



City of Rohnert Park Planning Commission Report

DATE: June 22, 2017

ITEM NO: 8.3

SUBJECT: PLMC17-0002 Amend Rohnert Park Municipal Code Title 17 Zoning to Regulate Short Term Rentals.

LOCATION: NA

REQUEST: Approve Resolution 2017-15 Recommending City Council Amend Chapters 17.07.020 – Footnotes, 17.04.030 – Definitions, 17.06.030 – Permitted Uses

APPLICANT: City of Rohnert Park

Subject

Amend Municipal Code Title 17 - Zoning to provide regulation and limitations for Short Term Rentals (STRs).

Background

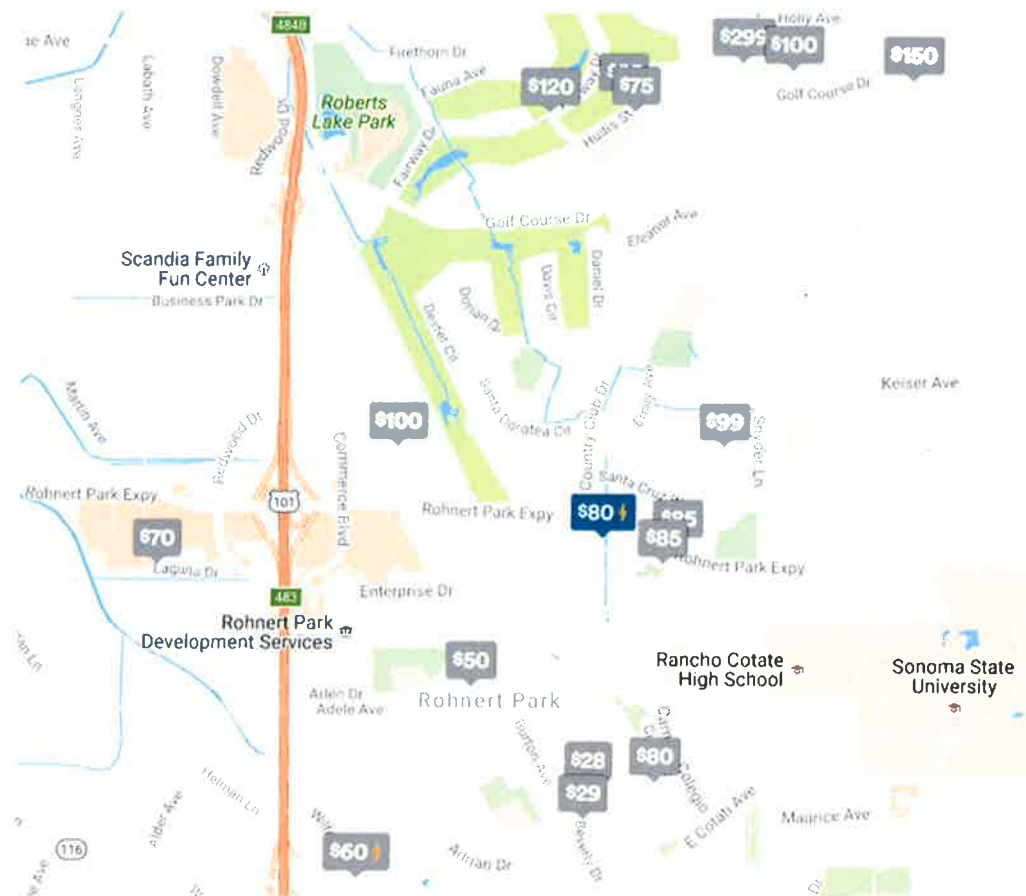
Vacation rentals have always been a feature in Sonoma County. The majority of these original short term rentals (STRs) have been in more rural areas or close to tourist attractions such as the coast, the Russian River, or vineyards and wineries. Over the last ten years, the growth in STRs has increased significantly. Online platforms have proliferated that allow the easy listing and booking for both owners and potential occupants. The most popular is AirBnB which currently boasts 2 million separate listings worldwide.¹ At the same time, the cost for hotel rooms has increased tremendously. Hotel rooms in Sonoma County have grown in price by 47% since August 2010.² The average nightly rate for a hotel in Sonoma County has increased from \$121 per night in August 2010 to \$179 per night in August 2016. The higher cost of hotel rooms has increased the incentive for property owners to list rooms, second units, or even their entire homes as STRs.

¹ AirBnB Blog. www.blog.airbnb.com.

