



CITY OF PACIFIC GROVE
300 Forest Avenue, Pacific Grove, California 93950

AGENDA REPORT

TO: Honorable Mayor and Members of the City Council
FROM: Ben Harvey, City Manager
MEETING DATE: October 18, 2017
SUBJECT: First Reading of Revised Short-Term Rental Program Ordinance
CEQA STATUS An Initial Study and an accompanying Negative Declaration has been prepared and posted.

RECOMMENDATION

1. Adopt the Initial Study and Negative Declaration of proposed changes to the Short-Term Rental Ordinance.
2. Introduce and hold first reading of an Ordinance to amend Pacific Grove Municipal Code Chapter 7.40 related to Transient Use License for residential property.
3. Direct that publication of the ordinance will be satisfied by publication of a summary approved by the City Attorney.

BACKGROUND

On September 6, 2017, the City Council received an overview of the Short Term Rental (STR) Program and deliberated critical issues for proposed ordinance amendments. The primary issues raised included density, cap, renewals and enforcement. The City Council affirmed the continuation of the program, and directed staff to return with specific changes to better mitigate the impact of short term rentals within neighborhoods. Those changes are addressed in the draft ordinance before the City Council today. Staff drafted an Initial Study based on CEQA guidelines and circulated a Negative Declaration for public review. Staff, the City Council, and the Planning Commission have actively engaged in hours of public comment and deliberation on the issues and concerns surrounding short term rentals, all of which have contributed to the development of the program and the proposed amendments.

DISCUSSION

Staff has incorporated all City Council recommendations into an Ordinance for a First Reading. Rather than revising existing Code, Staff proposes to repeal Chapter 7.40 in its entirety and replace it for ease of staff interpretation and understanding by the public. The proposed ordinance is consistent with the General Plan and the Local Coastal Program; STRs do not constitute a change in residential land use as described in the Land Use Element of the General Plan and would provide additional opportunities for visitor accommodations consistent with the Coastal Act. Following the City Council's anticipated 2nd read of the Ordinance, the Planning Commission will then consider a specific amendment to the General Plan expressly identifying the use of short term rentals within residential zoning districts. Following the Planning Commission's consideration, Staff will return to the City Council to recommend adopting the General Plan Amendment.

DENSITY AND NUMBER OF LICENSES

The Ordinance establishes a cap of 250 STR licenses citywide. There are currently 287 active STR licenses within the City. The Ordinance further establishes measures to narrow the existing number of licenses to comply with the 250 license cap. Licenses selected to not continue further shall sunset on December 31, 2018. The Ordinance also establishes:

- Existing Type B licenses will convert to an unrestricted STR License.
- Neighborhoods, specific streets, and zoning districts will not be exempt from the 250 license cap.
- Existing licenses on those blocks exceeding the 15% block density limit will be subject to a public lottery, which will take place as soon as administratively possible following the anticipated second reading of the Ordinance. Licenses not selected in the public lottery will sunset on December 31, 2018.
- For new licenses, the Ordinance will only allow one license per parcel and apply an exclusion zone using a fifty-five (55') foot radius drawn from the STR parcel lines on all sides. No STR shall be permitted in any portion of the highlighted exclusion zone (55 linear feet in all directions).

RENEWALS

Holding property owners and representatives more accountable for activities related to their license is the best way to limit the impacts on neighborhoods. At the time of license renewal, staff will examine all interactions with the property during the preceding year to determine whether the license should be renewed or not. There will be no automatic license renewal. Factors the staff will consider include, but are not limited to, the following:

- Incomplete applications, including failure to conspicuously list the STR license number in all online listings, and failure to provide hyperlinks of all online listings to the City;
- Failure to remit payment at the time of STR license renewal application submission;
- Failure to comply with the City's determination of occupancy or vehicle limits;
- Failure of the Building Inspection, or identification of an unsafe condition through the Building Inspection Report;
- Failure to demonstrate that the STR license has been used during the preceding 6 months;
- Evidence of two or more verified violations during the preceding 12 months; and
- Failure to demonstrate evidence of payment of back TOT prior to renewal of STR license.

CODE ENFORCEMENT

The City understands that enforcement of the Ordinance will be complaint-driven. To properly address complaints regarding STRs, the Ordinance requires a placard be posted on each STR site with the owner or owner representative contact information posted (Attachment 3). The mandated placard will allow the complainant immediate access to the designed STR property owner/manager who is required to respond within 30 minutes.

Further, enforcement staff will respond and seek to independently verify any violation of the following:

- Exceeding allowable occupancy;
- Any violation of the City's codified noise ordinance;
- Failure to dispose of solid waste in accordance with PGMC § 9.16.030;
- Failure to properly store waste and refuse containers in accordance with PGMC § 9.16.040;
- Failure to use designated on-site parking indicated on application site-plan;

- Multiple occurrences of other parking violations for on-street parking adjacent to the STR site; and
- Any other incident, which at the discretion of the City Manager or designee, provide grounds for a verified complaint.

Staff will move to deny, suspend or revoke any license for two or more verified violations of the PGMC. Staff will continue to identify unlicensed properties and hold those property owners accountable as well by assessing penalties for the activity and collecting taxes due.

PRELIMINARY ADMINISTRATIVE PROCEDURES MANUAL

Staff has developed a preliminary working draft of an administrative procedures manual for processing STR applications, renewals and licenses (Attachment 2). This is presented for general information only and NOT intended for City Council deliberation. A final version of the manual will be provided for City Council review prior to the implementation of the new Ordinance.

GOAL ALIGNMENT

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

OPTIONS

1. Provide alternative direction.
2. Do nothing.

CEQA COMPLIANCE

An Initial Study and an accompanying Negative Declaration has been prepared and posted (Attachment 4).

FISCAL IMPACT

Staff anticipates a decline in revenue based on the reduction in Transient Occupancy Tax collected as a result from the reduced 250 STR license cap.

ATTACHMENTS

1. Exhibit A – Ordinance 17-__
2. DRAFT STR Administrative Procedures Manual
3. DRAFT STR Placard
4. Initial Study/Negative Declaration

RESPECTFULLY SUBMITTED:



Ben Harvey, City Manager

ORDINANCE NO. 2017-

**AN ORDINANCE OF THE CITY OF PACIFIC GROVE
AMENDING CHAPTER 7.40 (TRANSIENT USE LICENSE) OF THE PACIFIC GROVE
MUNICIPAL CODE PERTAINING TO SHORT-TERM RENTALS**

WHEREAS, consistent with City Council's goal to review and update the Short-Term Rental Program, on May 17, 2017, the City Council of the City of Pacific Grove ("City Council") initiated a review and amendment to the Pacific Grove Municipal Code Chapter 7.40 pertaining to short-term rental use; and

WHEREAS, the establishment of an appropriate City regulatory program coupled with quantitative cap and density limits can best address negative impacts on the quality and character of the City's residential neighborhoods and on the availability and affordability of housing; and

WHEREAS, the City Council finds adoption of a comprehensive code to regulate issuance of and conditions attached to short-term rental licenses is necessary to protect the public health, safety, and welfare; and

WHEREAS, the City Council finds the regulation of short-term rentals to be a valid exercise of the City's police power in furtherance of the legitimate governmental interests documented in this Chapter; and

WHEREAS, the existence and corresponding regulation of short-term rentals is consistent with the State Law and the Coastal Act, and is permitted under the City's existing General Plan and Housing Element; and

WHEREAS, the City Council deems the establishment of an appropriate City regulatory program necessary to regulate this sector; and

WHEREAS, on May 17, 2017, the Council held a Special Meeting to review the Short-Term Rental Program and receive public comment, and continued the matter to June 28, 2017 and directed staff to reassess recommendations regarding density and code enforcement; and

WHEREAS, on July 27, 2017, the City drafted an Initial Study and Negative Declaration to review the Ordinance pursuant to the California Environmental Quality Act (CEQA), and this Ordinance incorporates mitigations that ensure the draft Ordinance (1) will not have the potential to significantly degrade the environment; (2) will have no significant impact on long-term environmental goals; and (3) will have no significant cumulative effect upon the environment; and

WHEREAS, on August 17, 2017, the Planning Commission reviewed program impacts and provided feedback to the Council for consideration; and

WHEREAS, on September 6, 2017, the City Council deliberated recommendations from the staff and Planning Commission, affirmed its desire to continue the STR program, informally agreed to amend the program and ordinance, and directed staff to draft a revised ordinance; and

WHEREAS, following City Council's 2nd read of the Ordinance, the Planning Commission will consider a specific amendment to the General Plan expressly identifying the use of short term rentals within residential zoning districts; and

WHEREAS, after a duly noticed public hearing on October 18, 2017, the City Council adopted the Initial Study and Negative Declaration and approved the first reading of Ordinance 17-____; and

WHEREAS, after a duly noticed public hearing on November ____, 2017, the City Council approved a second reading of Ordinance 17-____; and

WHEREAS, Ordinance 17-____ shall not authorize any STR owner the right or privilege to violate any private condition, covenant or restriction applicable to the owner's property that may limit or prohibit use of such owner's residential property for short-term rental purposes; and

WHEREAS, as of the date of this Ordinance, there are 287 active STR licenses (233 Type A and 54 Type B) which shall be converted to the unrestricted STR license type. The City Council acknowledges that in the initial year following the 2018 license renewal, the total number of licenses may exceed the 250 license cap and some STRs may be noncompliant with the new zone of exclusion limit. The City intends to impose the proposed cap and density limits over time through measures specified in this Ordinance; and

WHEREAS, upon its effective date, Ordinance 17-____ shall supersede and repeal Ordinance 16-007; and

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF PACIFIC GROVE DOES HEREBY ORDAIN AS FOLLOWS:

SECTION 1. The City Council hereby finds and determines the foregoing recitals, which are incorporated herein by reference, are true and correct.

SECTION 2. Chapter 7.40, of Title 7 of the Pacific Grove Municipal Code is hereby amended to read as follows:

Chapter 7.40
SHORT-TERM RENTAL LICENSE

Sections:
7.40.010 Purpose and Intent
7.40.020 Definitions

- 7.40.030 STR Cap, Density, and Occupancy Limits
- 7.40.040 General STR Requirements and Limitations
- 7.40.050 STR License Application Requirements
- 7.40.060 STR License
- 7.40.070 STR License Renewal
- 7.40.080 STR License Denial, Suspension or Revocation
- 7.40.150 Appeal of Denial, Revocation or Suspension
- 7.40.090 Operating STR without STR License
- 7.40.100 Statements and Records
- 7.40.110 Failure to File Statement or Corrected Statement
- 7.40.120 Payment of Transient Occupancy Tax (TOT)
- 7.40.130 Appeal of Tax
- 7.40.140 Additional Power of City
- 7.40.160 Penalties
- 7.40.170 Liens
- 7.40.180 Administrative Policy

7.40.010 Purpose and Intent

Chapter 7.40 authorizes short-term rental use of a dwelling unit for remuneration for less than 30 consecutive days and establishes STR license requirements and limitations. This Chapter also sets regulations for the enforcement of these requirements and limitations, and collection and payment of fees and Transient Occupancy Tax (TOT).

