



COUNTY OF HUMBOLDT

For the meeting of: 1/30/2024

File #: 24-157

To: Board of Supervisors

From: Planning and Building Department

Agenda Section: Public Hearing

Vote Requirement: Majority

SUBJECT:

Inland and Coastal Zone Short-Term Rental Ordinance to Allow the Use of Residences for Short-Term Rentals Within the Unincorporated Areas of Humboldt County

RECOMMENDATION(S):

That the Board of Supervisors:

1. Open the public hearing, receive and consider the staff report, and accept public comment;
2. Close the public comment portion of the public hearing;
3. Deliberate and comment on the draft ordinance(s) presented;
4. Adopt the resolution (Attachment 1) to take the following actions:
 - a. Find the Coastal Short-term Rental, Inland Short-term Rental, and Administration Ordinances are exempt from environmental review under the California Environmental Quality Act (CEQA) Guidelines pursuant to sections 15308, 15250, 15251, and 15265; and
 - b. Find amendments to Chapter 2 Administration, Procedures, Amendments and Enforcement, is consistent with the General Plan and the Coastal Act; and
 - c. Find the Coastal Short-term Rental Ordinance is consistent with the General Plan and the Coastal Act; and
 - d. Find the Inland Short-term Rental Ordinance, is consistent with the General Plan;
5. Adopt an ordinance (Attachment 2), Coastal Short-term Rental Ordinance (Adding section 313-60.05; amending sections 313-6 and 313-50.1.4.2, 313-55.4.10.6, 313-137, 313-138, 313-141, 313-143, 313-154, 313-163.1.3, 313-172.18, 313-177.10, and 313-177.14, and repealing sections 313-44 and 313-172.2 of Chapter 3 of Division 1 of Title III of the County Code, Coastal Zoning Code relating to Short-term Rentals) as recommended by the Planning Commission;
6. Adopt an ordinance (Attachment 3), Inland Short-term Rental Ordinance (Adding section 314-61.05; amending sections 314-6.6, 314-9.1, 314-9.2, 314-55.4.10.7, 314-138, 314-141, 314-143, 314-153, 314-154, 314-157, 314-163.1.3, and 314-177.6; and repealing sections

- 314-37, 314-44.1 and 314-172.2 of Chapter 4 of Division 1 of Title III of the Humboldt County Code relating to Short-term Rentals) as recommended by the Planning Commission;
7. Adopt an ordinance (Attachment 4) (Amending sections 312-1.2, 312-1.3, 312-3.3, 312-6, 312-6.3, 312-6.5, 312-6.7, 312-9.1, 312-10.2, 312-10.3, 312-14; adding Section 312-10.6; and repealing section 312-32.2 of Chapter 2 of Division 1 of Title III of the County Code, Zoning Code relating to Administrative Permits, Permit Suspension, and Cost Recovery) amending Chapter 2 Administration, Procedures, Amendments and Enforcement, to change the name of the responsible department, create an administrative permit and create provisions for suspension;
 8. Direct the Clerk of the Board to publish post-adoption summaries of the Ordinances (Attachment 5) within 15 days after adoption by the Board, and to post in the Office of the Clerk of the Board of Supervisors a certified copy of the full text of the adopted ordinance along with the names of those Supervisors voting for and against the ordinance; and
 9. Direct Planning Staff to prepare and file a Notice of Exemption with the County Clerk and Office of Planning and Research.

DISCUSSION:

Short-term Rental Ordinance

Record No.: LRP-2022-17963 & LRP-2023-18254

All unincorporated areas of Humboldt County

Inland and Coastal Zone Ordinances to allow the use of residences for Short-term Rentals within the unincorporated areas of Humboldt County. The new ordinances would affect the following code sections:

1. Administration: Modifies Chapter 2 Division 1 of Title III of the County Code to replace Community Development Services with Planning and Building, modifies subsection 312-3, 6, 9 and 10, to create provisions for an Administrative Permit, and modifies subsection 312-14 to add provisions for Suspension of permits,
2. Inland: Adds section 314-60.05, amends the tables in section 314-6 and 314-9, amends sections 314-37, 314-44, 314-55, 314-138, 314-141, 314-143, 314-153, 314-154, 314-157, 314-158, 314-163, 314-174 and 314-177 in Chapter 4 of Division 1 of Title III of the County Code for the inland areas of the County.
3. Coastal: Adds section 313-61.05, amends the tables in section 313-6, and amends sections 313-44, 313-50, 313-55, 313-141, 313-143, 313-154, 313-157, 313-163, 313-172, and 313-177 in Chapter 3 of Division 1 of Title III of the County Code for the coastal areas of the County.

