



JCB

DATE: February 23, 2015

TO: Honorable Mayor and Members of the City Council through City Manager

FROM: Ingrid Alverde, Redevelopment / Economic Development Manager *JA*

SUBJECT: Introduction of an Ordinance Amending the Text of the Implementing Zoning Ordinance Sections 4.030, 7.110, AND 27.020, Ordinance No. 2300 N.C.S., and the Smartcode, Ordinance NO. 2470 N.C.S, Sections 3.1 and 9.10.010 to Allow Short-Term Vacation Rentals in Residential and Mixed Use Zones

RECOMMENDATION

It is recommended that the City Council conduct a Public Hearing to accept comments, and introduce an Ordinance Amending the Text of the Implementing Zoning Ordinance Sections 4.030, 7.110, AND 27.020, Ordinance No. 2300 N.C.S., and the Smartcode, Ordinance NO. 2470 N.C.S, Sections 3.1 and 9.10.010 to Allow Short-Term Vacation Rentals in Residential and Mixed Use Zones.

BACKGROUND

In 2013, the City Council revised its two-year goals to include legislative changes to “create and implement clear direction on development and sustainability objectives.” As part of that goal, one of the priorities is to “continue to develop and implement procedural and legislative changes that will simplify the development review process for all projects and particularly for those that will specifically address the Council’s economic development retention and attraction goals for filling empty space”. Short-term rentals were specifically identified as a subject of consideration within this priority. In September of 2013 the issue was discussed at a public workshop which initiated a process to research best practices and conduct community outreach with the goal of creating a vacation rental program that would minimize neighbors’ impacts and collect transient occupancy taxes.

In 2014, a town hall workshop was held to gather community input used to assist in formulating the recommendation that was presented to the Planning Commission in October and November of 2014.

DISCUSSION

Short-term vacation rentals, made popular by websites like Airbnb, Homeaway, VRBO, Tripping, and Flipkey, allow hosts to rent out a room or an entire residence to a visitor for a period of less than 30 days. These website-based businesses market the availability of such

rentals and in some cases act as collection agents. While not new, the practice has recently increased due to the popularity of the web-based companies.

These types of vacation rentals provide additional ways for Petaluma to attract and host tourists. Many visitors prefer renting local homes because they enjoy the comfort and the connection to a local resident. Vacation rentals also provide opportunities for homeowners to generate income. However, in some cases, these rentals can affect local neighborhoods because of the short-term nature of the stays. When tenants move in and out of a residential home they are often new to the neighborhood, not aware of their proximity to other neighbors or unfamiliar with a particular city's rules about noise. As a result, many cities have adopted requirements under which the short-term vacation rentals must operate while other jurisdictions have banned short-term rentals all together.

Current approaches to regulating vacation rentals vary throughout Sonoma and Napa Counties. Here is a list of how cities in Napa and Sonoma currently address the issue:

Allowed	Not Regulated	Not Allowed
County of Sonoma	Rohnert Park	County of Napa
Santa Rosa	Cloverdale	City of Healdsburg
Sebastopol	Cotati	American Canyon
City of Sonoma	Windsor	City of Yountville
City of Napa (limited)		City of Calistoga

In general, cities and counties that allow short-term vacation rentals have adopted criteria to limit the number of people that can occupy a vacation rental, provide for neighborhood notification, and regulate required parking and length of stay. These jurisdictions typically require a locally available manager to address neighborhood complaints, and address problems through a code compliance approach. A sample of how other California cities regulate vacation rentals is provided in Attachment 2.

The following discussion outlines the key components of the proposed ordinance to establish a permitting process and requirements for short term vacation rentals in Petaluma.

Permit Process

A common theme throughout discussion with the City Council, vacation rental hosts, and neighbors of existing vacation rentals is the need for hosts to obtain a short-term vacation rental permit, a business license, and pay transient occupancy taxes. The proposed text amendments create a Short-term Vacation Rental Permit (Permit) that is issued with a standardized application processed over the counter. The Permit would require annual renewal to assure that contact information remains current and that permits can be withheld from those not meeting program requirements. In addition to a Vacation Rental Permit, program participants will also need a business license and a Transient Occupancy Certificate.

