



County of San Mateo

Inter-Departmental Correspondence

Department: PLANNING AND BUILDING

File #: 16-174

Board Meeting Date: 6/6/2017

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Steve Monowitz, Community Development Director

Subject: Consideration of amendments to the San Mateo County Zoning Regulations (Chapter 6 - Single-Family Residential District, Chapter 8 - Multi-Family Residential District, and Chapter 22 - General Provisions and Exceptions) and certification of a Mitigated Negative Declaration to add "Short-Term Rentals" as an accessory use in specified locations of the Coastal Zone, subject to a short-term rental permit, in the unincorporated Coastal Zone of San Mateo County.

County File Number: PLN 2016-00453
(San Mateo County Planning and Building Department)

RECOMMENDATION:

Recommendation to:

- A) Adopt an ordinance amending Chapters 6, 8, and 22 of Division VI, Part One (Zoning Regulations) of the San Mateo County Ordinance Code, by making the required findings in Attachment A, and waiving the reading of the Ordinance, in its entirety; and
- B) Adopt a resolution directing staff to submit the amended Chapters to the California Coastal Commission for review and certification.

BACKGROUND:

Proposal: The Planning and Building Department is proposing an ordinance amending Chapters 6 and 8 of the San Mateo County Zoning Regulations (Division VI, Part One of the San Mateo County Ordinance Code) to add "Short-Term Rentals" (STRs) as an accessory use in Single- and Multi-Family Zoning Districts within the Coastal Zone, subject to the issuance of a Short-Term Rental permit. Additionally, staff is proposing to amend Chapter 22 of the Zoning Regulations (General Provisions and Exceptions) to establish a process for issuance of said permits and performance criteria for same. At the present time, short-term rentals (less than 30 consecutive days) are not a permitted use within the County's residential zoning districts.

Planning Commission Action: The Planning Commission held two public hearings to consider the proposed ordinance on March 22, 2017 and May 10, 2017. After taking testimony, the Planning

Commission recommended that the Board of Supervisors adopt the proposed ordinance.

Report Prepared By: Michael Schaller, Senior Planner
Applicant: San Mateo County Planning and Building Department

Location: All portions of San Mateo County that are within the officially designated “Coastal Zone” (as established by the California Coastal Commission) and that are zoned for Single-Family and Multi-Family residential use.

Environmental Evaluation: Initial Study and Negative Declaration issued, with a public review period of December 21, 2016 to January 10, 2017.

DISCUSSION:

A. BACKGROUND

San Mateo County is home to one of the most beautiful coastlines in California, which is treasured by local residents and tourists alike. Vacation rental properties (referred to in this report as Short-Term Rentals or “STRs”) have existed for many years in San Mateo County, as well as many other areas of California. However, with the advent of on-line STR websites, short-term rentals have grown in popularity in the County. The new generation of STR websites have made it much easier for renters to find available STRs and, perhaps, more importantly, it makes it much easier for property owners to advertise their residence and tailor the use and availability of it to suit their needs and preferences. These websites also increase the speed and anonymity that these private transactions can occur.

As the number of rentals have proliferated, the longer-term (7+ nights) summer rentals of the past have evolved into shorter (2-3 nights) rentals that often times are available year-round. This evolution has sometimes caused concern for coastal residents and has prompted discussion regarding impacts from short-term rentals with respect to the preservation of neighborhood character, the availability of rental housing stock, and public safety. Coastside residents and the public in general have raised various questions and concerns about STRs, including with respect to noise abatement, rental density, availability of parking, and garbage disposal.

Currently, the County has a permitting process and related operational requirements for hotels, motels, and bed and breakfast operations. As discussed above, STRs, or rentals of less than thirty (30) days, are not permitted in residential zoning districts in San Mateo County. Consequently, there are no existing operational permits or standards to regulate them. The County is aware, however, of a growing trend in the County toward using residential properties for these purposes. The County, therefore, is proposing this amendment to establish a set of regulations for STRs to ensure that the impacts of such uses are controlled, while allowing them in the Coastal Zone in order to provide a range of visitor-serving overnight opportunities in the County’s coastal areas.