7.40.020 Definitions

The terms “owner,” “owner representative,” “person,” “remuneration,” “residential property,” “responsible tenant,” “transient,” “transient use,” “transient use of residential property,” and “transient use site” as used in this Chapter shall be given the same definition as those terms in PGMC 23.64.350.

“Short-Term Rental (STR)” is a term that shall mean a short-term rental unit that is rented for periods of less than 30 consecutive days for remuneration.

“Short-Term Rental Use” means the use, by any person, of residential property for transient lodging where the term of occupancy, possession, or tenancy of the property by the person entitled to such occupancy, possession, or tenancy is less than 30 consecutive calendar days.

“STR License” shall authorize the short-term rental use of an entire dwelling unit.

“Block” shall mean a City block as numbered in the Monterey County Assessor Parcel Maps. Further, a block shall mean all properties located along one side of a street between two intersecting streets or between any combination of intersecting streets, railroad rights-of-way, watercourses or other features or natural barriers which permanently interrupt the continuity of development.

“Block density” shall mean the percentage of STRs on the block divided by the number of parcels. Some licenses shall be selected for sun-setting until the density is less than or equal to fifteen percent (15%).

“Sun-setting determination process” shall mean the method in which licenses are determined for continuation or sunset. The sun-setting determination process will ensure that every block is consistent with a density limit of fifteen percent (15%).

“Zone of exclusion” shall mean the range of fifty-five (55) feet from an existing STR parcel boundary. Any parcel that is located within the fifty-five (55) foot zone of exclusion shall be ineligible for an STR license.

“STR Site Manager” shall mean the representative of the person or entity that owns an STR.

7.40.030 STR Cap, Density, and Occupancy Limits

- (a) **License Cap.** The maximum number of STR licenses allowed throughout the City shall be two hundred and fifty (250). If applications exceeding this number are received, the City Manager or delegate shall place the excess STR license applications on a waiting list and process those in order of receipt as STR licenses become available.
- (b) **Density Limit.** Each STR shall be subject to the following limits:
- (1) Only one STR license shall be permitted per parcel for new STR licenses following the lottery.
 - a. Those existing STR licenses as of the date of the enactment of this Ordinance where there are multiple STR licenses per parcel shall be exempt from the one STR license per parcel limit.
 - i. These existing STR licenses as of the date of the enactment of this Ordinance where there are multiple licenses per parcel shall also be eligible for renewal.
 - b. Property held as tenants in common, or to any property governed by a homeowners’ association (HOA) shall be exempt from the one STR license per parcel limit.
 - (2) Following the effective date of this Ordinance, each existing STR license shall be subject to the 15 percent block density rule as defined in Section 7.40.010. On blocks where density exceeds the 15 percent limit, the City shall address excess density through use of (1) public lottery and (2) removal of idle licenses. The public lottery shall be administered for those blocks where the STR license density exceeds 15% by an independent qualified professional or firm in accord with procedures outlined in the City’s STR administrative policies and procedures. STR licenses not selected in the public lottery shall sunset on December 31, 2018, and have no further force or effect following that date. Each license shall count toward the 250-cap limit until such time as it has expired. Each sun-setted STR shall maintain an STR license to enable continued short-term rental use on or before the sunset date. Each sun-setted STR license shall cease short-term rental activity effective December 31, 2018. New STR licenses shall not be issued on the identified blocks where density is at 15%.

(3) Upon the effective date of this Ordinance, all new STR licenses shall be subject to a 55-foot zone of exclusion. The 55-foot zone of exclusion shall be drawn from the STR parcel boundary. A property shall be ineligible to hold an STR license if any part of its parcel boundary is within the 55-foot zone of exclusion of an existing STR. Subject to the City Manager or his/her designee's discretion, a property may be eligible for an STR license if its parcel boundary is outside the zone of exclusion but an associated legal easement is within the 55-foot range (i.e. a reverse ingress or egress easement creates a flag lot). The City shall administer this process as part of the application process. This limit shall not apply to any property held as tenants in common or a property governed by an HOA.

(c) **Occupancy limit:** The maximum number of overnight occupants (aged 18 or older) allowed within an STR unit shall be two persons per bedroom, plus one additional person per STR unit. The maximum number of day time (non-overnight) occupants shall be one and one-half times the maximum number of occupants allowed to stay overnight at the STR unit. The City has sole discretion to determine the final occupancy limit and number of vehicles to be permitted on the STR site.

7.40.040 General STR Requirements and Limitations

(a) Each STR unit shall be used and maintained in a manner consistent with the character of the neighborhood.

(b) It is unlawful for any person to rent a property on a short-term basis in the City without first procuring, and remaining in compliance with all conditions of, a valid STR License.

(c) Affordable housing units shall not be eligible for an STR license.

(d) Each designated on-site parking space at an STR unit shall be made available for use by overnight occupants of that unit.

(e) Auctions, commercial functions, or other similar events are prohibited at any STR unit.

(f) Each STR owner must appoint an STR site manager who shall be on-call 24/7 to manage the STR unit and shall respond to reported issues, contact the tenants regarding complaints received and/or be physically present at the STR unit to address reported concerns within 30 minutes from the time of telephone notification.

(g) Each STR owner or STR site manager shall inform at least one responsible STR tenant regarding occupancy, parking, noise, trash collection schedules, and other requirement or limit set forth in this Chapter or in the City's administrative policy and procedures.

(h) Each STR owner or STR site manager shall respond in a reasonable and timely manner (not to exceed 30 minutes) to address concerns or complaints pertaining to, but not limited to, the following: unreasonable use of the STR property, unreasonable noise or disturbance, disorderly or unlawful conduct, overcrowding of the STR unit, or any other requirement or limit set forth in this Chapter or in the City's administrative policy and procedures.

- (i) The STR owner or STR site manager shall maintain a guest log book that includes the names, phone number, home addresses of guests, guest license plate(s) numbers if traveling by car, and dates of stay, and shall furnish such information to the City upon request.
- (j) The STR owner or STR site manager shall post a City-issued placard in a location visible from the nearest street or sidewalk. The placard shall prominently display the owner representative contact information, STR license number, and guest occupancy limits. It shall be the responsibility of the owner and STR site manager to immediately notify the City and obtain an updated placard whenever there is change in contact information.
- (k) The STR owner or STR site manager shall maintain a valid STR license at all times, and shall agree to collect and remit transient occupancy taxes on all gross receipts pertaining to Short-Term rental use of the property.
- (l) The STR owner or STR site manager shall include the STR license number in an easy to find and conspicuous location within all advertising (online or otherwise) pertaining to the Short-Term rental use of the property, but shall not post short-term rental availability on site.
- (m) The STR owner or STR site manager shall provide the City with hyperlinks for all online listings pertaining to the licensed STR property within 14 days each time a listing is created or is modified.
- (n) The STR owner or STR site manager shall immediately inform the City of any change in the contact information or a change in any material fact upon which the STR license was issued.

7.40.050 STR License Application Requirements

To obtain an STR license, the owner of a short-term rental unit shall submit an application on forms provided by the City. STR license applications shall comply with all terms, conditions, or requirements of this Chapter including the following:

- (a) An STR license application shall be in the name of the owner of the real property.
- (b) A tenant of the STR property shall have written permission to use the property for short-term rental use from the owner of the property.
- (c) In the event an application is made for issuance of an STR license by a person doing business under a fictitious name, the application shall set forth the names and places of residence of all persons having an ownership interest in the property, and an ownership interest in the business.
- (d) In the event an application is made for issuance of an STR license by a corporation or a partnership, the application shall set forth the names and places of residence of the principal officers of the corporation, and the names and places of any managing partner and any partner whose ownership share exceeds 25%.
- (e) Each STR license application shall include the following information:
 - (1) Address of the short-term rental unit.

- (2) Name, address, phone and e-mail contact information of the owner and the STR site manager;
 - (3) Name and phone number of the person(s) whose contact information is to be placed on the placard. This contact number and person must be reachable at all times during day or night and able to physically respond to the STR location within 30 minutes of telephone notification.
 - (4) A Floor Plan and Site Plan which shows the proposed use of each room, in each building, the street name, and off-street parking.
 - (5) An affidavit affirming that smoke and carbon monoxide alarms are installed and that fire extinguishers are in accessible locations.
 - (6) A building inspection report shall be submitted to the City upon initial application and upon every other renewal period. The building inspection checklist shall be completed by a certified third-party general contractor, building or home inspector. The inspection report shall use a form approved by the City. The Chief Building Official or his/her designee may conduct a follow-up inspection to ensure the accuracy of information provided to the City and inspect any deficiencies that may need correction. The applicant or STR owner shall reimburse the City for all building inspection costs; payments shall be non-refundable for applications found by the City to not be suitable or to qualify for short-term rental.
 - (7) All required fees shall be paid in accord with the City Master Fee schedule or as set forth by a City Council resolution.
 - (8) Any other information which the City Manager or his/her designee may require to properly administer the STR license program.
- (f) Upon initial STR license application, the City shall notify neighbors within the 55-foot zone of exclusion of each STR unit. The City may consolidate STR neighborhood notices when possible. Each notice shall state the maximum number of night-time occupants permitted to stay in the short-term rental unit, and state the STR owner's or STR site manager's contact information.
- (g) The City Manager or his/her designee may delay or deny issuance of an STR license upon the following grounds:
- (1) The STR unit does not meet the definition of dwelling unit, per PGMC 23.64.350(a)(5).
 - (2) The STR application is incomplete or does not comply with STR Ordinance regulations.
 - (3) An owner or applicant fails to comply with the City's determination of final occupancy limits or vehicle limits.
 - (4) An owner or applicant has made a false material statement or misrepresentation in, or in support of, the application.
 - (5) The Building Inspection Report identifies an unsafe condition, and the owner has not corrected the identified deficiencies.
 - (6) The STR unit has existing Planning, Building, Housing, or other City code violations, and the owner has not corrected the violations prior to issuance of an STR license.
 - (7) The STR unit has outstanding administrative penalties, or the STR owner or STR site manager owes past-due Transient Occupancy Taxes (TOT) for prior short-term rental use, or the property has previously been used for Short-Term Rental Use without an STR license.

7.40.060 STR License

- (a) Each STR license shall be issued for a specific time-limited term.
- (b) If no expiration date is shown, each STR license shall expire on March 31st of each year.
- (c) Each STR license shall be prominently displayed at all times in plain view within the STR unit.
- (d) Each STR license shall contain the following information:
 - (1) License number and expiration date;
 - (2) The address of the STR unit;
 - (3) The name and contact information of the STR owner and STR site manager;
 - (4) The maximum number of allowed overnight occupants and vehicles; and
 - (5) Any other information which the City requires to enable proper administration of the license.
- (g) The City shall retain sole and final authority to determine the final occupancy limit and number of vehicles to be permitted for each STR unit.
- (h) Each STR license shall be nontransferable to any other person or location. No STR license shall be assignable, and shall not be transferred upon sale or other transfer of the property.