The application will ask each host to self-certify that the property meets minimum safety and program requirements and will cost approximately \$300 for the initial permit and \$100 for the annual renewal. This fee may change depending on the final Ordinance language and notification requirements. If Council approves the proposed Ordinance, this new fee will be incorporated into an upcoming amendment to the City's Master Fee Schedule.

Noticing

Most of the six ordinances reviewed did not require that neighbors be noticed prior to permit issuance, similar to how other business activity in residential zones is currently regulated. The vacation rental permit would be processed like a home occupation permit, but with the additional step of sending notice to neighbors within a 100 foot radius of the approved permit. This distance is significantly less than that used in other noticing, but is the distance recommended by the Planning Commission. The notice will be sent by City staff and will describe the vacation rental parameters such as number of rooms, explain the process for reporting violations to code enforcement, include vacation rental operating requirements and provide contact information for the designated property manager and the City in case the designated manager is not reachable.

Management

A local property manager is viewed as critical to the success of short-term vacation rentals in residential neighborhoods to address guest or neighborhood questions and resolve conflicts quickly. They can also check on the home and assure the property is well maintained. The proposed Ordinance requires managers to respond to complaints within 1 hour and to live within 45 minutes of the rental unit if not already onsite.

Whole House versus Room Rentals

There was a lengthy discussion at the Planning Commission hearing about concerns related to non-hosted rentals where parties could rent out a whole house. Concerns arose about the loss of affordable housing as well as the impacts to neighborhood character if homes were purchased by speculators, taken off the rental market and rented to short-term renters throughout the year. In response to those concerns, the proposed ordinance includes a limit to the number of days that a non-hosted rental can be rented out on a short-term basis, similar to provisions in the cities of Portland and San Francisco. The attached ordinance limits the number of days a non-hosted house can be rented for short-term stays to 90 days per calendar year.

This requirement assures that a permanent resident lives in the home during the majority of the calendar year thereby maintaining neighborhood cohesion and preserving the housing for long-term tenants for the majority of the year. Allowing home owners or tenants the ability to rent out a portion of their home for short stays will also preserve affordability by providing a means for owners to generate income from their homes without having to vacate them.

Occupancy Limits

Many cities limit the number of people that can occupy a vacation rental at one time to 2 people per bedroom plus 2 additional people. This is intended to minimize the potential impacts from larger groups, excessive vehicles and noise. This limitation will provide a basis for code enforcement to address a vacation rental causing neighborhood impacts that remain unresolved by the property manager.

Parking

Several neighbors of existing vacation rentals have expressed concern that guest's vehicles are negatively impacting their neighborhood. Workshop attendees agreed that parking should be required but there was also general agreement that credit should be given for on-street parking.

The proposed ordinance requires that short-term vacation rental properties meet the minimum parking standard for single family homes (1 covered and 2 uncovered spaces), with credit given towards the uncovered spaces if up to two on street spaces are available on the property's immediate frontage.

Some homes, especially in older neighborhoods on the west side were constructed prior to current parking standards and will not have sufficient parking to meet this requirement. In such cases the ordinance provides an exception. Approval of such an exception would only be issued if the exception is determined to not have a negative impact on the neighborhood, and following public notice to surrounding neighbors to solicit input. This exception would be processed as an Administrative Conditional Use Permit with applicable fees as established on the current fee schedule.

Mediation

At the request of the Planning Commission a Dispute Resolution section was added to require permittees to participate in mediation if neighborhood disputes arise. In at least one other jurisdiction, complaints are referred to a local mediation center. Neighbors would be referred to mediation on a case by case basis with the consent of both parties. This will provide another mechanism to resolve neighborhood disputes that don't necessarily constitute violations of the code but where neighbors could benefit by working with a mediator to resolve conflicts.

Annual Renewal

As proposed, each short-term vacation rental permit would require annual renewal. Annual renewals would generate a current list of active vacation rentals and maintain current contact information. It also allows staff to withhold a renewal if the short-term vacation rental has generated valid neighborhood complaints, applicable transient occupancy taxes have not been paid, or if there are health and safety issues on the property.

Benefits of Short-term Vacation Rentals

Allowing vacation rentals in Petaluma complies with General Plan goals to expand tourism opportunities throughout the City, support the vibrancy of the downtown by attracting new clientele, and by expanding opportunities to collect transient occupancy tax revenues. Doing so will contribute to the City of Petaluma's economic base, generate additional revenues for the City, and strengthen the vitality and diversity of the community. It also supports one the City's economic development top 10 action steps to expand tourism; "Develop visitor-serving facilities, amenities and services" (Economic Development Strategy, November 15, 2010, page 3).

