groups to establish a Sonoma County Preferred Vacation Rental Program for safe, inspected properties that are fully permitted, professionally managed, and maintain good relations with neighbors;
- Provide additional staff resources to continue to review permits and to monitor compliance with permit requirements and performance standards;
- Add evening and weekend security contract services or staffing as appropriate to offset impacts related to neighborhood compatibility; and
- Increase funding for affordable and workforce housing to help mitigate the loss of permanent housing stock, rising rents and lower income service jobs due to vacation rental uses.

The Commission also recommended that the Board direct staff to initiate certain rezoning procedures to add the VR Visitor Residential and X Vacation Rental Exclusion Combining Zones as soon as possible. The proposed ordinance being adopted is not self-executing and is only a framework under which properties may be added. Addition of properties may be initiated by either Board action, or through private application at a cost of approximately \$8,500. Staff recommends that the Board direct staff to return with a draft Resolution of Intention to begin this rezoning work, adding the VR Visitor Residential Combining Zone to R1 neighborhoods within the Russian River resort area, and adding the X Vacation Rental Exclusion Zone to rural residential properties as directed by the Board.

Program Funding

The vacation rental program is intended to be funded through existing fees, and new fees that will be proposed during the consolidated fee hearings in April to become effective at the start of the fiscal year. The need and capacity for additional staffing will be considered during second quarter consolidated budget adjustments. Existing fees include the vacation rental zoning permit fee of \$592 and the hosted rental fee of \$148. The proposed fee schedule to be presented at fee hearings is outlined below:

Vacation Rental	\$677	Existing + proposed \$85 notification fee
Hosted Rental	\$148	Existing Planning Clearance fee for one bedroom B&B now called hosted rentals
Annual Monitoring Fee	\$208	Proposed monitoring amount (fee previously authorized)
Notification Fee only	\$85	Proposed fee; cost for PRMD to provide notification of new property manager contact information to neighborhood
Property Manager Certification	\$65	Starting July 1, 2016. Per certification (test).

**Prior Board Actions:**

11/04/2014: The Board adopted a Resolution of Intention directing staff to conduct a robust public outreach program and undertake amendments to the Vacation Rental Ordinance.

10/07/2014: The Board considered the Auditor’s Report on Vacation Rentals and provided direction to PRMD staff on the Resolution of Intention to amend the Vacation Rental ordinance.

11/09/2010: The Board adopted the Vacation Rental Ordinance, effective January 1, 2011.

11/03/2009: The Board adopted a Resolution of Intention directing staff to amend the Zoning Code to include provisions for vacation rentals, as recommended by the Ad Hoc Committee.

04/21/2009: The Board considered the compatibility issues with the use of single family homes as transient rentals and considered a range of possible policy options. The Chair appointed two supervisors to an Ad Hoc Committee to return with a recommendation.

**Strategic Plan Alignment**      Goal 1: Safe, Healthy, and Caring Community

Goals 1 and 2. The recommended changes would balance the preservation of residential neighborhoods and workforce housing stock with the economic benefits of vacation rentals.

**Fiscal Summary - FY 15-16**

<b>Expenditures</b>		<b>Funding Source(s)</b>	
Budgeted Amount	\$		\$
Add Appropriations Req'd.	\$	State/Federal	\$
	\$	Fees/Other	\$
	\$	Use of Fund Balance	\$
	\$	Contingencies	\$
	\$		\$
<b>Total Expenditure</b>	<b>\$</b>	<b>Total Sources</b>	<b>\$</b>

**Narrative Explanation of Fiscal Impacts (If Required):**

The vacation rental program will be funded through existing and proposed fees.

**Staffing Impacts**

<b>Position Title</b> (Payroll Classification)	<b>Monthly Salary Range</b> (A – I Step)	<b>Additions</b> (Number)	<b>Deletions</b> (Number)
		–	
		–	

**Narrative Explanation of Staffing Impacts (If Required):**

The need and capacity for additional staffing will be considered during second quarter consolidated budget adjustments.



<b>Attachments:</b>
Attachment A - Draft Ordinance with Exhibits A – E Attachment B - Planning Commission Resolution
<b>Related Items “On File” with the Clerk of the Board:</b>
Blue Binder of Background Information and Previous Staff Reports Public Comments submitted to date