7.40.070 STR License Renewal

- (a) No STR license shall be automatically renewed. It shall be the responsibility of an STR owner or STR site manager to renew each STR license on or before March 31st of each year. To renew an STR license, the owner or STR site manager shall submit the following:
 - (1) STR license renewal form provided by the City.
 - (2) List of hyperlinks for each online listing for the STR unit.
 - (3) Signed owner responsibility statement.
 - (4) Signed affidavit affirming smoke and carbon monoxide alarms are installed and that fire extinguisher(s) are in accessible locations.
 - (5) A Building Inspection Report, using the form provided by the City, and obtained through a certified third-party general contractor or building inspector.
 - (6) Payment of all fees adopted in the Master Fee Schedule, or as set forth by a City Council resolution.
- (b) Any of the following factors is grounds for nonrenewal of an STR license:
 - (1) Incomplete application.
 - (2) Failure to demonstrate the STR license number is displayed in all the online listings, or failure to provide hyperlinks of each online listing to the City.
 - (3) Failure to remit payment to the City at the time the STR license renewal application is submitted.
 - (4) The STR unit fails the Building Inspection, or the Building Inspection Report identifies an unsafe condition.

- (5) Failure to demonstrate that the licensed STR unit has been rented during the 6 months prior to the STR renewal application.
- (6) Evidence of two or more verified violations as described in Section 7.40.080(d) during the preceding 12 months.
- (7) Failure to demonstrate all TOT owed to the City has been paid prior to the date of the STR renewal application.

7.40.080 STR License Denial, Suspension or Revocation

Any STR license issued pursuant to this Chapter may be withdrawn, suspended or revoked for any reasons, including but not limited to:

- (a) A false material statement or misrepresentation has been made in, or in support of, the application;
- (b) A change occurs in any material fact upon which the STR license was issued where the change was not reported to the City within 14 days;
- (c) The STR unit is the location of a violation of any provision of this Chapter in the 12 months preceding the date of application;
- (d) The STR owner or STR site manager failed to timely respond to two or more complaints which have been independently verified by City of Pacific Grove Police Department, or by other City staff regarding limits on short-term rental use in the 12 months preceding the date of application, such as:
 - (1) Exceeding allowable occupancy;
 - (2) Violation of the City's codified noise ordinance;
 - (3) Failure to dispose of solid waste;
 - (4) Failure to properly store waste and refuse bins;
 - (5) Failure to assign or use designated on-site parking;
 - (6) Occurrences of other parking citations for on street STR related parking; and
 - (7) Any other incident, which at the discretion of the City Manager or his/her designee, provide grounds for verified complaint.
- (e) The STR owner, site manager, guest or any occupant of an STR unit engages in disorderly conduct, violates provisions of the Municipal Code or any State Law pertaining to noise, disorderly conduct and verified by the City of Pacific Grove Police Department.

7.40.090 Operating STR without STR License

When the City has reasonable cause to believe an owner of real property within the City, or the agent of an owner, has advertised such property as available for short term occupancy in exchange for monetary payment, and if no valid STR license has been issued for the property, the City may require the owner or owner's agent to provide the City within seven (7) calendar days a sworn statement that such advertisement and/or occupancy has not occurred. Failure by the owner or owner's agent to provide the sworn statement shall constitute prima facie evidence that the owner or owner's agent is violating this Chapter 7.40. Advertisement includes, but is not limited to, offering the property for short term occupancy through internet advertisement, signs, circulars, cards, telephone books, newspapers, or any other representation implying or stating the property is available for short term rental use.

7.40.100 Statements and Records

No statement required by this Chapter shall be conclusive as to the matters set forth therein, nor shall the filing of such statement keep the City from collecting by appropriate action taxes or fees that are due and payable hereunder. In the event the City Manager or his/her designee deems it necessary, he/she may require that a licensee or application for a license submit verification of financial information necessary to calculate the transient occupancy tax due, or at the option of the licensee or applicant, may authorize the City to examine records or business transactions to compute the transient occupancy tax that is owed.

7.40.110 Failure to File Statement or Corrected Statement

If any person fails to file any statement required by this Chapter within the time prescribed, or if after demand therefor made by the City he or she fails to file a corrected statement, or if any person subject to the tax imposed by this Chapter fails to apply for a license, the City may determine the amount of tax due from such person by means of such information as he or she may be able to obtain and shall give written notice thereof to such person. Delinquent payment shall be subject to penalties calculated in the same manner as set forth in PGMC 7.04.200.

7.40.115 Short Term Occupancy For Monetary Payment Without An STR License

When the City has reasonable cause to believe an owner of real property within the City, or the agent of an owner, allowed his or her property to be used for short term occupancy in exchange for monetary payment without an STR license, the City may determine the amount of tax due from such person by means of any available information. Delinquent payment shall be subject to penalties calculated in the same manner as set forth in PGMC 7.04.200.

7.40.120 Payment of Transient Occupancy Tax

The STR owner or site manager shall remit the transient occupancy tax as set forth in Chapter 6.09 PGMC.

7.40.130 Appeal of Tax

Any person aggrieved by any decision of the City with respect to the amount of the transient occupancy tax or fees associated thereto may appeal to the Administrative Enforcement Hearing Officer panel by filing a notice of appeal with the City Clerk or delegate within 15 days after receipt of written notice from the City. The Hearing Officer assigned by the panel shall thereupon fix a time and place for hearing such appeal. The City Clerk or delegate shall give notice to such person of the time and place of hearing in compliance with PGMC Chapter 1.12. The Hearing Officer shall have authority to determine all questions raised by such appeal; provided, however, that no such determination shall conflict with any substantive provision of this Chapter.

7.40.140 Additional Power of City

In addition to all other power conferred upon the City, he or she shall have the power, for good cause shown:

- (a) To extend the time for filing any required sworn statement or application for a period not exceeding 30 days, and in such case to waive any penalty that would otherwise have accrued; and

- (b) Whenever any fee, tax, or penalty pursuant to this Chapter is due and payable but has not been satisfied in full within 90 days or has not been successfully challenged by a timely writ of mandate, such amounts shall constitute a debt against the real property, and be subject to the processes set forth in PGMC Chapter 1.19 for lien and special assessments.

7.40.150 Appeal of Denial, Revocation or Suspension

Any person who has been denied a license or to whom notice of revocation or suspension of a license has been mailed may appeal to the Administrative Enforcement Hearing panel under Chapter 1.19 PGMC, pursuant to a request for hearing under PGMC 1.19.090. Notice of the proceeding shall conform to PGMC 1.12.010, and the hearing shall conform to the process set at PGMC 1.19.090 and following PGMC 1.19.180. The Hearing Officer shall have authority to determine all questions raised by such appeal; provided, however, that no such determination shall conflict with any substantive provision of this Chapter. Any applicant or license holder whose license shall have been denied or revoked shall be ineligible for a two-year period from applying for a new license. No person whose license has been revoked shall continue to engage in or carry on the activity for which the license was granted, unless and until such license has been reinstated or reissued. The decision of the Hearing Officer shall be final. Notice of the decision, and the opportunity for judicial review, shall conform to PGMC 1.20.010.

7.40.160 Penalties

Penalties as set forth in Chapter 1.16 PGMC, or the administrative process set forth in Chapter 1.19 PGMC, may be imposed for failure to comply with the provisions of Chapter 23.64 PGMC or this Chapter, with respect to:

- (a) Any STR owner, STR site manager, or person who transacts or carries on any activity relating to or supporting the short-term rental use of residential property in the City without first having procured and complied with an STR license from the City and paying all applicable license fees shall be subject to administrative penalties as set forth in Chapter 1.19 PGMC, including administrative penalties imposed by a hearing officer for violation of any provision of this Chapter in an amount not to exceed a maximum of \$2,500 per day for each continuing violation, in addition to administrative costs, interest and restitution for compliance re-inspections, for any related series of violations, and/or forfeiture of all rents received during the period short-term rental use was allowed without an STR license, whichever amount is greater; or
- (b) Any STR owner, STR site manager, or person who fails to immediately respond to neighborhood concerns regarding any activity at the short term rental site and who has failed to timely remedy any violation in response to two or more complaints, shall be subject to administrative penalties; or
- (c) Any STR owner, STR site manager, responsible tenant or person who allows a short-term rental use site to be used or maintained in a manner detrimental to the peace, public health, safety or general welfare of persons or property of the neighborhood or the public, and fails to timely remedy this violation in response to two or more complaints; or

- (d) Any STR owner, STR site manager, responsible tenant or person who allows impermissible or inappropriate behavior at the STR unit or action that exceed the limits on short-term rental use set by PGMC 7.40.030 following two or more complaints; or
- (e) Limits upon administrative penalties in PGMC 1.19.200 shall not apply to any violation of this Chapter.

7.40.170 Liens/ Special Assessments

Whenever the amount of any penalty, forfeiture, or administrative cost imposed by a hearing officer pursuant to this Chapter or to PGMC Chapter 1.19 has not been satisfied in full within 90 days or has not been successfully challenged by a timely writ of mandate, this obligation shall constitute a debt against the real property on which the violation occurred, and be subject to the processes set forth in PGMC Chapter 1.19 for lien and special assessments.

7.40.180 Administrative Policy

The City Manager or his/her designee shall have the authority to develop administrative policies and procedures to implement the intent of this Chapter.

SECTION 3. If any provision, section, paragraph, sentence, clause or phrase of this Ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 4. In accord with Article 15 of the City Charter, this Ordinance shall become effective immediately upon adoption on second reading.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE THIS
____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

ATTEST:

BILL KAMPE, Mayor

Sandra Kandell, Deputy City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney

DRAFT



CITY OF PACIFIC GROVE

SHORT-TERM RENTAL ADMINISTRATIVE PROCEDURES

DRAFT

City Of Pacific Grove
Short-Term Rental Program
300 Forest Avenue
Pacific Grove, CA 93950
(831) 648-3190
www.cityofpacificgrove.org/str

October 2017

Table of Contents

Section 1. Introduction	3
Section 2. Glossary	4
Section 3. Definitions	5
Section 4. Key dates and deadlines	7
Section 5. Short-term rentals in Pacific Grove	7
1) Procedure for Public Lottery	8
2) Procedure for STR License renewals in March 2018	9
3) Procedure for processing waitlisted STR License applications	9
4) Procedure for processing new STR License applications	9
5) Procedure for sunsetting STRs on December 31, 2018	9
6) Procedure for STR License renewals in subsequent years (starting in 2019).....	9
7) Procedure for denial of a STR license application	9
8) Procedure for suspension or revocation of a STR license.....	9
9) Procedure for appealing the suspension or revocation of a STR license.....	9
10) Procedure for handling citizen complaints.....	9
11) Procedure for handling unlicensed STRs.....	9
12) Procedure for collection of Transient Occupancy Tax (TOT).....	9
13) Procedure for advertising STRs.....	9
14) Host Best Practices.....	9

SECTION 1. INTRODUCTION

On **Date TBD**, the Pacific Grove City Council approved significant changes to the Short-Term Rental (STR) regulations codified as Chapter 7.40 in the Pacific Grove Municipal Code. The new ordinance, which took effect **on Date TBD**, established a new 250 license cap, licensing requirements and limitations, and a two-fold approach to addressing STR oversaturation throughout the City. This document sets forth the City's administrative policies and procedures for implementation of these comprehensive STR Regulations ("STR Administrative Policies and Procedures").

Pursuant to PGMC Chapter 7.40, the City Manager or his or her delegate has the authority to amend the STR Administrative Policies and Procedures as necessary to implement the intent of the STR Regulations. The City Council of the City of Pacific Grove may, from time to time, also request amendments to the STR Administrative Policies and Procedures.