Existing hotels in Petaluma are limited and not proximate to downtown shopping and dining. Further, hotels may not be able to affordably accommodate family groups, and some tourists prefer lodging that offers benefits such as being able to cook meals. Short-term vacation rentals provide places for tourists and family members to stay and enjoy downtown amenities and the comfort of a home. Downtown merchants rely on tourism to support their businesses and can benefit from the additional tourist activity that will be generated by allowing short-term vacation rentals.

Thus far, vacation rentals do not appear to have caused significant adverse neighborhood impacts. Staff has monitored active short term rentals since September of 2013 through the

City's code enforcement program and through meetings with concerned neighbors. The proposed ordinance was drafted to address the issues that surfaced from that community and neighborhood input and to mitigate any potential neighborhood impacts.

Through the outreach process, staff met a number of short-term vacation rental hosts that enjoy the opportunity to rent all or a portion of their home from time to time. Hosts have indicated they established their vacation rental to supplement their income, take advantage of empty rooms left by grown children, or to enjoy the company of visitors interested in knowing Petaluma. Some homeowners live elsewhere part-time and rent their homes out temporarily while they are away.

The attached Ordinance codifies proposed text amendments to the Implementing Zoning Ordinance and Smart Code to establish clear requirements and a process to regulate vacation rentals, protect neighborhoods, and allow homeowners to rent their property temporarily. This allows them to benefit from additional income and company without giving up access to their property long term.

This project has been reviewed in compliance with CEQA guidelines and has been determined to be categorically exempt pursuant to Section 15305 (Minor Alterations in Land Use Limitations) in that the project involves minor modifications to the IZO that do not result in significant changes in allowable land use or density.

Community members have had the opportunity to provide public comment at the Council goal-setting session held in early 2013, as well as at the Council Workshop held in September of 2013, the Community Workshop held on May 20, 2014, and at the Planning Commission hearings held on October 14, 2014 and November 18, 2014. Staff has received correspondence on the topic which is provided in Attachment 3. A public notice of this meeting was placed in the Argus Courier on January 29, 2015.

FINANCIAL IMPACTS

The cost to implement this program will be paid through the permit fees collected. Additional revenue will be generated by both the business tax and transient occupancy taxes that will be collected from each vacation rental unit. Assuming that 50 permits are issued, a total of \$2,250 would be collected in business taxes. A total of \$15,000 would be collected by the permit fees which would pay for M Group related costs. If those 50 units were rented out 90 days a year at an average rate of \$150 then approximately \$67,500 of transient occupancy taxes could also be collected. A more accurate estimate of revenues will depend on the actual number of units rented, the actual number of rental evenings, and the actual rates charged for the property.

ATTACHMENTS

1. Draft Zoning Text Amendment Ordinance
2. Summary of Vacation Rental Ordinances
3. Written Correspondence Regarding Vacation Rentals

ORDINANCE OF THE CITY COUNCIL OF THE CITY OF PETALUMA AMENDING THE TEXT OF THE IMPLEMENTING ZONING ORDINANCE SECTIONS 4.030, 7.110, AND 27.020, ORDINANCE NO. 2300 N.C.S., AND THE SMARTCODE, ORDINANCE NO. 2470 N.C.S, SECTIONS 3.1 AND 9.10.010 TO ALLOW SHORT-TERM VACATION RENTALS IN RESIDENTIAL AND MIXED USE ZONES

WHEREAS, Section 25.010 of the City of Petaluma Implementing Zoning Ordinance (IZO) provides in pertinent part that no amendment that regulates matters listed in Government Code Section 65850 shall be made to the IZO or Smart Code unless the Planning Commission and City Council find the amendment to be in conformity with the General Plan; and

WHEREAS, on November 15, 2010 the Petaluma City Council accepted the Petaluma Economic Development Strategy which identifies expanding tourism as a long term strategy for developing Petaluma's economy; and

WHEREAS, on March 4, 2013, the City Council adopted its two-year goals which directed staff to look at and make recommendations about the possibility of allowing and regulating short-term vacation rentals; and

