



CITY OF REDDING REPORT TO THE CITY COUNCIL

MEETING DATE: May 16, 2023 ITEM NO. 6.1	FROM: Jeremy Pagan, Development Services Director/Bldg Official
APPROVED BY	
<small>Jeremy Pagan, Development Services Director/Bldg Official 5/3/2023</small> jpagan@cityofredding.org	<small>Barry Tippin, City Manager 5/8/2023</small> btippin@cityofredding.org
SUBJECT: 6.1--Public Hearing to consider Rezoning Application RZ-2022-02356, by the City of Redding (City), and Ordinance amending the City's Zoning Ordinance regarding the short-term rental ordinance (Redding Municipal Code (RMC) Section 18.43.180).	

Recommendation

Conduct a Public Hearing, and upon conclusion:

- (1) Offer an **Ordinance** amending Redding Municipal Code Title 18, (Zoning), Chapter 18.43, (Standards for Specific Land Uses) by amending Section 18.43.180 (Short-Term Rentals), for first reading by title only, waive the first reading;
- (2) Direct the City Attorney to prepare and the City Clerk to publish a summary ordinance according to law; and
- (3) Find that adoption of the ordinance is, pursuant to 14 CCR 15378, exempt from environmental review, because the passage of the proposed ordinance is not a project according to the definition in the California Environmental Quality Act and, therefore, is not subject to the provisions requiring environmental review.

Fiscal Impact

Adoption of the proposed revisions to the Short-Term Rental Ordinance (Ordinance) would require hiring additional staff in the Planning and Code Enforcement Divisions to adequately process and enforce short-term rental permits. Fees collected from issuing short-term rental (STR) permits could offset some or all of the staffing expenses depending on the established fee.

Alternative Action

The City Council (Council) could choose to not offer the proposed ordinance for first reading and the regulations pertaining to short-term rentals will remain as they exist currently. The Council could also provide other direction to staff such as modifying the ordinance.

Background/Analysis

In the past year, the topic of short-term rentals has been considered by the Planning Commission (Commission) and the Council numerous times. In addition, community input has been received during public hearings, a community workshop, and a community-wide online survey. Below is a timeline of these actions:

July 19, 2022

The Council received a status update regarding implementation of the City of Redding's (City) ordinance. Public comment received at the meeting was mixed, with speakers both supporting and opposing tighter regulations for STRs. Following this meeting, the Council and staff continued to receive community feedback regarding STRs, specifically vacation rentals.

August 2, 2022

The Council directed the City Attorney to return with an Interim Urgency Ordinance which would have had the effect of prohibiting the submission and receipt of applications for vacation rental permits.

August 16, 2022

The Council considered, but ultimately did not approve, the Interim Urgency Ordinance; however, the consensus of the Council was that the ordinance should be reviewed and possibly updated. The Council directed staff to return with recommendations for potential amendments to the ordinance for its consideration.

October 18, 2022

The Council reviewed staff's suggested modifications to the ordinance and provided further direction to staff to craft a revised ordinance. The ordinance revisions would then need to be brought before the Commission, and then subsequently to the Council for consideration.

January 10, 2023

The Commission reviewed the ordinance and subsequently provided comments, recommendations, and proposed approvals to submit to the Council for consideration. During the Commission meeting, the concept of a committee to study this issue was vocalized.

February 21, 2023

The Council did not hold a public hearing or consider adoption of revisions to the ordinance, but instead provided direction to staff to form a Director's ad-hoc committee consisting of City staff and seek additional community input for the purpose of developing new recommended modifications to the ordinance.

March 8 – March 26, 2023

Staff developed a basic online survey asking for community feedback on topics ranging from density limits, overall caps, parking requirements, and more. The survey ran for over two weeks and over 500 surveys were completed by the community.

March 16, 2023

Staff held a public workshop to hear the community's input and answer questions. The workshop was held at the City Hall Community Room and was well attended.

April 25, 2023

Based on the Council's direction from its February 21, 2023 meeting, a Director's ad-hoc committee was formed and recommended changes to the ordinance were presented to the Commission at its April 25, 2023 meeting. The Commission was largely supportive of staff's recommended changes to the ordinance, and provided comments and recommendations for the Council's consideration.

Listed below, the proposed ordinance revision appears first followed by the Commission's recommendation and comments in italics, as they were provided to staff at the April 25, 2023 Commission meeting.

Density

- (1) Limit the number of rentals within a geographic area based on distance.
 - a. 500-foot radius of an existing permitted vacation rental.
 - b. At the discretion of the Director, reduction down to 300 feet separation may be considered when there are natural buffers such as major arterials, rivers, and creeks.

Planning Commission supports this revision.

- (2) Provide a cap of 400 vacation rental permits to be allowed at any one time.