DRAFT

SECTION 2. GLOSSARY

This glossary provides definitions for many of the terms used in these STR Administrative Policies and Procedures.

CEDD	Community and Economic Development Department
City	City of Pacific Grove
City Council or Council	City Council of the City of Pacific Grove
City staff	City Manager or his/her designee
STR	Short-Term Rental
PGMC	Pacific Grove Municipal Code
TOT	Transient Occupancy Tax

DRAFT

SECTION 3. DEFINITIONS

The STR Regulations include the following definitions:

Person	An individual, a group of individuals, or an association, firm, partnership, corporation or other entity, public or private.
Owner	The person who possesses fee title to a short-term rental unit.
Owner representative	Also known as the site manager, any person authorized by the owner to fully manage the short-term rental unit.
Remuneration	Compensation, money, rent, or other bargained for consideration given in return for occupancy, possession or use of real property.
Residential property	Means any dwelling unit, except those dwelling units lawfully established as accessory dwelling units established pursuant to Chapter 23.80 PGMC or as part of a bed and breakfast inn, motel, hotel, timeshare development, or other transient use.
Responsible tenant	A person aged 18 or older who has received notice of occupancy, parking and other limits and regulations that apply to short-term rental unit, and who has agreed to be responsible to ensure that impermissible or inappropriate behavior does not occur at the short-term rental unit.
Transient	A period of time less than 30 consecutive calendar days.
Transient use	The use, by any person, of residential property for transient lodging uses where the term of occupancy, possession or tenancy of the property by the person entitled to such occupancy, possession or tenancy is less than 30 consecutive calendar days.
Transient use site	A property occupied and used for transient or short-term rental purposes.
Use	The purpose for which land or premises of a building thereon is designed, arranged or intended, or for which it is or may be occupied or maintained.

Short-Term Rental (STR) A dwelling unit that is rented for periods of less than 30 consecutive days for remuneration.

STR Use The use, by any person, of residential property for transient lodging where the term of occupancy, possession, or tenancy of the property by the person entitled to such occupancy, possession, or tenancy is less than 30 consecutive calendar days.

STR License Shall authorize short-term rental use of an entire dwelling unit. Each STR license shall be nontransferable to any other person or location. No STR license shall be assignable, and shall not be transferred upon sale or other transfer of the property.

Block Means a city block that is defined in the Assessor Parcel Map. Further, a block shall mean all properties located along one side of a street between two intersecting streets or between any combination of intersecting streets, railroad rights-of-way, watercourses or other features or natural barriers which permanently interrupt the continuity of development

Block Density For existing licenses - the percentage of STRs on the block divided by the number of parcels. Some licenses shall be selected for sun-setting until the density is less than or equal to fifteen percent (15%).

Zone of exclusion The range of fifty-five (55) feet from an existing STR parcel boundary. Any parcel located within the fifty-five (55) foot zone of exclusion shall be ineligible for an STR license.

Rent The consideration charged, whether or not received, for the occupancy of space in a hotel valued in money, whether to be received in money, goods, labor or otherwise, including all receipts, cash, credits and property and services of any kind or nature, without any deduction therefrom whatsoever.

Sun-setting The method in which licenses are determined for continuation or sunset. The sun-setting determination process will ensure that every block is consistent with a density limit of fifteen percent (15%).

SECTION 4. KEY DATES AND DEADLINES

Upon Adoption of the new STR Ordinance (2017)	
Upon adoption of the ordinance	For existing STR licenses: <ul style="list-style-type: none"> • All Type B STR licenses converted to standard STR licenses • No limit on number of STR nights
As soon as administratively possible following adoption of the ordinance	Public lottery to be held of existing STR licenses on over-dense blocks (those over 15%) to determine which STRs will remain in the STR program and those that will sunset on December 31, 2018.
February 1, 2018	Application window opens for STR license renewals.
March 31, 2018	Deadline for STR license renewal applications.
December 31, 2018	STR licenses end for sun-setted STRs.
April 1, 2019	New STR license year begins. Should there be availability under the 250 license cap, STR applications accepted and processed for those STRs that do not violate the 55'
2019	
February 1, 2019	Application window opens for STR license renewals.
March 31, 2019	Deadline for STR license renewal applications.
April 1, 2019	New STR license year begins should there be room within the 250 license cap.

SECTION 5. SHORT-TERM RENTALS IN PACIFIC GROVE

On **date TBD**, the City Council of the City of Pacific Grove approved significant changes Pacific Grove Municipal Code Chapter 7.40 which regulates short-term rentals throughout the City. This document sets forth the City's administrative policies and procedures for implementation of the STR Regulations ("STR Administrative Policies and Procedures") as codified in PGMC Chapter 7.40. Following the effective date of the STR Regulations, the City shall follow the process outlined below to implement the STR regulations.

1) Procedure for Public Lottery

The process for implementing a public lottery among STR license holders on the identified dense blocks must be carried out in the following manner:

Step 1: Those blocks that exceed 15% density shall be identified. The City shall notify all lottery participants of the time and location of the lottery. The lottery shall be publicly noticed and held at City Hall or the Community Center as soon as administratively possible following the adoption of the ordinance.

Step 2: Process for determining continuation or sunset

- a. Identify all blocks that are below the 15% density limit
 - i. All STR licenses on these blocks are designated for continuation
- b. In all blocks that are above the 15% density limit, identify STRs that are outside of the 55' zone of exclusion of all neighboring STRs.
 - i. These STRs are designated for continuation
- c. Review all remaining STRs on the block compared to the 15% block density limit
 - i. The precedence order for all STRs not yet determined will be by lottery
 1. Lottery participants will be randomly assigned precedent numbers
 2. STRs on all blocks exceeding the 15% block density limit will be pooled for lottery consideration, and not reviewed as isolated blocks
 - ii. Lottery consideration will be from lowest precedent number to highest precedent number. This is a bottom up sun-setting process.
 - iii. Each STR will be reviewed, in order, against the 15% density limit in its block. An STR will be sun-setted if that STR plus all other STRs not yet determined plus any STRs in the block previously designated for continuation is above the 15% block density limit.
 1. However, the STR will be designated for continuation (and not-sun-setted) if it now exists without 55' zone of exclusion (ZOE) conflict with other candidate STRs or continuing STRs. This check for ZOE conflict includes the presence of STRs on neighboring blocks.
 - iv. The STR will be designated for continuation if the number of remaining STRs, including the subject STR, is within the 15% block density limit.

At this point, all other undetermined STRs in that block will also be designated for continuation.

- v. Repeat steps i through iv (above)

Step 3: All lottery participants shall be informed as to the lottery outcome in the form of a written statement. All STR licenses which are not selected in the lottery shall be sunsetted with a sunset date of December 31, 2018.

- 2) Procedure for STR License renewals in March 2018**
- 3) Procedure for processing waitlisted STR License applications**
- 4) Procedure for processing new STR License applications**
- 5) Procedure for sunseting STRs on December 31, 2018**
- 6) Procedure for STR License renewals in subsequent years (starting in 2019)**
- 7) Procedure for denial of a STR license application**
- 8) Procedure for suspension or revocation of a STR license**
- 9) Procedure for appealing the suspension or revocation of a STR license**
- 10) Procedure for handling citizen complaints**
- 11) Procedure for handling unlicensed STRs**
- 12) Procedure for collection of Transient Occupancy Tax (TOT)**
- 13) Procedure for advertising STRs**
- 14) Host Best Practices**

Short-term Rental (STR) License # 0237

STR site manager and contact:

Michael Smith
(831) 648-3190



FILED

JUL 31 2017

CITY OF PACIFIC GROVE
300 FOREST AVENUE
PACIFIC GROVE, CALIFORNIA 93950
TELEPHONE (831) 648-3190 • FAX (831) 648-3184

STEPHEN L. VAGNINI
MONTEREY COUNTY CLERK
DEPUTY
[Signature]

Notice of Intent to Adopt a Negative Declaration

Project Title: Transient Use of Residential Property Code Amendment

Lead Agency/Owner/Applicant: City of Pacific Grove/

Project Location: Citywide

APN: Citywide

Permit Type: Zoning Code Amendment

Project Description: The proposed project is an amendment to the City's regulations regarding transient use of residential property.

Public Review Period: 07/31/2017 through 08/30/2017 at 5pm

Address Where Written Comments Should be Sent:

Terri C. Schaeffer, Program Manager

City of Pacific Grove, 300 Forest Avenue, Pacific Grove, CA 93950

E-mail: tschaeffer@cityofpacificgrove.org

City's website at <http://www.cityofpacificgrove.org/living/community-economic-development/planning/ceqa-california-environmental-quality-act>

Negative Declaration

Notice is hereby given that the project described above has been reviewed in accordance with the State of California Public Resources Code, the California Environmental Quality Act, the Pacific Grove General Plan, and Title 23 (Zoning) of the Pacific Grove Municipal Code. Based on this review, a Proposed Negative Declaration is hereby made on this project. The reason for this determination is that the project will not result in significant adverse impacts to the environment. The proposed Negative Declaration and Initial Study are on file at the Community Development Department, 300 Forest Avenue, Pacific Grove, California, 93950 (831) 648-3190 and on the City's website at: <http://www.cityofpacificgrove.org/living/community-economic-development/planning/ceqa-california-environmental-quality-act>

A public hearing on the proposed Code Amendment and Negative Declaration is tentatively scheduled to be held by the City Council on September 6, 2017 at 6:00 p.m. at Pacific Grove City Hall, 300 Forest Avenue, Pacific Grove, CA 93950.

[Signature]
Mark Brodeur, Director
Community and Economic Development Department

7/31/17
Date

POSTED 30 DAY



CITY OF PACIFIC GROVE
300 FOREST AVENUE
PACIFIC GROVE, CALIFORNIA 93950
TELEPHONE (831) 648-3190 • FAX (831) 648-3184

Notice of Intent to Adopt a Negative Declaration

Project Title: Transient Use of Residential Property Code Amendment

Lead Agency/Owner/Applicant: City of Pacific Grove/

Project Location: Citywide

APN: Citywide

Permit Type: Code Amendment

Project Description: The proposed project is an amendment to the City's regulations regarding transient use of residential property.