WHEREAS, on September 23, 2013, the City Council directed staff to develop a program to regulate short-term vacation rentals and to charge transient occupancy taxes for such uses; and

WHEREAS, staff has proposed a series of provisions amending the IZO and Petaluma Smart Code (collectively, "the Amendments"), in order to allow short-term vacation rentals in Petaluma, and expand tourism locally; and

WHEREAS, on October 9, 2014, public notice of the October 14, 2014 Planning Commission meeting to consider the Amendments was published in the *Argus-Courier* and sent to all members of the public on the interested parties list for this item; and

WHEREAS, on October 14, 2014, the Planning Commission held a duly noticed public hearing in accordance with the IZO, Section 25.0 to consider the Amendments; and

WHEREAS, on October 14, 2014, the Planning Commission continued the hearing to November 18, 2014 and directed staff to amend the proposed resolution; and

WHEREAS, on November 18, 2014 the Planning Commission held a duly noticed public hearing in accordance with IZO Section 25.0, to consider the revisions to the Amendments; and

WHEREAS, after the conclusion of said public hearing, the Planning Commission adopted Resolution No. 2014-40, finding the amendments consistent with the General Plan and unanimously recommending that the City Council adopt the amendments; and

WHEREAS, on January 15, 2015, a public notice of the January 26, 2015 public hearing before the City Council to consider the amendments was published in the Argus-Courier; and

WHEREAS, on January 26, 2015, the City Council of the City of Petaluma held a duly noticed public hearing to consider the Amendments; and

WHEREAS, the amendments are categorically exempt pursuant to Section 15305 (Minor Alterations in Land Use Limitations) in that the amendments involve minor modifications to the IZO and Smart Code that do not result in significant changes in allowable land use or density.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF PETALUMA AS FOLLOWS:

Section 1. Findings. Based upon the Planning Commission's recommendations, the staff report and presentation, and evidence presented during the public hearing, the City Council of the City of Petaluma hereby finds:

- a. The Amendments to allow short-term vacation rentals in Petaluma are consistent with General Plan Policies 9.1,2,3 and 9-P-18 because vacation rentals are expected to expand tourism opportunities throughout the City, support the vibrancy of the downtown by attracting new clientele, and by expanding opportunities to collect transient occupancy tax revenues, thereby contributing to the City of Petaluma's economic base, yielding net fiscal benefits and strengthening the vitality and diversity of the community.
- b. The Amendments would allow vacation rentals based on an established permit process, limit non-hosted vacation rentals, provide adequate enforcement provisions to ensure minimal impacts to surrounding residential neighborhoods, and uphold the general welfare of Petaluma residents, which furthers General Plan Guiding Principle 1 and Goal 11-G-5.
- c. The Amendments to the City's Implementing Zoning Code Sections 4.030, 7.110, and 27.020 and SmartCode Sections 3.1 and 9.10.010 contained in this ordinance are in general conformity with the Petaluma General Plan 2025 and Central Petaluma Specific Plan.

Section 2. The Table of Contents of the Implementing Zoning Ordinance, Ordinance No. 2300 N.CS., is hereby amended to add a new section 7.110 to Chapter 7, Standards for Specific Land Uses to read as follows:

Chapter 7	<u>Standards for Specific Land Uses</u> 7.010 - Purpose 7.020 - Applicability 7.030 - Accessory Dwellings 7.040 - Dwelling Group 7.050 - Home Occupation Permit 7.060 - Large Family Child Day Care 7.070 - Short-Term Activities 7.080 - Swimming Pools, Hot Tubs, and Spas 7.090 - Telecommunication Facilities 7.100 - Bed and Breakfast Inns 7.110 - Short-Term Vacation Rentals	<u>51</u>
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Section 3. Chapter 4, Zone Districts, Section 4.030, Allowable Land Uses, Table 4.1, Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., is hereby amended to add short-term vacation rentals as a Permitted Use as follows:

Natural and Rural Zones					
TABLE 4.1 Allowed Land Uses and Permit Requirements for Natural and Rural Zones	P(16)	Permitted Use			
	CUP	Conditional Use Permit Required			
	S	Permit Requirement in Specific Use			
	A	Regulations			
	—	Accessory Use			
LAND USE TYPE (1)	Permit Required by Zone				Specific Use Regulations
	OSP	AG	RR	R1	
	LODGING				
Lodging – Short-Term Vacation Rentals	—	—	P(17)	P(17)	Section 7.110