B. PROPOSED ORDINANCE

The proposed regulations will allow STRs in all residential zoning districts on the Coastside and will require: (1) a permitting/registration process; (2) notification of a pending application to surrounding properties and the California Coastal Commission; and (3) payment of Transient Occupancy Tax (TOT) to the County. The proposed regulations will also impose penalties for operating without a permit or operating in violation of the specified standards. The proposed regulations also place a limit on the number of guests over twelve years of age allowed in an STR unit at any one time, a limit of 180 nights per year (for non-owner occupied residences) and require off-street parking be provided for tenants. The proposed regulations also require the host to designate a local contact person who must be available at all times to respond to questions or concerns while the short-term rental is occupied by tenants. In order to maintain the inherent residential nature of the neighborhood, signs

advertising the STR that are visible from the exterior of the property are prohibited.

Under the proposed ordinance, the Community Development Director can grant a requested STR permit if the application meets all the requirements set forth in the regulation, and the applicant has no outstanding violations with the County. The Community Development Director can also revoke or suspend a short-term rental permit as provided for in Section 6401.3.7 of the Ordinance in the event of two (2) or more documented violations of the performance standards or other applicable laws or regulations within a twelve (12)-month period. Taken together, staff believes that the performance standards and enforcement provisions of the Ordinance will preserve the neighborhood character within the Coastsides' residential communities.

C. CONFORMANCE WITH THE COUNTY GENERAL PLAN

The proposed Ordinance will authorize an accessory use (subject to the issuance of a permit) within the Coastal Zone's Single- and Multi-Family Residential Districts. The use of existing or future residential dwellings for short-term rentals is functionally similar to the use of the same dwelling as a long-term rental. Whether the occupancy is short- or long-term, the use remains residential. In addition, the proposed Ordinance imposes limits on the level of short-term rental activity and performance standards to ensure that the use is similar to other residential uses. As such, allowing the short-term rental of dwelling units within areas of the Coastsides that are already designated for residential use will not materially conflict with the General Plan's land use policies, and there is no evidence to suggest that such use will conflict with other policies within the General Plan.

D. CONFORMANCE WITH THE LOCAL COASTAL PLAN

San Mateo County's Local Coastal Plan (LCP) includes a Land Use Plan, the purpose of which is to protect coastal resources and provide greater access and recreational opportunities for the public's enjoyment. The proposed Ordinance reflects the nature and importance of short-term rentals in achieving greater Coastal access for the residents of California. The opportunity to rent residences on a short-term basis within the County's coastal communities represents one way in which County residents and visitors can more readily enjoy the coast. In some instances, short-term rentals may provide a better option than hotel or motel rooms given the limited number of hotel and/or motel rooms on the coast. In addition, short-term rentals may be better able to accommodate visitors with large families or those traveling in groups. In general, short-term rentals increase the range of options available to coastal visitors, including residential areas along or near the immediate shoreline where there are no other significant commercial overnight opportunities in the unincorporated County.

In this context, permitting short-term rentals in the Coastal Zone will help advance the Coastal Act's objectives of enhancing access to coastal resources and recreational opportunities. The proposed Ordinance will provide a regulatory structure for a category of use and development that is not currently regulated by the LCP. The proposed Ordinance is not a prohibition or a ban and is not structured to reduce the utility of short-term rentals for lower cost users (e.g., the Ordinance does not include a required minimum length of stay). Rather, it is designed to be consistent with the LCP's prioritization of visitor-serving recreational uses.

E. PUBLIC OUTREACH

In preparing the proposed Ordinance, County staff met with the public on several occasions to understand their thoughts and concerns and to present an initial draft of the Ordinance. The table below summarizes staff's public outreach efforts:

<u>Date</u>	<u>Action</u>
May 27, 2015	Planning Commission Study Session.
August 11, 2015	Introductory <u>Pescadero</u> Municipal Advisory Council (PMAC) Workshop. Received initial feedback from the audience on what should or should not be included in a potential ordinance to regulate STRs.
August 26, 2015	Introductory <u>Midcoast</u> Community Council (MCCC) Workshop. Received initial feedback from the audience on what should or should not be included in a potential ordinance to regulate STRs.
March 8, 2016	Follow-up workshop with the MCCC to go over the initial draft of the Ordinance and solicit feedback.
April 19, 2016	Follow-up workshop with the PMAC to go over the initial draft of the Ordinance and solicit feedback.
December 21, 2016	Initial Study and Negative Declaration issued for public comment.
March 22, 2017	Planning Commission hearing.
May 10, 2017	Second Planning Commission hearing.