Planning Commission supports this revision, albeit by a narrow margin of 4-3.

Vacation Rental Criteria

- (3) Location
 - a. Prohibit on properties containing an accessory dwelling unit with a building permit application submitted on or after January 1, 2020, in compliance with State law governing accessory dwelling units.
 - b. Exempt vacation rentals in the Downtown Redding Specific Plan Core District from the parking and density requirements.

Planning Commission supports this revision. Commissioner Miner expressed concern regarding a. above, noting that state law specifically prohibits accessory dwelling units (ADUs) built after January 1, 2020, from being used as STRs, but doesn't actually prohibit properties with ADUs from having STRs. The Commission discussed, but ultimately a majority of the Commissioners supported keeping staff's recommended language.

- (4) Owner Criteria - Must be a "natural person," trustee of a living trust, or limited liability company.

Planning Commission was concerned the original language requiring the owner to be a "natural person," trustee of a living trust, or limited liability company was too narrow, and perhaps unintentionally left out other partnerships or company formations that would be beneficial to STR owners and operators. Therefore, staff has revised this language to simply state that "any natural person signing an application on behalf of an owner shall have legal authority to bind the owner."

- (5) Permit Criteria
- a. Require site manager information to be kept current at all times.
 - b. Revise the maximum occupants per bedroom from two adults to two persons.
 - c. Limit the occupancy to 16 persons.
 - d. Require an inspection by City staff prior to issuance of the permit.
 - e. Require a log of vehicle information including make, model, color and license plates of all tenant vehicles.
 - f. Reduce site manager's response time from 60 minutes to 45 minutes.
 - g. When applying, the applicant must state the number of on-site parking spaces are available to tenants, but in no case shall it be less than two on-site spaces.
 - h. Parking in excess of the stated number of on-site parking is not permitted.
 - i. Tenants are not permitted to park on the street.
 - j. All advertisements shall include the number of permissible parking spaces.
 - k. All required parking spaces shall remain accessible and available to tenants at all times during the rental periods.
 - l. Notification of application shall be sent to property owners within 600 feet of the applicant's property.
 - m. The appeal period of a decision on vacation rental applications is 15 days.

Planning Commission supports a. through m. above, with the exception of e. This is primarily because the Commissioners consider it an unnecessary complication and burden on STR operators and site managers. Staff, however, feel this will be relatively simple to implement, and it will help enforce the parking standards of the ordinance, therefore, the language has remained as presented.

Hosted Homestay Criteria

- (6) The floor plan documenting which rooms are to be rented is required.
- (7) An affidavit is required to be signed on an annual basis.
- (8) Will expire twelve (12) months from issuance and is subject to a requirement for renewal.
- (9) The owner shall be the applicant. Other than for purposes of daily routines, the applicant must occupy the residence at all times when rooms are being rented.
- (10) No owner shall cook, prepare, or serve for consumption, food of any kind for consumption by the short-term-rental tenant.

Planning Commission supports revisions 6 through 10.

Suspension and Termination

- (11) Language regarding suspension and termination has been added.

Planning Commission supports this revision.

Legal Non-Conforming Uses

- (12) Language has been added to address grandfathering under the existing Non-Conforming Regulations of the Zoning Code including allowances for temporary hardship and long-term rental.

Planning Commission supports this revision. There was some discussion regarding the temporary hardship and long-term rental allowances, and staff has revised this language to clarify the intent.

As previously noted to the Council, should the proposed changes to the ordinance be adopted, additional staff resources would be necessary to process permit applications and adequately enforce those permits. Specifically, if the required notification area to neighbors is increased from 300 feet to 600 feet, this could be a significant time commitment for staff. Additionally, increased enforcement and development of tools such as a short-term rental web portal with centralized information for the public, for example, will require additional staff time and resources. Increasing the annual permit application fee (currently \$1,169) could assist in providing the necessary funds to support additional staffing. At this point, it is estimated that one additional Planning position and one additional Code Enforcement position is necessary. Staff will return to the Council with a proposal for an adjusted fee and prepare an accompanying budget resolution requesting and justifying additional staffing resources for consideration and approval.

Environmental Determination

The passage of the proposed ordinance is not a project according to the definition in the California Environmental Quality Act and, therefore, is not subject to the provisions requiring environmental review. No further actions are necessary.

Council Priority/City Manager Goals

- **Government of the 21st Century** – “Be relevant and proactive to the opportunities and challenges of today’s residents and workforce. Anticipate the future to make better decisions today.”
- **Public Safety** – “Work to improve all aspects of public safety to help people feel secure and safe where they live, work, and play in the City of Redding.”

Attachments

^Draft New Ordinance

Strikeout Ordinance

Planning Commission Staff Report - April 25, 2023