Section 4. Chapter 4, Zone Districts, Section 4.030, Allowable Land Uses, Table 4.2, Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., is hereby amended to add short-term vacation rentals as a Permitted Use as follows:

Residential Zones					
TABLE 4.2 Allowed Land Uses and Permit Requirements for Residential Uses	P(16)	Permitted Use			
	CUP	Conditional Use Permit Required			
	S	Permit Requirement in Specific Use Regulations			
	A	Accessory Use			
	—	Use Not Allowed			
LAND USE TYPE (1)	Permit Required by Zone				Specific Use

	R2	R3	R4	R5	Regulations
LODGING					
Lodging – <u>Short-Term Vacation Rentals</u>	<u>P(17)</u>	<u>P(17)</u>	<u>P(17)</u>	<u>P(17)</u>	<u>Section 7.110</u>

Section 5. Chapter 4, Zone Districts, Section 4.030, Allowable Land Uses, Table 4.3, Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., is hereby amended to add short-term vacation rentals as a Permitted Use as follows:

Mixed Use Zones					
TABLE 4.3 Allowed Land Uses and Permit Requirements for Residential Uses	P(16)	Permitted Use			
	CUP	Conditional Use Permit Required			
	S	Permit Requirement in Specific Use Regulations			
	A	Accessory Use			
	—	Use Not Allowed			
LAND USE TYPE (1)	Permit Required by Zone				Specific Use Regulations
	MU1 A	MU1 B	MU1 C	MU2	
LODGING					
Lodging – Short-Term Vacation Rentals	P(17)	P(17)	P(17)	P(17)	Section 7.110

Section 6. Chapter 4, Zone Districts, Section 4.030, Allowable Land Uses, Table 4.3, Footnote 17 to Tables 4.1 to 4.5, Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., is hereby added as follows:

Short-term vacation rental permit, business license and transit occupancy tax certificate required (see section 7.110 of Implementing Zoning Ordinance)

Section 7. Chapter 7, Standards for Specific Land Uses, Section 7.110 of the Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., Short-Term Vacation Rentals, is hereby added to read as follows:

7.110 – Short-Term Vacation Rentals

This Section establishes requirements and conditions for the establishment and operation of short-term vacation rentals within residential, planned unit development, and mixed-use zoning districts.

- A. **Purpose.** The purpose of this section and the standards outlined below is to serve visitors of Petaluma, to ensure that short-term vacation rentals are compatible with residential and mixed use, and planned unit districts, and to preserve the character of the neighborhoods in which they are located.

B. Permit Required.

1. **Short-term vacation rentals.** Short-term vacation rentals are a permitted use only in residential, planned unit development, and mixed use zoning districts and only pursuant to a valid Short Term Vacation Rental Permit issued in accordance with this section by the Planning Director or designee of the Planning Director.
2. **Notice to Neighbors.** Upon approval of a Short-Term Vacation Rental Permit, all property owners within 100 feet of the permitted Short-Term Vacation Rental shall be noticed in writing. Such notice shall include the location of the short term vacation rental, number of rooms available for short term vacation rental, and contact information for the locally-available manager.

C. Requirements Applicable to All Short Term Vacation Rentals

1. **Guest Manual.** The Host shall provide a written manual to guests providing the local manager's contact information, the Performance Standards set forth in Chapter 21 of the Implementing Zoning Ordinance, parking limitations, and other helpful information to minimize conflict within the neighborhood.
2. **Signs.** On-site signage is prohibited.
3. **Business License.** All short-term vacation rentals require a valid Business License issued in accordance with Chapter 6.01 of the Petaluma Municipal Code.
4. **Transit Occupancy Tax.** Short-term vacation rentals are subject to and must satisfy all applicable requirements of the City's transit occupancy tax.
5. **Permit Number.** In every advertisement for the Short Term Vacation Rental, the Permittee shall include the City issued Permit Number.

D. Requirements Applicable To Hosted Short Term Vacation Rentals. A Short Term Vacation Rental in which the permittee occupies the property with the guests and is subject to the following requirements:

1. **Limit on Maximum Number of Occupants.** No more than 2 overnight occupants per bedroom plus 2 additional occupants are permitted.
 - a. No more than two bedrooms in the dwelling may be furnished for compensation. (See section 7.100 for Bed and Breakfast requirements.)
 - b. If the entire dwelling is an accessory/secondary unit, it may be furnished for compensation as a Hosted Short Term Vacation Rental, provided that the

guests constitute one party, which may be evidenced through a single rental agreement for the entire dwelling.

