



**AGENDA
SPECIAL STUDY SESSION
Pismo Beach City Council**

Tuesday, January 16, 2018—4:00 p.m.

Council Chamber, 760 Mattie Road, Pismo Beach, California, 93449

CALL TO ORDER: Mayor Waage

1. ROLL CALL:

Mayor: Waage
Mayor Pro Tem: Howell
Council Members: Blake, Guthrie, Reiss

2. PLEDGE OF ALLEGIANCE

3. PUBLIC COMMENT PERIOD

Mayor Waage to ask for public comments on items listed below.

4. STUDY SESSIONS

Item 4.A: Short Term Rental Task Force Recommendations and Direction on Future Ordinance (Winklepleck)

Recommendation:

- 1. Consider the recommendations from the Short-Term Rental Task Force;
- 2. Direct staff to develop an Ordinance incorporating the Task Force Recommendations.

5. ADJOURNMENT

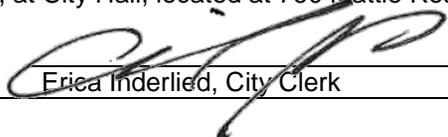
To the following meeting(s). Special and Closed Session times may be subject to change, as noticed. All locations are 760 Mattie Rd. Pismo Beach, 93449 unless otherwise noted:

Meeting	Time	Date	Location
Regular Meeting	5:30 p.m.	Tuesday, January 16, 2018	Council Chamber, City Hall

Regular Council meetings will adjourn by 11:00 p.m. unless four-fifths of the Council votes to continue past that time. If the meeting is adjourned at 11:00 p.m., any remaining agenda items will be continued to the next regular meeting.

AFFIDAVIT OF POSTING

I, Erica Inderlied, City Clerk for the City of Pismo Beach, declare under penalty of perjury that the foregoing agenda for the January 16, 2018 Special Meeting of the Pismo Beach City Council was posted on January 11, 2018, at City Hall, located at 760 Mattie Road, Pismo Beach, CA, as well as on the City's website.


Erica Inderlied, City Clerk

Meeting Schedule: The City Council of Pismo Beach regularly meets on the First and Third Tuesdays of each month at 5:30 p.m., unless otherwise noticed. Closed and Special sessions will be duly noticed as needed.

Council Agendas: Agendas for Regular Meetings are available for public review on the City's website at pismo beach.org/agenda and in the City Clerk's Office, 760 Mattie Road, Pismo Beach after 5:00 p.m. on the Thursday prior to the meeting. Agendas for Closed Sessions and other Special meetings are available no fewer than 72 hours prior to the meeting when possible.

Related Materials: Materials related to an item on this agenda submitted to the Council after distribution of the agenda packet are available for public inspection in the City Clerk's Office, 760 Mattie Road, Pismo Beach during normal business hours. Such documents are also available on the City of Pismo Beach website at pismo beach.org/agenda subject to staff's ability to post the documents before the meeting.

Broadcasting: Regular City Council meetings are available for viewing 24/7 at pismo beach.org/agenda using the City's web streaming module and the week of Council meetings on Channel 20, three times a day at 9:00 a.m., 6:00 p.m., and 1:00 a.m.

Use of Equipment: Please contact the City Clerk's Office if requesting to use the chamber equipment during public comment or as part of a scheduled presentation, 24 hours prior to the meeting at (805) 773-7003.

Notice Regarding Americans with Disabilities Act



In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting or if you need the agenda and/or the documents in the agenda packet provided in an alternative format, please contact the City Clerk's Office at 773-7003 at least 48 hours prior to the meeting to ensure that reasonable arrangements can be made (28CFR 35.102-35.104 ADA Title II).



PISMO BEACH COUNCIL AGENDA REPORT

Agenda Item #4.A

SUBJECT/TITLE:

SHORT TERM RENTAL TASK FORCE RECOMMENDATIONS AND DIRECTION ON FUTURE ORDINANCE

RECOMMENDATION:

1. Consider the recommendations from the Short-Term Rental Task Force;
2. Direct staff to develop an Ordinance incorporating the Task Force Recommendations.

BACKGROUND:

In September, the City Council authorized the City Manager to form a task force to review short-term rental impacts and provide recommendations for development of an Ordinance. The task force was comprised of an array key stakeholders including citizens operating non-permitted short-term rentals in residential neighborhoods, citizens concerned with the unregulated proliferation and negative impacts of short-term rentals, representatives from the hotel industry and representatives from permitted commercial vacation rental companies.

The task force met five times and provided valuable input on various topics including ownership requirements, parking, maximum occupancy, and other similar items. The white paper provided as **Attachment 1** represents a consensus recommendation of the Task Force.

Staff recommends that the Council hold a study session to consider the recommendations of the Task Force, and then provide direction to staff on inclusion of the Task Force's recommendations in a future Ordinance.

FISCAL IMPACT:

No fiscal impact is anticipated from the development of the Ordinance.

ALTERNATIVES:

1. Do not act on the recommendation; provide direction.

ATTACHMENTS:

1. Short-Term Rental Task Force Recommendations

Prepared by:

Jeff Winklepleck, AICP, Community Development Director

Meeting Date: January 16, 2018

City Manager Approval:

A handwritten signature in black ink, appearing to read "Jeff Winklepleck".



CITY OF PISMO BEACH REPORT OF FINDINGS FROM SHORT-TERM RENTAL TASK FORCE

INTRODUCTION:

Short-term rentals (STRs) of single-family homes for periods of less than 30 days have greatly increased in popularity over the past 10-15 years. This upturn can be directly linked to the advent of services such as Air BnB, VRBO and other similar applications that make the advertising and management of such units much easier for homeowners.