Executive Summary

A set of three ordinances are being presented for the Board of Supervisors' consideration to regulate Short-Term Rentals (STRs). There are separate ordinances for the inland and coastal areas. Provisions within the individual STR ordinances require modifications to the administrative provisions of the Zoning Code. A separate ordinance creating an administrative permit and provisions to suspend

permits is also included. The approach to preparing this ordinance has been to balance the need to protect housing stock and neighborhood character while allowing STRs as a desirable component of the tourism industry. The draft ordinance being presented was revised over the course of several public meetings and Planning Commission hearings to reflect the unique characteristics of Humboldt County. The Planning Commission recommends approval with a vote of 6-0.

Regulatory Objective.

The stated objective in preparing the Short-Term Rental Ordinance was to address concerns with neighborhood disruption and the loss of housing from conversion of housing to transient occupancy. Neighborhood concerns relate to the amount of noise, parking, traffic speeds, not recognizing who is coming and going within the neighborhood and loss of community without full-time residents. The concern is reflected in the complaints received by County Code Enforcement about short-term rentals. During the summer, the frequency was about one complaint per week.

The concern with lack of housing relates to units developed for residential purposes that are not available for residents. During the ordinance public review process the number of vacation rentals fluctuated between 600 and 790. This is the equivalent of between 3 and 5 years of housing production in the unincorporated areas of Humboldt County.

Short-term rentals do have benefits in that they provide a form of transient occupancy many people enjoy and may make Humboldt County a more attractive destination. They also employ people, including operators and people in the service industry, cleaning the units and making repairs. Short-term rentals are also subject to paying transient occupancy tax.

Summary of Proposed Regulations

The following is a summary of the components of the ordinance. Both the Coastal and the Inland versions use the same language.

- a) **Short-Term Rentals Allowed.** Short-Term Rentals (STRs) are allowed with an Administrative Permit if they comply with ordinance provisions. STRs also can be approved in two forms: Home Stays (permanently occupied units where a portion of the unit is rented) and whole unit rentals. An Administrative Permit is a new permit time with a very simple permit process and a very low fee (\$135.00).
- b) **Existing Operations.** Applications will be accepted for the first 2 months after the ordinance is effective, at which time permits will be issued for all existing uses meeting criteria. If the cap on STRs is exceeded, no new permits will be issued.
- c) **Special Permit.** A Special Permit can be issued for applications which do not conform to some of the ordinance regulations.
- d) **Permit Term.** Permits good for 2 years, extended with a Statement of Continued Operation, no outstanding violations, and demonstration of having no outstanding taxes.
- e) **Operation Standards.** Separate standards have been established for Homeshare and STR's. Both include standards for compliance with building and fire codes, solid waste removal, access,

maximum overnight occupancy, parking, neighborhood concentration, lighting, and noise. Homeshares must have a resident caretaker. All STRs must include a Good Neighbor Guide which includes limitations on lighting, number of STR's per parcel, traffic etiquette, emergency evacuation routes, emergency professional services information (nearest location and contact information for local fire station, police station, and hospital), and size limits on private gatherings and parties.

- f) Cap on Short Term Rentals. There is a cap on the number of Short-term rentals in the greater Humboldt Bay Area. No more than 2% of the units in the greater Humboldt Area Plan can be devoted to Short-term Rentals and not more than 5% of the housing stock in any of the Community Plan Areas within this region can be used for Short Term Rentals. Homeshare rentals are not subject to the cap because they do not remove whole unit availability from housing stock.
- g) Non-Transferable. Short-term Rental Permits shall not be transferred between property owners.
- h) Per Person Limit. An individual or business shall not own more than three (3) parcels with Short-term Rental Permits.
- i) Resource Zone Districts. Short-term Rentals in Agriculture Exclusive Zone, Agriculture General Zone, Forestry Recreation Zone, and Timberland Production Zone may only be permitted as farm stays.
- j) Administrative Permit. A new Administrative Permit is being created for processing STR's.
- k) Suspension of Permit. Provisions are being created to allow suspension of permits as part of this action.
- l) Eliminate Bed and Breakfast Provision. These are being replaced by the Homeshare provisions.
- m) Eliminate V combining district. This district applies in the inland portion of Shelter Cove and requires approval of a Special Permit. The STR provisions will replace this overlay zone.

Public Engagement

The Short-Term Rental Ordinance (STRO) went through several modifications based upon public input since the original draft was circulated to the public in June of 2023. On June 28, 2023, public input was received by a Zoom meeting on the initial draft of the ordinance. Over 200 participants attended via Zoom. This resulted in changes to the ordinance relative to pre-existing STR's, better definition between Administrative Permits and Special Permit requirements and findings, and improved standards for Administrative Permits.