2. **Manager.** The permittee must be available at all times and be able to respond to complaints within 1 hour.

E. Permit Requirements Applicable To Non-Hosted Short Term Vacation Rentals. A Short Term Vacation Rental in which the permittee does not occupy the property with the guests and is subject to the following requirements

1. **Limits on Occupants.**

- a. The entire dwelling may be furnished for compensation, provided that the guests constitute one party, which may be evidenced through a single rental agreement for the entire dwelling.
- b. No more than 2 overnight occupants per bedroom plus 2 additional occupants are permitted.

2. **Limitation on Days.** The dwelling as a non-hosted vacation rental may be furnished for compensation for no more than 90 days during any calendar year.

3. **Manager.** A manager located within 45 miles of the City must be available at all times and be able to respond to complaints within 1 hour.

F. Short-Term Vacation Rentals in Planned Unit Developments. A permit issued for a Short Term Vacation Rental in a Planned Unit Development must comply with Section 19.050 of the Implement Zoning Ordinance.

G. Dispute Resolution. Upon receipt of three or more complaints in a calendar year about a Short Term Vacation Rental, with the consent of the parties involved, the City may refer the parties to a third party mediator. The cost shall be shared equally by the parties involved, unless the parties agree otherwise in writing.

H. Application Process. The application process for a Short Term Vacation Rental Permit shall be as follows:

1. **Application for Permit.** Application for a Short-Term Vacation Rental Permit shall be made to the Director on a form provided by the City.
2. **Fee.** The fee that applies to process applications for Short-Term Vacation Rental Permits shall be set by City Council resolution.

3. **Parking.** The application must show that the applicant can provide:
 - a. **Parking.** On-site parking for the existing residential use shall be provided as required in Table 11.1 for Dwelling Single Family or Multiple Household, as applicable. The Planning Director, in his or her sole discretion, may give credit for up to two uncovered spaces on the abutting public street if there is legal non-conforming parking on the site; or
 - b. **Parking Exception.** Applicants that are unable to meet the parking requirements in Section H.3.a. due to existing legal non-conforming parking and/or site constraints, may obtain a Parking Exception upon approval of a Minor Conditional Use Permit as prescribed by Section 24.030. Applications for a Parking Exception must provide documentation demonstrating that adequate on-street parking is available to accommodate the proposed short term vacation rental and the other existing uses on the site.
4. **Safety.** All short term vacation rentals must provide smoke detectors, CO2 detectors, be adequately heated, and otherwise satisfy all applicable requirements of the California Building Standards Code as in effect in the City
5. **Duration.** Short-Term Vacation Rental Permits shall be valid through the end of the calendar in which they are issued.
6. **Permit Approval.** A Short-Term Vacation Rental Permit application shall be approved if all applicable requirements are satisfied; otherwise, the application shall be denied.

I. Renewal of Permit.

1. Permittees may apply to renew Short-Term Vacation Rental Permits on forms provided by the City.
2. Permit renewal applications do not require notice in accordance with Section B. 2.
3. The Director shall issue a renewal of a Short Term Vacation Rental Permit if the permittee satisfies all applicable requirements pursuant to this Chapter; otherwise

such renewal applications shall be denied. The Director may deny a renewal application if he or she determines that any of the following have occurred during the 12 months prior to the renewal application:

- a. Failure to timely remit Transient Occupancy Taxes; or
 - b. More than three violations of this section; or
 - c. The Director determines that permittee has provided false information in the application or previous renewal application; or
 - d. An authorized official has given notification of health or safety violations or non-compliance on the property.
- J. **Revocation of Permit.** Upon confirmation of three or more violations of this section or other information alleging that a short-term vacation rental has violated or is in violation of any applicable laws, regulations, or other requirements, including, but not limited to, the requirements of this section, the Planning Director or a designee of the Planning Director may commence permit revocation proceedings in accordance with section 24.030(J). Once a Short-Term Vacation Rental Permit has been revoked, continued use of the Short-Term Vacation Rental at that location is prohibited and subsequent applications may not be filed within one (1) year from the date of revocation.
- K. **Appeal.** Appeal of decisions of the Planning Director pursuant to this section may be brought pursuant to Section 24.070.
- L. **Enforcement.** The City may seek remedies for any violations of this section pursuant to any applicable authorities, including, but not limited to, those contained in Chapter 26 and those contained in Title 1 of the Petaluma Municipal Code.