Public Review Period: 07/31/2017 through 08/30/2017 at 5pm

Address Where Written Comments Should be Sent:

Terri C. Schaeffer, Program Manager

City of Pacific Grove, 300 Forest Avenue, Pacific Grove, CA 93950

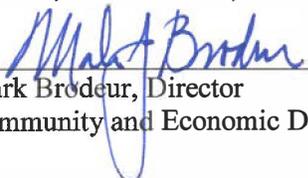
E-mail: tschaeffer@cityofpacificgrove.org

City's website at <http://www.cityofpacificgrove.org/living/community-economic-development/planning/ceqa-california-environmental-quality-act>

Negative Declaration

Notice is hereby given that the project described above has been reviewed in accordance with the State of California Public Resources Code, the California Environmental Quality Act, the Pacific Grove General Plan, and Title 7.40 of the Pacific Grove Municipal Code. Based on this review, a Proposed Negative Declaration is hereby made on this project. The reason for this determination is that the project will not result in significant adverse impacts to the environment. The proposed Negative Declaration and Initial Study are on file at the Community Development Department, 300 Forest Avenue, Pacific Grove, California, 93950 (831) 648-3190 and on the City's website at: <http://www.cityofpacificgrove.org/living/community-economic-development/planning/ceqa-california-environmental-quality-act>

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Mark Brodeur, Director
Community and Economic Development Department



Date

City of Pacific Grove Initial Study / Environmental Checklist

I. PROJECT SUMMARY

1. **Project title:** Transient Use of Residential Property Code Amendment
2. **Lead agency name & address:** City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
3. **Contact person & phone number:** Mark Brodeur, Community & Economic Development Director
831-648-3189
4. **Project location:** City of Pacific Grove (citywide)
(see Exhibit 1)
5. **Project sponsor's name & address:** City of Pacific Grove
300 Forest Avenue
Pacific Grove, CA 93950
6. **General Plan designation:** NA (citywide)
7. **Zoning:** NA (citywide)
8. **Project Description:**

The proposed project is an amendment to the City's regulations (Pacific Grove Municipal Code [PGMC] Chapter 7.40) regarding transient use of residential property.

Background. In 2016, PGMC Chapter 7.40 and Chapter 23.64 were amended by Ordinance 16-007 to regulate transient use of residential property within residential zones, and require those sites to hold an annual license from the City. The transient use licensing program, coupled with enhanced enforcement, was intended to regulate and control this activity. The City Council requested a review of the Short Term Rental Program based on the Code amendments in one year. The proposed ordinance would amend PGMC Chapter 7.40 in order to make the program more effective in accomplishing the City's objectives.

Analysis of Potential Environmental Impacts of the Project. This Initial Study/Negative Declaration ("IS/ND") evaluates the potential environmental impacts of the proposed revisions to the City's regulations for transient residential use. Certain aspects of the proposed amendments do not require environmental analysis under CEQA. For example:

- CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies unless those charges would be used to fund capital projects (CEQA Guidelines Sec. 15273). Therefore, establishment or changes to City administrative fees associated with issuance of permits or licenses for the short-term rental of existing housing units do not require CEQA review.
- Inspections to check for performance of an operation, or quality, health, or safety of a project are exempt from CEQA pursuant to Guidelines Sec. 15309.

- City actions to enforce or revoke a license or other entitlement for use or enforcement of a law, general rule, standard, or objective, administered or adopted by the regulatory agency are exempt from CEQA review pursuant to Guidelines Sec. 15321.
- Pursuant to CEQA Guidelines Sec. 15378, “Project” means the whole of an action, which has a potential for resulting in either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment. “Project” does not include “*Organizational or administrative activities of governments that will not result in direct or indirect physical changes in the environment.*” Therefore, some aspects of the proposed regulations represent administrative activities that are not subject to CEQA review.
- In evaluating potential economic or social effects of the proposed regulations, this IS/ND reflects CEQA Guidelines Sec. 15382, which states:

“Significant effect on the environment” means a substantial, or potentially substantial, adverse change in any of the physical conditions within the area affected by the project, including land, air, water, minerals, flora, fauna, ambient noise, and objects of historic or aesthetic significance. An economic or social change by itself shall not be considered a significant effect on the environment. A social or economic change related to a physical change may be considered in determining whether the physical change is significant. (emphasis added)

Economic or social changes (such as a reduction in property values or effects on neighborhood social interactions) are not considered to be significant environmental impacts under CEQA unless those changes contribute to a significant physical impact. It is important to note that CEQA analysis represents one factor in the City Council’s decisions regarding transient use regulations; however, the Council may consider factors other than environmental impacts, such as economic or social impacts, in reaching its final decision.

Exhibit 2 summarizes the proposed changes to City regulations and the City’s determination as to whether these changes have the potential to result in physical environmental impacts, and therefore require environmental analysis pursuant to CEQA. Changes that could result in potential environmental impacts are analyzed in the Environmental Checklist and related discussion (Section II below), while those changes that are exempt from CEQA review for the reasons described above are not addressed further in this IS/ND.

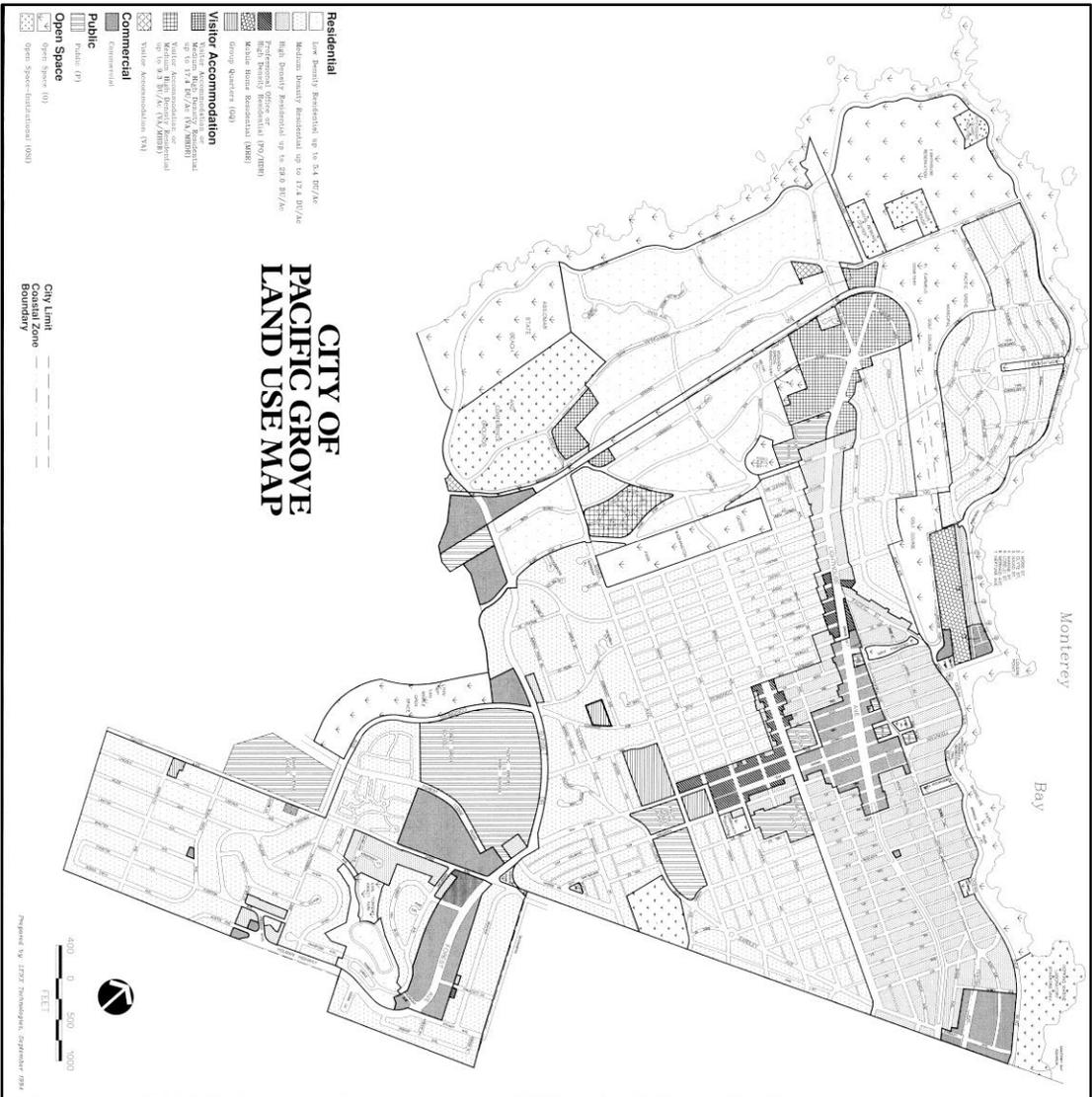
9. **Surrounding land uses and setting:**

Various (citywide)

10. **Other public agencies whose approval is required (e.g., permits, financing approval, or participation agreement.)**

California Coastal Commission

**Exhibit 1
Project Location**



**Exhibit 2
Summary of Proposed Changes and Potential Environmental Impacts**

Municipal Code Section	Proposed Changes	Do the Proposed Changes Have the Potential to Result in Physical Environmental Impacts?
7.40.010 Definitions	Eliminates the distinction between "Type A" and "Type B" short-term rentals based on whether the property owner resides at the site and the number of days per year the unit is available for short-term guests.	Yes. These definitions would be used in determining whether license caps and density limits are applicable and are analyzed in the Environmental Checklist in connection with Sec. 7.40.25 of the proposed ordinance.
7.40.020 Allowed Use	Subsection (b) Deletes an obsolete provision for the expiration date for licenses on March 31, 2017. Subsection (c) Deletes a reference to different classes of licenses.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378) Yes. This change cross-references the definitions listed in Sec. 7.40.010 and is analyzed in the Environmental Checklist in connection with Sec. 7.40.25.
	Subsection (c) [formerly Subsection (d)] makes a clerical change in the name of an agreement.	No. The proposed change would make a clerical change to administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
	Subsection (d) [formerly Subsection (e)] clarifies the review authority for inspection reports.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
	Subsection (e) [formerly (f)] amends notice requirements for license applications.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.025 License Caps & Density Limits	Subsection (a) eliminates the distinction between Type A and Type B licenses for purposes of the limit on the total number of licenses that may be issued. Subsection (b) modifies the density limit for STR licenses.	Yes. These provisions are analyzed in the Environmental Checklist.
7.40.030 Limits on Transient Use	Deletes Subsection (h) regarding the maximum number of persons that may attend a gathering at a short-term rental property.	Yes. These provisions are analyzed in the Environmental Checklist.
7.40.060 Separate Properties	Deletes this section regarding separate STR licenses for each dwelling unit.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.060 Contents of Licenses (formerly	Subsection (b) eliminates the distinction between types of licenses	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)

**Exhibit 2
Summary of Proposed Changes and Potential Environmental Impacts**

Municipal Code Section	Proposed Changes	Do the Proposed Changes Have the Potential to Result in Physical Environmental Impacts?
7.40.070		therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.070 Application - First License (formerly 7.40.080)	Subsection (b) clarifies license application requirements.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.110 Evidence of transient occupancy of residential property	Makes clerical revisions to procedural license requirements.	No. The proposed change would clarify administrative licensing requirements and would have no effect on the physical environment; therefore, no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.180 License denial or revocation	Makes clerical revisions to license denial or revocation procedures.	No. This provision would amend administrative license denial and revocation procedures and is exempt from CEQA review. (CEQA Guidelines Sec. 15321)



ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

The environmental factors checked below would be potentially affected by this project, involving at least one impact that is a 'Potentially Significant Impact' as indicated by the checklist on the following pages.

