



STAFF REPORT – CITY COUNCIL MEETING

January 18, 2023

TO: Honorable Mayor and City Council Members

FROM: David Loya, Director of Community Development

PREPARER: David Loya, Director of Community Development

DATE: January 10, 2023

TITLE: **Introduce Ordinance No. 1559 Amending the Short-Stay Vacation Rental Program.**

RECOMMENDATION:

Staff recommends the Council receive a staff report and any public comment, adopt a common sense exemption from the California Environmental Quality Act, then introduce Ordinance No. 1559, an Ordinance of the City Council of the City of Arcata amending Article 3 in Chapter 2, Title VI of the Arcata Municipal Code to Regulate Short-Stay and Vacation Rentals; waive reading the text, and consent to read by title only.

INTRODUCTION:

This City Council directed staff to amend the Short-Stay Vacation Rental program on June 22, 2022. Staff held a publicly noticed stakeholder meeting to take input on potential amendments to the program. On October 19, 2022, the Council received a report on the potential amendments and directed staff to make specific changes. This item introduces Ordinance No. 1559, which will make the changes directed by Council.

BACKGROUND:

The Council established a program regulating Short-Stay Vacation Rentals (Vacation Rentals) in February of 2021 by adopting Ordinance No. 1543. The program was amended in May of 2021 to make minor clarifying changes via Ordinance No. 1545. After the first operating year, staff and the community had several recommendations for program improvements. On October 19, 2022, the City Council held a meeting to consider amending the cap on permits, amending the exemptions, considering adding limitations based on proximity, limiting the number of permits any one owner could hold, eliminating the requirement to post a phone number on site, whether to create an exemption for historic properties, and whether hotels should be included in the cap. In addition, the Council considered a request of stakeholders to allow the listing platforms to collect the transient occupancy tax.

DISCUSSION:

Based on City Council direction during the October of 2022 meeting, Ordinance No. 1559 makes several changes to the Vacation Rental program. First, it excludes hotels, motels, and bed and

breakfasts from regulation under this ordinance. While these venues may advertise on vacation rental listing platforms, these accommodations are separately defined in the zoning ordinance. Ordinance 1559 adds an exemption from the cap on permits for Historic Landmark properties. It eliminates the exemption for long-term tenancy and removes the requirement for the posting of the emergency contact phone number.

The Ordinance also removes the building inspection requirement. Code enforcement is separately authorized in the Arcata Municipal Code, so this section is duplicative and unnecessary.

There are other minor changes clarifying language or the roles and responsibilities for the program.

Eliminating the long-term tenancy exemption will impact the permits available as of the effective date. As of this writing, there are 150 permits issued. Of those, 73 permits are not exempt. If the long-term tenancy exemption were not in effect today, the current total of non-exempt permits would be 110, which is over the cap.

POLICY IMPLICATIONS:

The program helps balance the need for housing and the economic impact of vacation rentals.

COMMITTEE/COMMISSION REVIEW:

None

ENVIRONMENTAL REVIEW (CEQA):

The ordinance is subject to the commonsense exemption. The Ordinance explains the rationale for the exemption in detail.

BUDGET/FISCAL IMPACT:

The permit application fees cover the administrative cost of running the program. There is no General Fund impact of the program.

ATTACHMENTS:

- A. Ord 1559 Short Stay Rental Amend (PDF)