



## **AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Ben Harvey, City Manager  
**MEETING DATE:** November 13, 2017  
**SUBJECT:** Short-Term Rental Workshop  
**CEQA STATUS** An Initial Study and an accompanying Negative Declaration has been adopted.

### **RECOMMENDATION**

1. Hold a public workshop to discuss the proposed short-term rental lottery procedure, block density definition and sunset provisions; and
2. Direct staff to revise the proposed STR ordinance based upon workshop outcome.

### **BACKGROUND**

The second read of the revised short-term rental ordinance was scheduled for hearing at the November 1, 2017 City Council meeting. Due to time constraints and a perceived need to carve out certain components of the ordinance for focused discussion and review, the City Council directed staff to convene a public workshop on the proposed short-term rental lottery procedure, block density definition and sunset provisions. Further, the City Council directed staff to revise the ordinance based on the public workshop outcomes and present a revised first reading of the ordinance to the City Council following the workshop.

### **DISCUSSION**

Block density, and lottery and sunset procedures for existing STRs remain some of the most challenging areas of concern as the City transitions from the existing to a revised STR program. The public workshop is intended to provide City staff with the opportunity for a presentation to allow for a focused and detailed discussion on the proposed lottery procedure, and corresponding block density and sunset provisions. Within the presentation that will be presented at the workshop, staff will provide a comprehensive overview of the over-dense blocks, their unique configurations and recommendations for how these blocks will interact within the proposed lottery. Further, staff will also provide recommended changes to PGMC section 7.40.030 (b)(3) of the revised ordinance.

### **FISCAL IMPACT**

There is no fiscal impact in convening a public workshop; however, suggestions stemming from the public workshop will be brought back for City Council review as part of an ordinance first reading and may include potential fiscal impacts.

### **GOAL ALIGNMENT**

Neighborhoods: Review and update the short-term vacation rental program.

### **OPTIONS**

1. Provide alternative direction.
2. Do nothing.

**ATTACHMENT**

1. Draft suggested language regarding PGMC section 7.40.030 (b)(3).

RESPECTFULLY SUBMITTED:

A handwritten signature in black ink that reads "Ben Harvey". The signature is written in a cursive, slightly slanted style.

---

Ben Harvey, City Manager

**PROPOSED DRAFT LANGUAGE FOR REVISED STR  
ORDINANCE \_\_\_\_\_, SECTION 3**

**Section 3**

1. Sunset determination process means a method in which existing licenses (those issued on or before the effective date of ordinance adoption) are considered for renewal or to be discontinued (sunset). The process will recognize the fifteen percent (15%) density limit while also adapting for transition to new criteria based on the 55' zone of exclusion.
2. Following the effective date of this Ordinance, each existing STR license shall either be selected for renewal or for discontinuation (sunset), through a public lottery. The public lottery will be administered by an independent qualified professional firm in accord with procedures. STRs not selected for renewal shall sunset and be null and void on December 31, 2018.

The order of selection will be as follows:

- (i) All STRs on blocks at or below the 15% density limit will be exempt from the lottery process, and eligible to renew their license.
  - (ii) All STRs are located outside of the Zone of Exclusion for all other STRs will be exempt from the lottery process, and eligible to renew their license.
  - (iii) STRs on all remaining blocks will be required to enter the lottery process. Each block shall be considered in turn by the lottery, as determined by random order.
  - (iv) When each block is considered in the lottery, each STR in that block shall be reviewed in random sequence selected by block; the STR will be designated for continuation if:
    - a. The number of STRs already designated for continuation on that block, plus the number yet undetermined, including the STR being reviewed, are within the density limit of the block, or
    - b. The STR now stands outside of the Zone of Exclusion for all other STRs that have not yet been designated to be discontinued (sunset).
3. New STR licenses shall not be issued within blocks subject to the lottery process where density exceeded 15%, or where the issuance of the license would cause the density to exceed 15%, until on or after January 1, 2019. At that time, the Zone of Exclusion criterion will apply for the location of the STR, as well as the city-wide cap.