- | | | | | | |
|--------------------------|--------------------------|--------------------------|--------------------------------|--------------------------|------------------------------------|
| <input type="checkbox"/> | Aesthetics | <input type="checkbox"/> | Agriculture & Forest Resources | <input type="checkbox"/> | Air Quality |
| <input type="checkbox"/> | Biological Resources | <input type="checkbox"/> | Cultural Resources | <input type="checkbox"/> | Geology/Soils |
| <input type="checkbox"/> | Greenhouse Gas Emissions | <input type="checkbox"/> | Hazards & Hazardous Materials | <input type="checkbox"/> | Hydrology/Water Quality |
| <input type="checkbox"/> | Land Use/Planning | <input type="checkbox"/> | Mineral Resources | <input type="checkbox"/> | Noise |
| <input type="checkbox"/> | Population/Housing | <input type="checkbox"/> | Public Services | <input type="checkbox"/> | Recreation |
| <input type="checkbox"/> | Transportation/Traffic | <input type="checkbox"/> | Utilities/Service Systems | <input type="checkbox"/> | Mandatory Findings of Significance |

DETERMINATION:

On the basis of this initial evaluation:

- I find that the proposed project COULD NOT have a significant effect on the environment, and a NEGATIVE DECLARATION will be prepared.
- I find that although the proposed project could have a significant effect on the environment, there will not be a significant effect in this case because revisions in the project have been made by or agreed to by the project proponent. A MITIGATED NEGATIVE DECLARATION will be prepared.
- I find that the proposed project MAY have a significant effect on the environment, and an ENVIRONMENTAL IMPACT REPORT is required.
- I find that the proposed project MAY have a 'Potentially Significant Impact' or 'Potentially Significant Unless Mitigated' Impact on the environment, but at least one effect 1) has been adequately analyzed in an earlier document pursuant to applicable legal standards, and 2) has been addressed by mitigation measures based on the earlier analysis as described on attached sheets. An ENVIRONMENTAL IMPACT REPORT is required, but it must analyze only the effects that remain to be addressed.
- I find that although the proposed project could have a significant effect on the environment, because all potentially significant effects (a) have been analyzed adequately in an earlier EIR or NEGATIVE DECLARATION pursuant to applicable standards, and (b) have been avoided or mitigated pursuant to that earlier EIR or NEGATIVE DECLARATION, including revisions or Mitigation measures that are imposed upon the proposed project, nothing further is required.

Signature

Mark Brodeur

Printed name

Date

Director of Community and Economic Development

Title

II. ENVIRONMENTAL CHECKLIST

- 1) A brief explanation is required for all answers except 'No Impact' answers that are adequately supported by the information sources a lead agency cites in the parentheses following each question. A 'No Impact' answer is adequately supported if the referenced information sources show that the impact simply does not apply to projects like the one involved (e.g., the project falls outside a fault rupture zone). A 'No Impact' answer should be explained where it is based on project-specific factors as well as general standards (e.g., the project will not expose sensitive receptors to pollutants, based on a project-specific screening analysis).
- 2) All answers must take account of the whole action involved, including off-site as well as on-site, cumulative as well as project-level, indirect as well as direct, and construction as well as operational impacts.
- 3) Once the lead agency has determined that a particular physical impact may occur, then the checklist answers must indicate whether the impact is potentially significant, less than significant with mitigation, or less than significant. 'Potentially Significant Impact' is appropriate if there is substantial evidence that an effect may be significant. If there are one or more 'Potentially Significant Impact' entries when the determination is made, an EIR is required.
- 4) 'Negative Declaration: Less Than Significant With Mitigation Incorporated' applies where the incorporation of mitigation measures has reduced an effect from 'Potentially Significant Impact' to a 'Less Than Significant Impact.' The lead agency must describe the mitigation measures, and briefly explain how they reduce the effect to a less than significant level (mitigation measures from Section XVII, 'Earlier Analyses,' may be cross-referenced).
- 5) Earlier analyses may be used where, pursuant to the tiering, program EIR, or other CEQA process, an effect has been adequately analyzed in an earlier EIR or negative declaration. Section 15063(c)(3)(D). In this case, a brief discussion should identify the following:
 - a) Earlier Analysis Used. Identify and state where they are available for review.
 - b) Impacts Adequately Addressed. Identify which effects from the above checklist were within the scope of and adequately analyzed in an earlier document pursuant to applicable legal standards, and state whether such effects were addressed by mitigation measures based on the earlier analysis.
 - c) Mitigation Measures. For effects that are 'Less than Significant with Mitigation Measures Incorporated,' describe the mitigation measures which were incorporated or refined from the earlier document and the extent to which they address site-specific conditions for the project.
- 6) Lead agencies are encouraged to incorporate into the checklist references to information sources for potential impacts (e.g., general plans, zoning ordinances). Reference to a previously prepared or outside document should, where appropriate, include a reference to the page or pages where the statement is substantiated.
- 7) Supporting Information Sources: A source list should be attached, and other sources used or individuals contacted should be cited in the discussion.
- 8) This is only a suggested form, and lead agencies are free to use different formats; however, lead agencies should normally address the questions from this checklist that are relevant to a project's environmental effects in whatever format is selected.
- 9) The explanation of each issue should identify:
 - a) the significance criteria or threshold, if any, used to evaluate each question; and
 - b) the mitigation measure identified, if any, to reduce the impact to less than significance.

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
I. AESTHETICS –Would the project:				
a) Have a substantial adverse effect on a scenic vista?			X	
(a) Less Than Significant Impact. Exceptional scenic vistas are present in Pacific Grove. However, the City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects of the construction of new structures and remodeling of existing structures on these vistas. The proposed amendment would not change these requirements, nor would a change in the term of residential occupancy result in a substantial change to scenic vistas; therefore, impacts would be less than significant. No mitigation measures are required.				
b) Substantially damage scenic resources, including, but not limited to, trees, rock outcroppings, and historic buildings within a state scenic highway?			X	
(b) Less Than Significant Impact. Exceptional scenic resources are present in Pacific Grove. However, the City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects of the construction of new structures and remodeling of existing structures on these resources. The proposed amendment would not change these requirements, nor would a change in the term of residential occupancy result in a substantial change to scenic resources; therefore, impacts would be less than significant. No mitigation measures are required.				
c) Substantially degrade the existing visual character or quality of the site and its surroundings?			X	
(c) Less Than Significant Impact. Attractive visual character is a hallmark of Pacific Grove. Existing regulations require that transient use sites <i>(1) shall be used and maintained in a manner consistent with the character of the neighborhood, (2) shall not impair the desirability of investment or occupation of the surrounding neighborhood, and (3) shall not have displayed thereon any sign that indicates the property is used or available for transient or short-term rental purposes</i> (PGMC Sec. 7.40.030.c) and failure of owners to comply with these requirements shall be grounds for denial or revocation of a transient use license. These existing requirements substantially reduce the potential for transient use sites to degrade the visual character or quality of the surrounding neighborhood, and no change to these requirements is proposed; therefore, impacts would be less than significant. No mitigation measures are required.				
d) Create a new source of substantial light or glare which would adversely affect day or nighttime views in the area?			X	
(d) Less Than Significant Impact. The proposed amendment would not authorize any new development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects of light and glare generated by residential uses. The proposed amendment would not change these requirements, nor would a change in the term of residential occupancy result in a substantial increase to light and glare; therefore, impacts would be less than significant. No mitigation measures are required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
II. AGRICULTURE AND FOREST RESOURCES – Would the project:				
<i>In determining whether impacts to agricultural resources are significant environmental effects, lead agencies may refer to the California Agricultural Land Evaluation and Site Assessment Model (1997) prepared by the California Dept. of Conservation as an optional model to use in assessing impacts on agriculture and farmland. In determining whether impacts to forest resources, including timberland, are significant environmental effects, lead agencies may refer to information compiled by the California Department of Forestry and Fire Protection regarding the state's inventory of forest land, including the Forest and Range Assessment Project and the Forest Legacy Assessment project; and the forest carbon measurement methodology provided in the Forest Protocols adopted by the California Air Resources Board.</i>				
a) Convert Prime Farmland, Unique Farmland, or Farmland of Statewide Importance (Farmland), as shown on the maps prepared pursuant to the Farmland Mapping and Monitoring Program of the California Resources Agency, to non-agricultural use?				X
b) Conflict with existing zoning for agricultural use, or a Williamson Act contract?				X
c) Conflict with existing zoning for, or cause rezoning of, forest land (as defined in Public Resources Code section 12220(g)) or timberland (as defined in Public Resources Code section 4526)				X
d) Result in loss of forest land or conversion of forest land to non-forest use?				X
e) Involve other changes in the existing environment which, due to their location or nature, could result in conversion of Farmland, to non-agricultural use or conversion of forest land to non-forest use?				X
(a-e) No Impact. There are no agricultural or forestry resources in the city; therefore, the proposed amendment would have no impact on agriculture or forest resources. No mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
III. AIR QUALITY – Would the project:				
<i>Where available, the significance criteria established by the applicable air quality management or air pollution control district may be relied upon to make the following determinations.</i>				
a) Conflict with or obstruct implementation of the applicable air quality plan?			X	
b) Violate any air quality standard or contribute substantially to an existing or projected air quality violation?			X	
c) Result in a cumulatively considerable net increase of any criteria pollutant for which the project region is non-attainment under an applicable federal or state ambient air quality standard (including releasing emissions which exceed quantitative thresholds for ozone precursors)?			X	

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
d) Expose sensitive receptors to substantial pollutant concentrations?			X	
e) Create objectionable odors affecting a substantial number of people?			X	
<p>(a–e) Less than Significant Impact. Air quality emissions are typically comprised of short-term construction emissions and long-term operational emissions.</p> <p><u>Short-term Construction Emissions</u> The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects due to construction emissions. No new development would be authorized by the proposed amendment; therefore, the impacts on short-term construction emissions or odors would be less than significant. No mitigation measures are necessary.</p> <p><u>Long-term Operational and Mobile Source Emissions</u> The proposed ordinance would not authorize new development, change land use intensity or development standards, or result in a substantial change in vehicle-miles-traveled (VMT); therefore, there would not be a substantial increase in long-term operational emissions from area sources (e.g. energy use) and/or from mobile sources. Impacts to long-term operational and mobile source emissions would be less than significant and no mitigation measures are required.</p>				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<p>IV. BIOLOGICAL RESOURCES – Would the project:</p>				
a) Have a substantial adverse effect, either directly or through habitat modifications, on any species identified as a candidate, sensitive, or special status species in local or regional plans, policies, or regulations, or by the California Department of Fish and Game or U.S. Fish and Wildlife Service?				X
b) Have a substantial adverse effect on any riparian habitat or other sensitive natural community identified in local or regional plans, policies, regulations or by the California Department of Fish and Game or US Fish and Wildlife Service?				X
c) Have a substantial adverse effect on federally protected wetlands as defined by Section 404 of the Clean Water Act (including, but not limited to, marsh, vernal pool, coastal, etc.) through direct removal, filling, hydrological interruption, or other means?				X
d) Interfere substantially with the movement of any native resident or migratory fish or wildlife species or with established native resident or migratory wildlife corridors, or impede the use of native wildlife nursery sites?				X