² "Sonoma County hotel room prices rise 4.7 percent". *The Press Democrat*. September 21, 2016.

A well-run STR can generate substantial revenue for the owner/host. Studies have shown that in some markets an owner can expect to earn “double or more in annual rental income through short-term rental versus renting to local residents at market rates”³. This creates an incentive for owners to withdraw potential rental units from the available housing pool. However, as Rohnert Park is a college town with high demand for long-term rental housing, there may be increased investor value without STRs compared to other cities in Sonoma County.

Growth in Rohnert Park. As vacation rentals have not traditionally been a part of the landscape in Rohnert Park, the issue of STRs in the City is only beginning to emerge. To date there has only been one code complaint related to STRs that involved the rental of an entire house. In May of 2015 Rohnert Park only had nine STR listings on AirBnB. As of September 2016, there were 22 separate listings within the city limits.⁴ This represents more than 100% growth in less than a year and a half. Dozens of additional AirBnB listings can be found in the immediate vicinity of the City including in Cotati, southern Santa Rosa, and adjacent areas of unincorporated Sonoma County. Of the listings within Rohnert Park, 18 were for private rooms within (presumably) owner-occupied homes, and four were for the entire home. The average advertised nightly rates for the private rooms and entire homes were \$71.00 and \$157.00, respectively. Other less popular platforms include HomeAway, Flipkey, and VRBO .



³ *The Impact of Vacation Rentals on Affordable and Workforce Housing in Sonoma County.* Economic & Planning Systems. 2015, citing *Rising Rent, and the Housing Crisis in Los Angeles*, Roy Samaan. LAANE. 2015.

⁴ Based on manual count of AirBnB listings on September 28, 2016.

AirBnB listings in Rohnert Park

Concerns Associated with STRs. Numerous issues are associated with STRs. Opponents of STRs note that they provide incentives for owners to remove properties from the available housing stock contributing to the housing shortage and increased housing costs. Data indicates that as the number of STRs in Sonoma County has increased, the seasonal, recreational, or occasional use units, which include vacation rental units, now comprise the largest share of total unoccupied units in Sonoma County and have steadily increased as a percentage of unoccupied units since 2005. As measured by the American Community Survey, they are now approximately 44 percent of the total unoccupied units in the County. This is an increase of 1,761 units or about 20 percent, which can be assumed to be a proportional reduction in for sale or rental housing available to working families.⁵

Various public safety issues are also cited, such as the impact on parking and traffic. Neighbors are often concerned about potential noise impacts and the way the absence of traditional neighbors changes the character of their neighborhoods. Hotels and Bed & Breakfast may complain that STRs do not shoulder the same overhead costs (such as Transient Occupancy Taxes or safety regulations) that they face. At the same time, there are positives associated with STRs. They're a tool for homeowners to supplement their incomes and make their own homes more affordable. As an increasingly popular lodging option, areas with concentrations of STRs may see benefits to the economy in the form of visitors who spend money at locally.

Other Jurisdictions. Contentious debates have occurred in jurisdictions across California. Rohnert Park's neighbors have addressed the issue of STRs in stages over the last several years. The table below summarizes the STR policies in neighboring jurisdictions in Sonoma County.

Jurisdiction	STRs Allowed?	Details or Action
Sonoma County	Yes	Prohibited from certain exclusionary zones
Petaluma	Yes	Time limitations, subject to TOT, must demonstrate required parking, license renewal
Sonoma	Yes	Only allowed in historic neighborhoods, a moratorium on new STRs is currently in place
Healdsburg	Yes	Limited to commercial areas or historic properties with an on-site manager
Santa Rosa	Yes	City has not addressed STRs
Windsor	Yes	Minimal regulations, subject to TOT
Cloverdale	Yes	Restricted to commercial areas, CUP required

Existing Municipal Code. There are several relevant existing ordinances in Rohnert Park. The most relevant and analogous is the ordinance that allows and regulates Bed and Breakfast Inns. One of the defining characteristics of a bed and breakfast is that it shall be operated by a property owner living on the premises. There are also other associated requirements for bed and breakfast

⁵ *The Impact of Vacation Rentals on Affordable and Workforce Housing in Sonoma County.* Economic & Planning Systems. 2015, citing *Rising Rent, and the Housing Crisis in Los Angeles*, Roy Samaan. LAANE. 2015.

including zoning restrictions, size limitations, and the requirement to acquire and maintain a business license. Bed and Breakfasts are allowed to serve meals and to host special events.