Section 8. Chapter 28, Glossary of the Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., definition of "Bed and Breakfast Inn" is amended to read as follows:

Bed and Breakfast Inn (B&B). A residential structure with one household in permanent residence, with three or more bedrooms furnished for compensation for overnight lodging, where meals may be provided subject to applicable Health Department regulations. Does not include room rental, which is separately defined (see "Rooming, Lodging, Boarding House, or Short Term Vacation Rental").

Section 9. Chapter 28, Glossary of the Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., definition of "Rooming or Boarding, Accessory" is amended to read as follows:

Rooming or Boarding, Accessory. A portion of a dwelling where lodging and boarding are provided for no more than 3 persons for a period of 30 days or longer.

Section 10. Chapter 28, Glossary of the Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., definition of "Rooming, Lodging or Boarding Housing" is amended to read as follows:

Rooming, Lodging or Boarding House. A dwelling or part of a dwelling where lodging is furnished for compensation to three or more persons living independently from each other for a period of 30 days or longer. Meals may also be included.

Section 11. Chapter 28, Glossary of the Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., definition of "Short-Term Vacation Rental" is added to read as follows:

Short-Term Vacation Rental - A dwelling, part of a dwelling, or dwelling as an accessory or secondary unit furnished for compensation for a period of less than 30 days. Meals may also be included. Does not include room rental for 30 days or more, which is separately defined (see "Rooming, Lodging, or Boarding House").

Section 12. Section 3, Building Function Standards, Section 3.10.030, Permit Requirements for Allowable Uses, Table 3.1, Allowed Building Functions and Permit Requirements, Smart Code, Ordinance No. 2470 N.C.S., is hereby amended to add short-term vacation rental as a Permitted Use as follows:

Table 3.1 Allowed Building Functions and Permit Requirements								
Land Use (L)	T4	T5	T6	T6-O	D1	D2	D3	D4
Lodging								
Lodging								
Short-term vacation rental	P ⁵	P ⁵	P ^{2, 5}	P ^{2, 5}				

Section 13. Section 3, Building Function Standards, Section 3.10.030, Permit Requirements for Allowable Uses, Footnote 5 to Table 3.1, Allowed Building Functions and Permit Requirements, Smart Code, Ordinance No. 2470 N.C.S., is hereby added as follows:

Short-term vacation rental permit, business license and transit occupancy tax certificate required (see section 7.110 of Implementing Zoning Ordinance)

Section 14. Section 9, Glossary, Section 9.10.020, Definitions of Specialized Terms and Phrases, Bed and Breakfast Inn (B&B), Smart Code, Ordinance No. 2470 N.C.S is hereby amended to read as follows:

Bed and Breakfast Inn (B&B). A residential structure with one household in permanent residence, with three or more bedrooms rented for overnight lodging, where meals may be provided subject to applicable Health Department regulations. Does not include room rental, which is separately defined (see "Rooming, Lodging, Boarding House, or Short Term Vacation Rental").

Section 15. Section 9, Glossary, Section 9.10.020, Definitions of Specialized Terms and Phrases, Short-Term Vacation Rental, Smart Code, Ordinance No. 2470 N.C.S is hereby added to read as follows:

Short-Term Vacation Rental - A dwelling, part of a dwelling, or dwelling as an accessory or secondary unit furnished for compensation for a period of less than 30 days; Meals may also be included. Does not include room rental for 30 days or more, which is separately defined (see "Rooming, Lodging, or Boarding House").

Section 16. Except as amended herein, the City of Petaluma SmartCode, Ordinance No. 2470 N.C.S. and the City of Petaluma Implementing Zoning Ordinance, Ordinance No. 2300 N.C.S., remains unchanged and in full force and effect.

Section 17. Severability. If any section, subsection, sentence, clause, phrase or word of this ordinance is for any reason held to be unconstitutional, unlawful or otherwise invalid by a court of competent jurisdiction or preempted by state legislation, such decision or legislation shall not affect the validity of the remaining portions of this ordinance. The City Council of the City of Petaluma hereby declares that it would have passed and adopted this ordinance and each and all provisions thereof irrespective of the fact that any one or more of said provisions be declared unconstitutional, unlawful or otherwise invalid.