In August of 2023, in-person meetings were conducted for Northern Humboldt in McKinleyville, and Southern Humboldt, in Garberville. A Humboldt Bay area meeting was also held at the Agriculture Commissioner's Office at the base of Humboldt Hill in Eureka. In response to comments at these meetings, the ordinance was modified to focus the cap and neighborhood density on the Greater Humboldt Bay Area and higher density areas to create a difference between rural and urban areas, better provisions to address existing operations, addition of Homeshare provisions, deletion of the Bed and Breakfast provision, and refinement of the rental cap language.

In-person meeting attendance ranged from 30-60 members of the public at each workshop. In aggregate, the meetings have had 400+ attendees from the public both in-person and via Zoom. Following these in-person meetings, another Zoom meeting was held in the beginning of September to solicit additional public participation to discuss and review changes made to the draft ordinance aimed at addressing comments.

On Sept. 21, 2023, a formal workshop was held for the STRO before the Planning Commission. The Planning Commission received a presentation from staff and accepted public comment, the workshop was continued to Oct. 5, 2023. In response to public and commissioner comments the ordinance was refined to:

- Provide time for staff to issue permits to existing STR operators and to specify that permits will not be issued to property with open violations.
- Parking for Homeshare rentals.
- Added provision to allow short-term rental for a portion of the year.
- Revisions to the cap.
- Refined quiet hours.
- Participation in an Established Road Maintenance Association.
- Neighborhood concentration Standards using General Plan Land Use Densities to provide definition of allowed concentration.

Planning Commission Action:

The Planning Commission conducted a public hearing over a period of three meetings on Oct. 26, Nov. 16, and Nov. 30, 2023. Over the course of these meetings, the commission addressed the following concerns:

1. Cap within the Greater Humboldt Bay Area. The commission struggled with how to limit the number of units within this regional area and the individual planning areas. Ultimately, the commission decided on a compromise that set a 2% cap on the Greater Humboldt Bay Region and limit the concentration within any planning area to not more than 5%.
2. Number of STR's on a parcel. The commission discussed allowing more than one STR per parcel depending on parcel size, particularly if an owner or caretaker lives on-site. This was ultimately rejected by the commission because the concept would 1) identify Homeshare units as having an owner on the same parcel, which would remove their applicability to the cap, and 2) allowing multiple units to be STR on the same parcel not applicable to the cap removes full units from the long-term market that are not being accounted for.
3. Pre-existing operations. The commission established the date of Oct. 26, 2023, to determine an existing operation. Operations beginning after that date are not pre-existing.
4. Alternative Owner Builder (AOB). The commission struggled with whether structures built under the AOB provisions could be used as an STR. After discussing and comparing the

differences in Uniform Building Code and AOB, and the liability associated with issuing permits for activities within a structure that has not been structurally reviewed, the commission agreed that STRs should only be permitted within structures that have building permits. Provisions were added to allow Building Permits to be issued on AOB approved buildings to qualify for an STR.

5. Transferability. The Commission was sympathetic to wanting to transfer ownership to dependents, but ultimately decided that the County could not limit transfer to dependents without committing discrimination and decided to recommend prohibiting transfers.
6. Parties and gatherings. To help regulate parties and gatherings, amendments were made to quiet hours, and restricted occupancy for gatherings and parties. Parking must also be addressed if these are to be allowed as part of the STR.
7. Ownership Cap. A cap of three (3) STR permits per individual or entity was established.
8. Good Neighbor Guide. The Planning Commission directed that an example Good Neighbor Guide form be provided to the public for the Board of Supervisors hearing (Attachment #6).

It should be noted that the draft ordinance was revised after each meeting to address public comments and commissioner concerns. To outline the change and degree that these ordinance drafts have morphed, the original draft is attached for comparison (Attachment #7). The input provided by the community has been invaluable in the development of these draft regulations. Members of the public, housing advocates and operators alike, and the planning commission, have worked hard with staff to tackle the nuances and difficulties regulating STRs while maintaining a healthy community demographic.

Additional Concerns.

Since the last Planning Commission meeting on Nov. 30, 2023, several public comments have been submitted from members who live within the Big Lagoon Subdivision asking that the North Coast Area Plan be considered a part of the cap for the Coastal STRO. Residents of the Big Lagoon Subdivision are worried that their community will largely be impacted by STRs because of the desirable location and homes, which are already beginning to host STRs. There are 192 units in NCAP. Big Lagoon Park Subdivision has roughly 70 units deeded to prevent STRs. With this restriction in place, there would be a remaining 122 eligible units of which 11 units are existing STRs within this area. The commenters are worried about new STR concentration impacting homes along Roundhouse Creek Road and Ocean View Drive. There are a total of 42 units here, of which 2-4 are estimated to be existing operations based off what is identified in public comments submitted. The concern is that all the new STRs will target this area because it is the most desirable in both location and style of homes within the area. Commenters are asking the Board to consider including the NCAP within the cap for the Coastal STRO.