Proposal

City Council Direction. On January 24, 2017 staff presented the topic of STRs to the City Council as a discussion item. The City Council directed staff to craft an ordinance that allowed STRs under certain circumstances. The consensus of the Council was to allow single room rentals or rentals in Accessory Dwelling Units (ADUs), but not to allow the rental of the entire main or primary dwelling unit. The Council felt this was a reasonable path to still allow some STRs while maintaining neighborhood character and preserving the available housing stock. Additionally, the Council felt that noticing of neighbors was important. Council also indicated that since STRs were not currently a major problem in Rohnert Park, staff should craft an ordinance that does not require significant levels of staff time or City resources for enforcement.

Planning Commission Direction. On May 25, 2017 staff brought the proposed ordinance to the Planning Commission and a public hearing on the matter was held. Commissioners raised numerous issues and asked questions related to the collection of Transient Occupancy Taxes, enforcement procedures, time and concentration limitations, the use of ADUs as STRs, the prevalence of STRs on Craigslist, the posting of rules, and insurance requirements. In addition, one member of the public testified about the problems he has faced with the 'whole house' STR next door to him, and indicated his general support for the ordinance. Based on the Commission's feedback, staff has conducted additional research and worked with the City Attorney's Office to modify the proposed ordinance, including removing ADUs as a possible venue for STRs, and requiring that rules and other information be provided.

As indicated, the Planning Commission was interested in additional information on several topics:

- *Craigslist.* Staff was asked to research there were any STRs in Rohnert Park listed on Craigslist specifically. While staff found many STR listings on Craigslist for Sonoma County, no Rohnert Park listings were readily apparent.
- *Insurance.* Generally, homeowners insurance does not cover STRs, but liability policies are available -- some directly through the platforms (like AirBnB, which calls their policies 'host protection insurance') themselves.
- *Transient Occupancy Tax.* After acquiring a city business license, any STR would be required to submit a monthly return to the City with a payment for total applicable taxes and fees for the foregoing time period (see attached **Exhibit B**). The City conducts occasional audits to ensure that returns are accurate. Such audits could require the submission of records from the owner/operator to verify their reporting.
- *Enforcement.* There are several avenues of enforcement that would be available to the City should this ordinance come into effect. Enforcement would be primarily complaint driven. If a complaint or issue is brought to the City, then the code enforcement officer would confirm with the Finance Department whether or not this is an STR that has been permitted and has a valid business license. If they do not, or if they are in violation of any other aspect of the RPMC then informal contact with the owner would be established, and accompanied by a letter. If the issue is not resolved then an administrative citation could be issued. On a separate track, if the STR does has a valid administrative use permit for an STR, then the Planning Commission, on recommendation from City Staff

or of its own initiative, could begin proceedings to revoke administrative use permit. This process is currently available in the RPMC and may be used in situations where any use permit has been violated (usually on multiple occasions or in an ongoing manner), and it may become necessary to terminate or otherwise scale back the use.

Text Amendments. The proposed ordinance would create a new definition for Short Term Rentals, add an additional line for Short Term Rentals to the residential use table, and add a footnote 'KK' to Section 17.07.020. Footnote KK is proposed to allow Short Term Rentals through an Administrative Use Permit. Administrative Uses Permits are reviewed by staff and notice goes out to immediately adjacent property owners. If notified property owners have issues with the proposed use, the matter can be referred to the Planning Commission at the discretion of the Planning Manager.

STRs would be subject to all of the following conditions: 1) Only single room rentals would be permitted. 2) The STR could be rented for no more than 14 consecutive days. 3) A business license shall be required. 4) The STR will be subject to the City's Transient Occupancy Tax. 5) No onsite exterior signage would be allowed. 6) The business license number would be required to be included in any advertisement. 7) Smoke and carbon monoxide detectors would be required within the STR. 8) Rules would be required to be provided by the host to guests. Development Services staff plans to maintain records pertaining to permitted Short Term Rentals and report back annually on the number of STRs permitted, the fees and taxes generated, and the number and types of complaints (if any) received.