Unfortunately, the negative impacts resulting from the unregulated proliferation of STRs have also seen a significant increase. These impacts include, but are not limited to:

- Traffic
- Noise
- Parking
- Trash
- Increase in transient visitors
- Loss of residential character (including vacancies in neighborhoods)
- Reduction in long-term housing stock
- Unfair playing field for legal STR operators and hoteliers
- Loss of Temporary Occupancy Taxes (TOT)

The City of Pismo Beach has attempted to regulate STRs in the past. In 2011, the City Council passed an LCP Amendment/Zoning Code Amendment to prohibit STRs in all residential districts (R-1, R-2 and R-3). However, the California Coastal Commission (CCC) denied the proposed amendments indicating that a complete prohibition reduced coastal access opportunities for the general public. Subsequently, the City modified Chapter 5 (Business Taxes, Licenses and Regulations) of the Municipal Code, which is not subject to the CCC review, to prohibit STRs in all residential zones. This change resulted in successful legal challenges by a couple of STR operators and has made enforcement very difficult.

To rectify this situation, in September 2017, the City Council authorized the City Manager to form a task force to review STR impacts and provide recommendations for development of an Ordinance to regulate the use.

TASK FORCE:

The task force is comprised of the following individuals:

1. Jim Lewis, Chair
2. Councilmember Mary Ann Reiss
3. Council Member Erik Howell
4. Effie McDermott
5. Erin Down
6. Mark Eads
7. Roger Wightman
8. Jeff Reynolds
9. Mike McCarthy

- 10. Brian McQuade
- 11. Jeff Winklepleck
- 12. Nadia Feeser

The Task Force represented a wide array of key stakeholders including citizens operating non-permitted short-term rentals in residential neighborhoods, citizens concerned with the unregulated proliferation and negative impacts of short-term rentals, representatives from the hotel industry and representatives from permitted commercial vacation rental companies.

TASK FORCE RECOMMENDATIONS:

The Task Force met five times and provided valuable input on key topics intended to allow STRs balanced with requirements to minimize negative impacts. Following are consensus policy recommendations from the Task Force:

1. **Applicability** – The STR Ordinance should be applicable city-wide in the R-1 zone (or equivalent) with STRs being prohibited in all other residential zones (R-2 and R-3 or equivalent). The Downtown core and commercial zones that currently allow vacation rentals are not subject to these requirements.
2. **Primary Residence Requirement** – STRs shall be permitted only at single-family properties where the house is the primary residence and lives more than 50% of the year plus 1 day. A property owner can only have one primary residence at any time. Accessory dwelling units on a property with a primary residence also would qualify. The property owner shall be required to provide proof of primary residence on a yearly basis.
3. **Homestay Only** - This item ties in with the primary residence requirement. The owner does not have to be present for rentals. However, the frequency of allowable rental days is determined based on whether or not the owner is present. The frequency is discussed in more detail in item 7 below.
4. **Penalties** – Currently, the fines associated with operating a non-permitted STR are \$100/day and can be increased to \$500/day. The Task Force recommends the initial fine be \$750/night for the first violation and be increased to \$1000/night for each subsequent violation.
5. **Registration** – The STR must be registered by the property owner not a property management company.
6. **Maximum Occupancy** – Maximum occupancy shall be limited to two people per bedroom plus two. For example, a three bedroom house would be limited to a maximum occupancy of 8 people. Bedroom count shall be confirmed with inspection prior to the issuance of STR license.
7. **Frequency** – Consistent with the primary residence requirement, a qualifying property shall be limited to a maximum of 182 rental days per year when the property owner is not on site. There is no limit for when the property owner is on site.
8. **Good Neighbor Policy** – The City shall develop a list of ‘good neighbor’ rules related to such things as active hours, littering, lighting and similar items intended

to minimize negative impacts on neighboring properties. The property owner shall agree to enforcement of the items.

9. **On-Site Parking** – On-site parking shall be required for the operation of a STR. The parking requirement is based on per bedroom rentals as follows:

1-2 Bedrooms – Minimum of 2 on-site parking spaces

3 or more bedrooms – Minimum of 3 on-site parking spaces

Required parking shall be provided in a garage or on a driveway. Tandem parking configurations are acceptable. Street parking shall not be counted as required parking.

10. **Initial Inspection** – The City shall conduct an inspection of STR property to confirm bedroom count, on-site parking, and safety standards. If complaints are received about STR operations, the City shall have the right to reinspect the property to help ensure continued compliance.

11. **Compliance With Existing Temporary Occupancy Tax (TOT) payments and Taxation** – The applicant shall be required to submit a business license application to the City of Pismo Beach listing the property as a short-term rental. Once approved, the City would work with the applicant to issue a TOT/LBID/TMD Certificate to the property owner. This Certificate would allow the property owner to collect and remit TOT/LBID/TMD taxes to the City on a monthly basis, including full compliance with the City's TOT and LBID ordinances, as well as the County's Tourism Marketing District's assessment.

SUMMARY:

Staff believes that the Task Force recommendations form a solid policy framework for development of a Short Term Rental Ordinance that is a balanced approach in allowing regulated STRs and minimizing their negative impacts. If the Council directs staff to move forward with an Ordinance, next steps include defining the administration process, conducting public outreach and processing a Local Coastal Plan/Zoning Code Amendment through the Planning Commission, City Council and, ultimately, the California Coastal Commission.