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
e) Conflict with any local policies or ordinances protecting biological resources, such as a tree preservation policy or ordinance?				X
f) Conflict with the provisions of an adopted Habitat Conservation Plan, Natural Community Conservation Plan, or other approved local, regional, or state habitat conservation plan?				X
(a-f) No Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects on biological resources. Therefore, the proposed project would not result in significant impacts and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
V. CULTURAL RESOURCES – Would the project:				
a) Cause a substantial adverse change in the significance of a historical resource as defined in §15064.5?				X
b) Cause a substantial adverse change in the significance of an archaeological resource pursuant to §15064.5?				X
c) Directly or indirectly destroy a unique paleontological resource or site or unique geologic feature?				X
d) Disturb any human remains, including those interred outside of formal cemeteries?				X
(a-d) No Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects on cultural resources. Therefore, the proposed project would not result in significant impacts and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
VI. GEOLOGY AND SOILS -- Would the project:				
a) Expose people or structures to potential substantial adverse effects, including the risk of loss, injury, or death involving:				
i) Rupture of a known earthquake fault, as delineated on the most recent Alquist-Priolo Earthquake Fault Zoning Map issued by the State Geologist for the area or based on other substantial evidence of a known fault? Refer to Division of Mines and				X

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
Geology Special Publication 42.				
ii) Strong seismic ground shaking?				X
iii) Seismic-related ground failure, including liquefaction?				X
iv) Landslides				X
b) Result in substantial soil erosion or the loss of topsoil?				X
c) Be located on a geologic unit or soil that is unstable, or that would become unstable as a result of the project, and potentially result in on- or off-site landslide, lateral spreading, subsidence, liquefaction or collapse?				X
d) Be located on expansive soil, as defined in Table 18- 1-B of the Uniform Building Code (1994), creating substantial risks to life or property?				X
e) Have soils incapable of adequately supporting the use of septic tanks or alternative waste water disposal systems where sewers are not available for the disposal of waste water?				X
(a-e) No Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects on geology and soils. Therefore, the proposed amendment would not result in significant impacts and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
VII. GREENHOUSE GAS EMISSIONS – Would the project:				
a) Generate greenhouse gas emissions, either directly or indirectly, that may have a significant impact on the environment?			X	
b) Conflict with any applicable plan, policy or regulation of an agency adopted for the purpose of reducing the emissions of greenhouse gases?			X	
(a-b) Less Than Significant Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development, increase land use intensity, or result in a substantial change in vehicle-miles-traveled (VMT). The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects related to greenhouse gasses. Therefore, potential impacts of the proposed project would be less than significant and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
VIII. HAZARDS AND HAZARDOUS MATERIALS –				
Would the project:				
a) Create a significant hazard to the public or the environment through the routine transport, use, or disposal of hazardous materials?				X
b) Create a significant hazard to the public or the environment through reasonably foreseeable upset and accident conditions involving the release of hazardous materials into the environment?				X
c) Emit hazardous emissions or handle hazardous or acutely hazardous materials, substances, or waste within one-quarter mile of an existing or proposed school?				X
d) Be located on a site which is included on a list of hazardous materials sites compiled pursuant to Government Code Section 65962.5 and, as a result, would it create a significant hazard to the public or the environment?				X
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project result in a safety hazard for people residing or working in the project area?				X
f) For a project within the vicinity of a private airstrip, would the project result in a safety hazard for people residing or working in the project area?				X
g) Impair implementation of or physically interfere with an adopted emergency response plan or emergency evacuation plan?				X
h) Expose people or structures to a significant risk of loss, injury or death involving wildland fires, including where wildlands are adjacent to urbanized areas or where residences are intermixed with wildlands?				X
(a-h) Less Than Significant Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects related to hazards and hazardous materials. The nearest airport (Monterey Regional Airport) is approximately 3 miles east of the City limits. Therefore, the proposed project would result in no impacts and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
IX. HYDROLOGY AND WATER QUALITY – Would the project:				
a) Violate any water quality standards or waste discharge requirements?			X	
b) Substantially deplete groundwater supplies or interfere substantially with groundwater recharge such that there would be a net deficit in aquifer volume or a lowering of the local groundwater table level (e.g., the production rate of pre-existing nearby wells would drop to a level which would not support existing land uses or planned uses for which permits have been granted)?			X	
c) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, in a manner which would result in substantial erosion or siltation on- or off-site?			X	
d) Substantially alter the existing drainage pattern of the site or area, including through the alteration of the course of a stream or river, or substantially increase the rate or amount of surface runoff in a manner which would result in flooding on- or off-site?			X	
e) Create or contribute runoff water which would exceed the capacity of existing or planned stormwater drainage systems or provide substantial additional sources of polluted runoff?			X	
f) Otherwise substantially degrade water quality?			X	
g) Place housing within a 100-year flood hazard area as mapped on a federal Flood Hazard Boundary or Flood Insurance Rate Map or other flood hazard delineation map?			X	
h) Place within a 100-year flood hazard area structures which would impede or redirect flood flows?			X	
i) Expose people or structures to a significant risk of loss, injury or death involving flooding, including flooding as a result of the failure of a levee or dam?			X	
j) Inundation by seiche, tsunami, or mudflow?			X	
(a-j) Less Than Significant Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects related to hydrology and water quality. Therefore, potential impacts of the proposed project would be less than significant and no mitigation measures are necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
X. LAND USE AND PLANNING – Would the project:				
a) Physically divide an established community?			X	
(a) Less Than Significant Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development. Therefore, the project would not physically divide established communities in Pacific Grove. No mitigation measures are necessary.				
b) Conflict with any applicable land use plan, policy, or regulation of an agency with jurisdiction over the project (including, but not limited to the general plan, specific plan, local coastal program, or zoning ordinance) adopted for the purpose of avoiding or mitigating an environmental effect?			X	
(b) Less Than Significant Impact. Applicable land use plans, policies or regulations include the Municipal Code, the General Plan and the Local Coastal Program.				
<p><u>Pacific Grove Municipal Code</u> The proposed project would amend portions of Chapter 7.40 of the Pacific Grove Municipal Code to revise existing regulations for the short-term rental of residential property. These revisions would not result in significant physical impacts on the environment, as discussed elsewhere in this Initial Study.</p> <p><u>Pacific Grove General Plan</u> The Pacific Grove General Plan provides a framework for future growth and development within the city. The Land Use Element includes goals and polices calling for orderly, well-planned, and balanced development consistent with the historic nature of Pacific Grove, the capacity of the city's infrastructure, and ability to assimilate new growth. General Plan land use policies relevant to the proposed project include the following:</p> <p style="padding-left: 40px;">Policy 2. Ensure that new development is compatible with adjacent existing development.</p> <p style="padding-left: 40px;">Policy 3. Balance a property owner's ability to develop with the desirability of maintaining neighborhood character.</p> <p style="padding-left: 40px;">Policy 15. Encourage land uses that generate revenue to the City while maintaining a balance with other community needs, such as housing, open space, and recreation.</p> <p>Because the proposed project would not result in a change in land use or authorize new development that is not already permitted by existing regulations, it would not conflict with the goals and policies of the City's General Plan. In addition, short-term residential rentals are currently permitted by the City, and the proposed modifications to existing regulations would be expected to result in an overall reduction in the number of short-term rental units as a result of the elimination of Type B licenses. The following provisions are intended to support the compatibility of short-term rentals with adjacent properties and maintain neighborhood character:</p> <ul style="list-style-type: none"> • <u>Tenant contact information.</u> Existing regulations require that each contract or tenancy that allows transient use shall identify the name, address, phone and e-mail contact information of at least one responsible tenant who has been informed by the owner or owner representative of the occupancy, parking and other limits that apply to transient use. The owner is required to record the license numbers of tenants' vehicle(s) and must provide that information to the City 				

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<p>upon request. (Section 7.40.020.c).</p> <ul style="list-style-type: none"> • <u>Inspection Report</u>. The proposed revisions would require that upon initial license application and each renewal application, the property owner must submit an inspection report verifying that the property is in conformance with appropriate land use and building permits (Section 7.40.020.d). • <u>Use, maintenance and signs</u>. Existing regulations require that a transient use site (1) shall be used and maintained in a manner consistent with the character of the neighborhood, (2) shall not impair the desirability of investment or occupation of the surrounding neighborhood, and (3) shall not have displayed thereon any sign that indicates the property is used or available for transient or short-term rental purposes (Section 7.40.030.c). Failure to comply with these requirements are grounds for license denial or revocation (Section 7.40.180) • <u>License numerical limits</u>. The proposed revisions would establish a a cap and density limit on STR licenses (Section 7.40.025): • <u>Parking</u>. The proposed revisions would continue to require short term rental units to provide on-site parking, thereby substantially reducing potential impacts to the availability of on-street parking (Section 7.40.030.g). • <u>Limit on overnight guests</u>. Existing regulations establish limits on the number of overnight guests who may occupy a short-term rental (Section 7.40.030.f). No change to these existing regulations is proposed. • <u>Prohibition of commercial events</u>. The proposed revisions would prohibit auctions, commercial functions and similar events at a short-term rental property (Section 7.40.030.i) • <u>Limit on amplified sound</u>. The proposed revisions would continue to prohibit amplified sound that is audible beyond the property boundaries of short-term rental units (7.40.030.h) and would require that tenants be informed of noise limits (Section 7.40.030.b). • <u>Owner responsibilities</u>. Existing regulations require that owners shall use their best efforts, and respond in a reasonable and timely manner, to ensure that every occupant of the transient use site does not create or contribute to unreasonable use of the property, cause unreasonable noise or disturbance, engage in disorderly or unlawful conduct, or overcrowd the site (Section 7.40.030.d). Existing regulations further require that the owner or owner representative shall be on-call full time to manage the property (Section 7.40.030.e). <p>In addition, the proposed regulations would help to generate revenue for the City in conformance with Policy 15.</p> <p>These provisions of the proposed amendment would substantially reduce potential impacts to a level that is less than significant and no mitigation measures are required.</p> <p><u>Pacific Grove Local Coastal Program Land Use Plan</u></p> <p>The City of Pacific Grove is located in the coastal zone as defined by the California Coastal Commission (CCC). The Local Coastal Program Land Use Plan (LUP) is required under the provisions of the California Coastal Act of 1976, as amended, for all areas within the state's coastal zone. The LUP for Pacific Grove was adopted by the City Council on June 7, 1989, as an element of the City's General Plan and consists of a land use plan, zoning ordinance, zoning district maps and other ordinances, which when taken together, meet the requirements of, and implement the provisions and policies of the Coastal Act at the local level.</p> <p>The Coastal Act requires that lower cost visitor and recreational facilities be protected, encouraged and, where feasible, provided, and gives preference to development providing public recreational opportunities (Section 30213). Because the proposed amendment would continue to allow short-term</p>				

