



STAFF REPORT – CITY COUNCIL MEETING

TO: Honorable Mayor and City Council Members

FROM: David Loya, Community Development Director

PREPARER: David Loya, Community Development Director

DATE: May 7, 2025

TITLE: **Provide Policy Guidance on the Short-Stay Vacation Rental Program.**

RECOMMENDATION:

It is recommended that the Council receive a report on the Short-Stay Vacation Rental program, receive public comment, and provide direction to staff.

INTRODUCTION:

The City adopted a regulatory program for vacation rentals on February 17, 2021. The program ordinance has been amended twice since that time. Council expressed a desire to review the program from time to time. This item provides the opportunity for Council to give policy direction on the program. While changes to the program cannot be made at this meeting, if directed, staff will return to Council with a revised ordinance or implementing resolution, as applicable.

BACKGROUND:

The Short-Stay Vacation Rental program (Program) includes regulations in the Arcata Municipal Code starting at Section 6300. These regulations were last updated by Ordinance No. 1559, which was adopted on February 1, 2023. The regulations can be reviewed in full by visiting the Arcata Municipal Code at <https://www.codepublishing.com/CA/Arcata/#!/Arcata06/Arcata0602.html#6200> (Title VI, Chapter 2, Article 3.)

The Council previously considered the Program on November 11, 2019; on January 20, February 3, and February 17, 2021; on April 21 and May 5, 2021; on June 22 and October 19, 2022; and on January 18 and February 1, 2023. Readers may wish to research the staff reports for those dates for additional background.

DISCUSSION:

The Program was established to place limitations on converting the City's housing stock from residential use to commercial use. The Council wished to allow a reasonable amount of business activity in short-stay vacation rentals while preventing unregulated conversion from residential use.

The Program requires all short-stay operators to obtain a permit from the City. There is a limit of 100 permits that the City will issue to non-exempt operators. Exemptions from the limitation are provided to operators who occupy the property or who rent for fewer than 30 days in a year. There is

also an exemption for properties that are designated historic landmarks. Operators that are exempt from the 100-permit limitation must still obtain a permit to operate.

The program has been dynamic. While several operators have maintained their permits since the program's introduction, others have allowed the permits to expire. Initially, there were more than 100 non-exempt permits issued since the Council allowed all existing operators to obtain a permit when the Program was introduced. Since that time, non-exempt permits have dropped below the limit multiple times. Currently, there are 99 non-exempt and 55 exempt active permits. This represents about 1.8 percent of the City's housing stock.

There are also several operators that do not have permits. The Finance and Community Development Departments are collaborating to bring those operators into compliance. While there are software platforms that could assist with compliance monitoring, currently this work is done manually by cross-referencing Transient Occupancy Tax remittances, Business License information, and the Program list. Council may consider directing staff to seek a software solution for compliance monitoring.

POLICY IMPLICATIONS:

Limiting the number of units in short stay use preserves housing for long-term tenancy.

COMMITTEE/COMMISSION REVIEW:

None.

ENVIRONMENTAL REVIEW (CEQA):

None.

BUDGET/FISCAL IMPACT:

None.

RECOMMENDED COUNCIL ACTION:

1. Receive a report on the Short-Stay Vacation Rental program.
2. Receive public comment.
3. Provide direction to staff.