Section 18. Effective Date. This ordinance shall become effective thirty (30) days after the date of its adoption by the Petaluma City Council.

Section 19. Posting/Publishing of Notice. The City Clerk is hereby directed to publish or post this ordinance or a synopsis for the period and in the manner provided by the City Charter and other applicable law.

ATTACHMENT 2
Vacation Rental Ordinance Summary

Jurisdiction	Permit Process / Cost	Notice to Neighbors	Inspection
Solana Beach	Issued with business certificate / Same as business certificate	No	No
Santa Cruz	Vacation Rental Permit, TOT registration	Yes, notice provided and complaints handled by planning director – can be referred to planning commission	No – plans showing lot, parking, structure and rooms required.
Lake Tahoe Basin	Vacation home rental permit. Business license and TOT certificate required. Initial and renewal fee established by board to cover costs.	No- post a copy of the permit and conditions in home and exterior of home.	No – unless plans showing lot, parking, square footage, # of bedrooms required are not consistent with records.
San Buenaventura	Vacation rental permit requires nuisance response plan and surety bond valued at \$1,500	Permit # to be included in advertisements. Notice of approved permit and response plan provided to neighbors w/in 300 feet. Also, response plans are posted on City website.	No
Sonoma County	Zoning permit – runs with owner; Use permit runs with land. Both can be revoked for non-compliance.	24 hour contact person (w/in 1 hour drive time) given to neighbors within 100 feet and to PRMD.	No
Encinitas	Short-term rental permit; Runs with owner. City manager can approve operational variances based on hardship.	Must respond within 2 hours of complaint and correct issues within 24 hours.	No

Jurisdiction	Management Requirements	Occupancy Limits	Parking
Solana Beach	24 hour contact info must be on display outside of unit		
Santa Cruz	Local contact person within 30 miles required. Contact info displayed on unit and given to neighbors within 300 feet and given to City and law enforcement.	2/bedroom +2 (children under 12 don't count). Twice max occupancy for gatherings between 8am and 10pm.	Not to exceed # of onsite spaces plus 2 on street.
Lake Tahoe Basin	Owner or manager within 1 hour of unit.	Not to exceed 2 per bedroom plus 4	Not to exceed # of onsite spaces plus in front of home.
San Buenaventura	Someone available by phone within 45 minutes. Must remedy condition within 30 minutes of complaint.	2 per bedroom plus 2. Any increased occupancy requires notice and then approved or not administratively.	
Sonoma County		Maximum guest rooms – 5; occupancy up to 2 per bedroom plus 2 (maximum of 12). Visitor occupancy shall not exceed overnight occupancy plus 6 or a total of 18. Larger or more guests require a Use Permit.	
Encinitas	Interior display of rules. Exterior display of contact information. Contact info also provided to adjacent property owners.	2 persons per bedroom plus 1.	

Jurisdiction	Noise	Permit Revocation / Penalties
Solana Beach	Occupants cannot create unreasonable noise or disturbances, engage in disorderly conduct or violate provisions of state law regarding noise, overcrowding, alcohol or drugs.	\$500 1 st violation. \$1,000 2 nd + Annual permit denied if out of compliance with rule including 2 or more complaints or stays less than 7 days
Santa Cruz		Conflict resolution acceptance is required. Handled by County mediation center.
Lake Tahoe Basin	Occupants cannot create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of code or state law. No outdoor amplification of live or recorded music without special use permit.	Violations 1 st : warning 2 nd : \$250 3 rd : \$1,000 4 th loss of permit. Handled by code compliance hearing
San Buenaventura		Tenancies no less than 7 consecutive days from June through August. No more than one rental within any seven-day period and not less than 2 consecutive days Sept-May.
Sonoma County	General Plan Noise standards apply. No amplified sounds unless allowed by Use Permit.	Handled by code enforcement. Permit can be revoked at hearing.
Encinitas	Occupants cannot create unreasonable noise or disturbances, engage in disorderly conduct, or violate provisions of code or state law.	Violations 1 st : 250 2 nd : \$500 3 rd : \$750 4 th : \$1,000 City Manager presides over hearings.