There may be other community plan area residents who would like to have STR limitations placed on their communities.

Summarized Coastal Commission Comments:

1. *Whether or not a CDP is required for STR or if the administrative permit covers everything. If so, what STR triggers a CDP?* It is not envisioned that a Coastal Development Permit will be associated with permitting an STR.
2. *Require that no STRs are allowed in resource districts where the residence is incidental to the use of the property.* This is addressed through the requirement for an STR to be a farm stay.
3. *Prefer capping housing stock per Land Use Plan.* This is the plan for the greater Humboldt Bay Region, may want to apply to other regions. Concerns for Big Lagoon are addressed above. Shelter Cove is very much of a second home/resort area, where STR's do not affect housing stock or neighborhood character.
4. *For gatherings and parties, require community water/sewer, or include DEH as referral in the process and expand permit requirements.* This is a possibility. The size of gatherings is limited and in order for a house to be used as an STR it must be permitted, the water source and septic would have been part of that review. The ordinance very much limits the use of a house to what a single family would require and will not allow large events. If larger events are desired a discretionary permit is required and DEH review would be a component of that.
5. *Bed & Breakfast is still allowed use, and existing uses are grandfathered in.* Does not remove existing entitlements.
6. *Include "legally authorized" before dwelling units in 61.05.2 Applicability.* Will make that change.
7. Support not allowing STRs within ADUs consistent with state law.

SOURCE OF FUNDING:

The salary funding for preparing this staff report is included in the General Fund contribution to the Long-Range Planning unit (1100-282).

FINANCIAL IMPACT:

Staff costs and other expenses related to research of the existing ordinance, and preparation and review of this staff report total approximately \$60,000.

STAFFING IMPACT:

Staff time related to research and modifying the existing ordinance was accomplished with current staff resources.

STRATEGIC FRAMEWORK:

This action supports your Board's Strategic Framework priority of combating loss of existing housing stock by regulating and creating a cap for short term rentals of entire residential units while allowing portions of units to be rented on a short-term basis without removing units from housing stock.

OTHER AGENCY INVOLVEMENT:

Coastal Commission
Environmental Health
Public Works
DHHS

ALTERNATIVES TO STAFF RECOMMENDATIONS:

Board discretion.

ATTACHMENTS:

Attachment 1: Resolutions

Attachment 2: Coastal Short-term Rental Ordinance

Attachment 3: Inland Short-term Rental Ordinance

Attachment 4: Chapter 2 Administration, Procedures, Amendments and Enforcement Ordinance

Attachment 5: Post Adoption Summaries

- A. Post-Adoption Summary - Chapter 2
- B. Post-Adoption Summary - Coastal
- C. Post-Adoption Summary - Inland

Attachment 6: Good Neighbor Guide

Attachment 7: Original Draft Short-term Rental Ordinance

- A. Chapter 2 Administration, Procedures, Amendments and Enforcement proposed amendments 8.2.23
- B. Draft Short-term Rental Ordinance -Coastal 9.22.23
- C. Draft Short-term Rental Ordinance -Inland 9.15.23

Attachment 8: Housing and Short-term Rental Data

Attachment 9: STR Density and Location Maps

Attachment 10: Public Comment - Pre-workshop (PC)

- A. AOB
- B. Housing Stock and Cap
- C. Neighborhood Concerns
- D. Miscellaneous

Attachment 11: Public Comment Received After 9.21 PC workshop

- A. Housing Stock & Cap
- B. Neighborhood Concerns
- C. Miscellaneous

Attachment 12: Public Comment - Post PC Comments

- A. CCC_Comment Letter_STRs
- B. FW_Short Term Rental Ordinance
- C. FW_Inclusion of Big Lagoon Estates in the Trinidad Area Plan
- D. FW_Short Term Rental Ordinance Comments for Public Hearing 1.30.2024
- E. FW_Short term Rental Ordinance
- F. Re_Short-term Rental Ordinance Notification 1.23.24

PREVIOUS ACTION/REFERRAL:

Board Order No.: N/A

Meeting of: Sept. 21, 2023, Oct. 5, 2023, Oct. 26, 2023, Nov. 2, 2023, Nov. 16, 2023, Nov. 30, 2023

File No.: 23-1304, 23-1357, 23-1445, 23-1530