Staff Analysis

There are a number of possible methods to restrict and/or regulate STRs in a way that makes sense for the community. Many cities have found that outright bans or overly burdensome fees and restrictions can push STRs underground, requiring increased time to monitor and enforce. Enforcement of STR ordinances and restrictions can be time consuming and difficult. Some other STR regulations considered, but not recommended include:

- *Limit on total number of licenses.* The approach that Napa has taken is illustrative here. Napa limited STR licenses to a total of 60 citywide.
- *Limitation on concentration.* One option that some cities have considered is to reduce or limit the concentration of STRs so as to maintain neighborhood integrity and character. A hypothetical rule might say that STRs cannot be licensed within 500 feet of another preexisting STR. This is more common for whole house rentals.
- *Limitation on number of nights per year per listing.* Several cities have limited the number of cumulative nights a room or property is rented per year. A common number for properties where the host doesn't live in the unit is 90 nights per year.
- *Liability Insurance Requirement.* A jurisdiction could require that the proprietor of an STR maintain a minimum amount of liability insurance.
- *Parking Restrictions.* Some jurisdictions require applicants to demonstrate the availability of adequate on-street or off-street parking.

The recommended requirements and restrictions included in this ordinance strive to find a balance between allowing STRs and putting reasonable regulations on them to maintain

neighborhood character and preserve the City's housing stock. An important consideration is enforcement, which can be challenging with STRs. A requirement for home owners to obtain an administrative use permit, as proposed, is reasonable and provide city staff with an enforcement mechanism. The administrative use also provides a way for: immediate neighbors to be informed, complaints to be considered and STRs to be referred to the Planning Commission if necessary.

One of the key proposed restrictions is to differentiate between whole house rentals and room rentals. Room rentals are unlikely to have much of a negative impact on the community's available housing supply. In fact, they may make housing more affordable for some by allowing them an opportunity to use their home to supplement their income and pay their mortgage expenses. Room rentals by their nature limit the size of the visiting party, which reduces the potential for noise and traffic which could impact neighbors. Whole house rentals have a greater potential to change the character of the neighborhood, particularly if they are in close proximity to one another. At the direction of the Planning Commission, the proposed ordinance no longer includes the renting of ADUs (in furtherance of the effort to preserve the City's housing stock).

Certain proposed regulations (like the limitation of 14 consecutive days and the prohibition on signage) are designed to lessen the potential impacts of any STRs on the neighborhood within which they are located (in addition to internal consistency, as the code only allows Bed & Breakfasts to allow stays up to 14 consecutive nights). Requiring that operators maintain a city business license and comply with Transient Occupancy Tax requirements would allow an opportunity to monitor permitted STRs and put them on a more level playing field with hotels and motels. Per direction from City Council, staff will keep records of permitted STRs and any complaints, and will report back to annually on STRs.

Environmental Determination

The proposed amendments are not subject to CEQA pursuant to Section 13060(c) (2) (the activity will not result in a direct or reasonable foreseeable indirect physical change to the environment) and 15060(c) (3) (the activity is not a project as defined in Section 15378 of the CEQA Guidelines, because it has no potential for resulting in a physical change to the environment, directly or indirectly).

General Plan Consistency

The proposed amendments would be consistent with the goals, policies and implementation measures contained in the General Plan, Land Use and Housing Elements: The proposed regulations would retain the fundamental character and land use mix in residential areas, while adapting existing structures to reflect changing economic circumstances and housing needs. The proposed regulations would expand opportunities for homeowners to stay in their existing housing, and will assist the City in meeting its regional housing needs by preserving the existing housing stock for residential purposes.

Findings

The recommended findings to approve the amendment to the Zoning Ordinance are included in the attached resolution.

Public Notification

Since this is a change to the Municipal Code a public hearing is required before the Planning Commission and the City Council. This item was duly noticed by publication in the Press Democrat for amendments to the Municipal Code.


Staff Recommendation

Based on the analysis and findings of this report and the attached resolution, Staff recommends that the Planning Commission, by motion, adopt Resolution No. 2017-15 to recommend to the City Council these text amendments to Title 17 of the Rohnert Park Municipal Code.


ATTACHMENTS:

- A. Planning Commission Resolution No. 2017-15
Exhibit A – RPMC Section 17.07.020 – Footnotes, RPMC Section 17.04.030 – Definitions, and RPMC Section 17.06.030 – Permitted Uses
- B. Transient Occupancy Tax Monthly Return


APPROVALS:



Jeff Beiswenger, AICP, Planning Manager



Date



Zach Tusinger, Planner I



Date

Exhibit A

17.04.030 - Definitions

[To be inserted alphabetically:]

“Short Term Rental” means a primary dwelling unit which is used to provide overnight or transient lodging for a period of less than 30 consecutive days. “Short Term Rental” does not include “Bed and Breakfast Inns”, “Boarding House”, “Hotel”, or “Motel”, as those terms are separately defined.