F. PLANNING COMMISSION REVIEW AND RECOMMENDATION

The Planning Commission reviewed the proposed Ordinance at their March 22, 2017 hearing. After a presentation by staff and comments from the public, the Commission recommended approval of the Ordinance, with direction for staff to make certain modifications in light of public comment and Commission deliberation. Subsequent to that hearing, staff received comments from California Coastal Commission staff which also prompted changes to the draft Ordinance. Staff determined that these changes were significant enough to warrant additional consideration by the Planning Commission at their May 10, 2017 hearing. At the conclusion of this hearing, the Commission again recommended approval of the Ordinance.

G. COASTAL COMMISSION COMMENTS

County staff solicited and responded to comments from the California Coastal Commission (CCC) staff on the draft Ordinance, and CCC staff submitted written comments to the County on April 6, 2017, which have been included as Attachment D of this report. CCC staff comments focused on three items:

Program Monitoring

In the March 22, 2017 Planning Commission report, staff recommended that the County implement a monitoring program to determine the effectiveness of the proposed Ordinance. However, text establishing such a program was not included in the draft Ordinance, nor did the Planning Commission include a requirement for such monitoring.

CCC staff requested that the County implement a monitoring program including a list of potential items to monitor. Of the potential items cited in the CCC letter, staff determined that it can effectively monitor the number of permits issued, the number of nights rented, the number of violations/complaints received, and parking impacts (based on complaints received). However, other suggested monitoring categories, such as water consumption, would be extremely difficult to track and distinguish from non-short term rental use. Based upon the nature of the comments from CCC staff, County staff has added a monitoring provision to the Ordinance that addresses the CCC's concerns.

Local Coastal Program (LCP) Amendment

In previous discussions regarding the proposed Ordinance, CCC staff requested that the County modify its LCP definition of "visitor-serving use" to incorporate short-term rentals. Staff prepared an ordinance to amend the LCP accordingly. However, further comments from the CCC staff indicate a need for additional analysis of the effects of an STR program prior to pursuing such an LCP amendment. As a result, staff has removed the LCP amendment from the proposed project, as suggested by the CCC staff.

Public Noticing Requirement

The proposed Ordinance reviewed by the Planning Commission on March 22, 2017 contained no provision for public noticing of permit applications. At the request of the CCC staff, public noticing, consistent with the standards in Section 6328.11.2(b) of the County Zoning Regulations, has been incorporated into the Ordinance and approved by the Planning Commission.

H. REVIEWING AGENCIES

County Counsel has reviewed and approved the proposed materials as to form and content.

The approval of the proposed amendments to the County's Zoning Regulations contributes to the 2025 Shared Vision outcome of a Livable Community by ensuring that coastal resources and the residential character of coastal neighborhoods are protected while providing a framework in which residents can provide visitor serving accommodations within their homes.

FISCAL IMPACT:

Staff anticipates that the proposed ordinance will result in increased revenues to the County due to the payment of Transit Occupancy Tax to the County by newly permitted short term rental properties. However, administration and enforcement of the new permitting process will result in increased costs to the Planning and Building Department. This increased Departmental cost will be off-set by permit application fees. Staff anticipates bringing a revision to the Planning Department fee schedule to the Board of Supervisors for consideration prior to the start of the permitting program.

ATTACHMENTS:

- A. Recommended Findings
- B. Ordinance amending Chapter 6 (Single-Family Residential District), Chapter 8 (Multi-Family Residential District), and Chapter 22 (General Provisions and Exceptions) of the County Zoning Ordinance to add "Short-Term Rentals" as an accessory use in specified locations of the Coastal Zone, subject to a short-term rental permit

- C Resolution directing staff to submit the Short-Term Rental Ordinance (Chapters 6, 8 and 22 of the County Zoning Regulations) to the California Coastal Commission for review and certification
- D Coastal Commission Comment Letter, Dated April 6, 2017
- E March 22, 2017 Planning Commission Report
- F May 10, 2017 Planning Commission Memo