[End Insertion]

17.07.020 – Footnotes

[To be inserted sequentially:]

(KK) SHORT TERM RENTAL

1. Short Term Rentals as described in § 17.04.030 (Definitions) are permitted by Administrative Use Permit in all residential districts per § 17.06.030.
2. Permit required. No person shall establish, operate or maintain a Short Term Rental without first obtaining a valid Administrative Use Permit (See RPMC § 17.25.050 *et seq.*) for operation of a Short Term Rental.
3. Short Term Rentals are distinct from Bed and Breakfast Inns as described in § 17.07.020.D.
4. Short Term Rentals are prohibited in Accessory Dwelling Units and accessory structures.
4. Short Term Rentals shall be subject to the following conditions:
 - a. No more than one bedroom of a primary dwelling unit shall be rented, let, or leased as a Short Term Rental.
 - b. The Short Term Rental shall be rented for no more than fourteen consecutive days.
 - c. The owner/operator of an approved Short Term Rental shall be required to obtain and maintain a city business license prior to operation of a Short Term Rental.
 - d. All applications for Short Term Rentals shall include the property owner’s authorization.
 - e. Short Term Rentals are subject to the City’s transient occupancy tax. The person in whose name the Administrative Use Permit (referenced in subsection (2) of this section) is issued, shall be responsible for compliance with the City’s transient occupancy tax regulations as described in § 3.24 (Transient Occupancy Tax).
 - f. No on-site exterior signage of any kind shall be allowed in conjunction with the Short Term Rental.

- g. In every advertisement for the Short Term Rental, the owner/operator shall include the City issued permit number.
- h. All Short Term Rentals must provide smoke and carbon monoxide detectors in compliance with the Rohnert Park Building Code for new construction.
- i. The Short Term Rental shall comply with all applicable sections of the Rohnert Park Municipal Code. Any violation of this section or of the Rohnert Park Municipal Code will be considered a violation of the Administrative Use Permit.
- j. The Host (owner/operator) shall provide a written manual to guests providing important contact numbers, a copy of this RPMC code section, parking limitations, and other helpful information to minimize conflict within the neighborhood.

[End insertion]

17.06.030 - Permitted uses.

The following is a list of land uses and the residential districts within which they are permitted as follows:

- P = Permitted.
- C = Conditionally-permitted by planning commission.
- A = Administrative permit.
- Z = Certificate of zoning compliance.
- T = Temporary conditional permit.
- I = Uses allowed as incidental to a primary use.

Land uses that are not specifically listed are not permitted unless determined, by the planning and community development director, to be substantially similar to a listed use. If the listed land use is followed by a number or a section reference in parenthesis, that number or reference directs the reader to the corresponding land use footnote or special provision which follow this chapter.

Land Use Category	R-R/R-E	R-L	R-M	R-H	DTR-H
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[To be inserted alphabetically:]

Short Term Rental (single room or ADU) (KK)	A	A	A	A	A
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[End Insertion]

CITY OF ROHNERT PARK

Sonoma County, California

TRANSIENT OCCUPANCY TAX MONTHLY RETURN

Facility:

Month Ended:

This form must be completed and returned with remittance **not later than thirty (30) days after the above date**, or penalties and interest will be added.

1. Gross Rent Charged of received (excluding tax) \$ _____
2. Less: Rent from Non-Transients (over 30 days) \$ _____
3. Net Taxable Rent (Line 1 minus Line 2) \$ _____
4. Tax (12% of Line 3) \$ _____
5. Tourism Promotions Fee (2% of Line 3) \$ _____
6. Less Collected Amount Returned to Occupants staying over 30 days..... \$ _____
7. Net Collected (Line 4 plus Line 5 minus Line 6) \$ _____
8. Add: Penalty and Interest (if any due) \$ _____
9. **TOTAL AMOUNT DUE** and remitted herewith (Line 8 plus Line 7) \$ _____

I hereby certify under penalty of perjury that the foregoing statements contained in this return are true and correct to the best of my knowledge and belief.

Date: _____

Signature: _____

Mail original copy with remittance check to:

City of Rohnert Park
130 Avram Ave
Rohnert Park, CA 94928
Telephone (707) 585-6700

For Finance Office Use Only

TOT (B4): _____

County Fee (BIA): _____