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lodging opportunities for coastal visitors in private residences, it would be consistent with the City's LUP and CCC policies promoting access to the city's beaches. Therefore, the proposed project would not conflict with the LUP and impacts would be less than significant. No mitigation is required.				
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				X
(c) No Impact. There are no Habitat Conservation Plans or Natural Community Conservation Plans in effect within the city. No impacts would occur and no mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XI. MINERAL RESOURCES -- Would the project:				
a) Result in the loss of availability of a known mineral resource that would be of value to the region and the residents of the state?				X
b) Result in the loss of availability of a locally-important mineral resource recovery site delineated on a local general plan, specific plan or other land use plan?				X
(a-b) No Impact. No known mineral resources are located within the City of Pacific Grove nor designated in the City's General Plan or other land use plan. Therefore, the proposed project would have no impact on mineral resources. No mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XII. NOISE – Would the project result in:				
a) Exposure of persons to or generation of noise levels in excess of standards established in the local general plan or noise ordinance, or applicable standards of other agencies?			X	
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?			X	
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			X	
(a-d) Less than Significant Impact. The proposed amendment would not authorize new development or change existing regulations regarding construction or mechanical equipment noise. However, potential noise impacts could occur if occupants were to engage in activities or behavior that is disruptive to adjacent residents, such as shouting or playing loud music outdoors. It is not possible to				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<p>quantify or predict in any meaningful way the differences between long-term residents and short-term tenants with regard to human-generated noise. However, in order to address this concern, the proposed regulations continue to include the following provisions intended to minimize such noise impacts:</p> <ul style="list-style-type: none"> • <u>Limit on overnight guests.</u> Existing regulations establish limits on the number of overnight guests who may occupy a short-term rental (Section 7.40.030.f). No change to these existing regulations is proposed. • <u>Prohibition of commercial events.</u> The proposed revisions would prohibit auctions, commercial functions and similar events at a short-term rental property (Section 7.40.030.i) • <u>Limit on amplified sound.</u> The proposed revisions would prohibit amplified sound that is audible beyond the property boundaries of short-term rental units (7.40.030.h) and would require that tenants be informed of noise limits (Section 7.40.030.b). • <u>Owner responsibilities.</u> Existing regulations require that owners shall use their best efforts, and respond in a reasonable and timely manner, to ensure that every occupant of the transient use site does not create or contribute to unreasonable use of the property, cause unreasonable noise or disturbance, engage in disorderly or unlawful conduct, or overcrowd the site (Section 7.40.030.d). Existing regulations further require that the owner or owner representative shall be on-call full time to manage the property (Section 7.40.030.e). <p>These provisions would substantially reduce potential noise impacts to a level that is less than significant and no mitigation measures are required.</p>				
e) For a project located within an airport land use plan or, where such a plan has not been adopted, within two miles of a public airport or public use airport, would the project expose people residing or working in the project area to excessive noise levels?				X
f) For a project within the vicinity of a private airstrip, would the project expose people residing or working in the project area to excessive noise levels?				X
(e-f) No Impact. The project area is not in the vicinity of a private airstrip; therefore, no noise impacts would occur and no mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XIII. POPULATION AND HOUSING –				
Would the project:				
a) Induce substantial population growth in an area, either directly (for example, by proposing new homes and businesses) or indirectly (for example, through extension of roads or other infrastructure)?				X
b) Displace substantial numbers of existing housing, necessitating the construction of replacement housing elsewhere?				X
c) Displace substantial numbers of people, necessitating the				X

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
construction of replacement housing elsewhere?				
(a-c) No Impact. The proposed amendment would not authorize new development or induce substantial population growth. No existing housing units or people would be displaced as a result of the amendment. Therefore, the proposed project would have no impact housing and population. No mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XIV. PUBLIC SERVICES				
a) Would the project result in substantial adverse physical impacts associated with the provision of new or physically altered governmental facilities, need for new or physically altered governmental facilities, the construction of which could cause significant environmental impacts, in order to maintain acceptable service ratios, response times or other performance objectives for any of the public services:				
Fire protection?			X	
Police protection?			X	
Schools?				X
Parks?			X	
Other public facilities?			X	
Less than Significant Impact. As noted in Section X.b (Land Use and Planning), the proposed amendment would continue to impose regulations on the short-term rental of residential units such as limits on the number and density of short-term rental licenses, the number of occupants, the number of vehicles, and noise. Existing regulations require that the property owner or representative be on-call full-time to manage the property. These provisions would substantially reduce potential impacts on fire protection, police protection, parks and other public facilities to a level that is less than significant. Because short-term tenants do not attend local schools, no impact on schools would occur. No mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XV. RECREATION				
a) Would the project increase the use of existing neighborhood and regional parks or other recreational facilities such that substantial physical deterioration of the facility would occur or be accelerated?			X	
b) Does the project include recreational facilities or require the construction or expansion of recreational facilities which might have an adverse physical effect on the environment?			X	
(a-b) Less Than Significant Impact. Short-term rental of residential units is currently permitted in the city subject to licensing requirements. The proposed amendment would impose more restrictive				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
regulations on the number and density of short-term rental licenses. The amendment would not authorize additional development or increase land use intensity; therefore, potential impacts on existing parks and recreational facilities would be less than significant and no mitigation is necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XVI. TRANSPORTATION/TRAFFIC –				
Would the project:				
a) Conflict with an applicable plan, ordinance or policy establishing measures of effectiveness for the performance of the circulation system, taking into account all modes of transportation including mass transit and non-motorized travel and relevant components of the circulation system. Including but not limited to intersections, streets, highways and freeways, pedestrian and bicycle paths, and mass transit?			X	
b) Conflict with an applicable congestion management program, including, but not limited to level of service standards and travel demand measures, or other standards established by the county congestion management agency for designated roads or highways?			X	
c) Result in a change in air traffic patterns, including either an increase in traffic levels or a change in location that results in substantial safety risks?			X	
d) Substantially increase hazards due to a design feature (e.g., sharp curves or dangerous intersections) or incompatible uses (e.g., farm equipment)?			X	
e) Result in inadequate emergency access?			X	
f) Conflict with adopted policies, plans, or programs regarding public transit, bicycle, or pedestrian facilities, or otherwise decrease the performance or safety of such facilities?			X	
(a-f) Less than Significant Impact. Short-term residential rentals are currently permitted in the City subject to obtaining a transient use license. The proposed amendment would not authorize new development and would impose more restrictive regulations on the short-term rental of residential units such as limits on the number and density of short-term rental licenses, the number of occupants, and parking requirements. Therefore potential impacts would be less than significant and no mitigation is required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XVII. TRIBAL CULTURAL RESOURCES. Would the project cause a substantial adverse change in the significance of a tribal cultural resource, defined in Public Resources Code section 21074 as either a site, feature, place, cultural landscape that is geographically defined in terms of the size and scope of the landscape, sacred place, or object with cultural value to a California Native American tribe, and that is:				
a) Listed or eligible for listing in the California Register of Historical Resources, or in a local register of historical resources as defined in Public Resources Code section 5020.1(k), or				X
b) A resource determined by the lead agency, in its discretion and supported by substantial evidence, to be significant pursuant to criteria set forth in subdivision (c) of Public Resources Code Section 5024.1. In applying the criteria set forth in subdivision (c) of Public Resources Code Section 5024.1, the lead agency shall consider the significance of the resource to a California Native American tribe.				X
(a-b) No Impact. Short-term rental of residential units is currently permitted in the city subject to licensing requirements. The proposed amendment would not authorize additional development or increase land use intensity; therefore, no impacts to tribal cultural resources would occur and no mitigation is necessary.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XVIII. UTILITIES AND SERVICE SYSTEMS – Would the project:				
a) Exceed wastewater treatment requirements of the applicable Regional Water Quality Control Board?			X	
b) Require or result in the construction of new water or wastewater treatment facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
c) Require or result in the construction of new storm water drainage facilities or expansion of existing facilities, the construction of which could cause significant environmental effects?			X	
d) Have sufficient water supplies available to serve the project from existing entitlements and resources, or are new or expanded entitlements needed?			X	
e) Result in a determination by the wastewater treatment provider which serves or may serve the project that it has adequate capacity to serve the project’s projected demand in addition to the provider’s existing commitments?			X	

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
f) Be served by a landfill with sufficient permitted capacity to accommodate the project's solid waste disposal needs?			X	
g) Comply with federal, state, and local statutes and regulations related to solid waste?			X	
(a-g) Less Than Significant Impact. The proposed amendment would revise existing regulations for the short-term rental of residential units. No new development or increase in land use intensity would be authorized by the proposed amendment; therefore, impacts to utilities and service systems would be less than significant. No mitigation measures are required.				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XIX. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of a fish or wildlife species, cause a fish or wildlife population to drop below self-sustaining levels, threaten to eliminate a plant or animal community, reduce the number or restrict the range of a rare or endangered plant or animal or eliminate important examples of the major periods of California history or prehistory?				X
No Impact. The proposed amendment would modify current regulations for the short-term rental of existing residential units located in developed areas. Because no new construction would be authorized by the amendment, no impacts to fish and/or wildlife species or historical resources would occur.				
b) Does the project have impacts that are individually limited, but cumulatively considerable? ('Cumulatively considerable' means that the incremental effects of a project are considerable when viewed in connection with the effects of past projects, the effects of other current projects, and the effects of probable future projects)?			X	
Less than Significant Impact. The proposed amendment would modify current regulations for the short-term rental of existing residential units located in developed areas. No new construction would be authorized by the amendment, and the proposed regulations would be more restrictive than currently exist with respect to the number and occupancy of short-term rentals; therefore, cumulative impacts would be less than significant.				
c) Does the project have environmental effects which will cause substantial adverse effects on human beings, either directly or indirectly?			X	
Less than Significant Impact. The proposed amendment would modify current regulations for the short-term rental of existing residential units located in developed areas. No new construction would be authorized by the amendment, and the proposed regulations would be more restrictive than currently exist with respect to the number and occupancy of short-term rentals. Therefore, potential impacts on human beings, either direct or indirect, would be less than significant.				

ORDINANCE NO. 2017-

**AN ORDINANCE OF THE CITY OF PACIFIC GROVE
AMENDING MUNICIPAL CODE CHAPTER 7.40 RELATED TO
THE LICENSE PROCESS FOR
TRANSIENT USE OF RESIDENTIAL PROPERTY**

FACTS

1. In 2016, Chapter 7.40 and Chapter 23.64 of the Pacific Grove Municipal Code (PGMC) were amended by Ordinance 16-007 to regulate transient use of residential property within residential zones, and required those sites to hold an annual license from the City. The transient use licensing program, coupled with enhanced enforcement, was intended to regulate and control this activity.

3. The City Council requested a review of the Short Term Rental Program based on the code amendments in one year.

4. The matter was returned to Council for direction at its meeting of May 17, 2017 at which time public comment was received from members of the public. The matter was continued to a Special Meeting of the Council and direction for amendments to the program and the code was received.

4. This ordinance amends Chapter 7.40 of the Municipal Code.

6. The City prepared an Initial Study and Mitigated Negative Declaration to review ordinance pursuant to the California Environmental Quality Act (CEQA), and this Ordinance has been mitigated to a point where the proposed project will not have the potential to significantly degrade the environment; will have no significant impact on long-term environmental goals; will have no significant cumulative effect upon the environment; and will not cause substantial adverse effects on human beings, either directly or indirectly.

NOW, THEREFORE, BE IT ORDAINED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE:

SECTION 1. The foregoing factual recitals are adopted as findings of the City Council.

SECTION 2. Amendments to the Municipal Code Chapter 7.40, entitled “Transient Use License,” shall be amended by the deletion of all text shown in strikeout text (~~strikeout text~~) and by the addition of all text shown in bold, italic, underscored text (***bold, italic, underscored text***), as follows:

Chapter 7.40
TRANSIENT USE LICENSE

Sections:
7.40.005 Statement of purpose.

- 7.40.010 Definitions.
- 7.40.020 Allowed use.
- 7.40.025 License caps and density limits.
- 7.40.030 Limits on transient use.
- 7.40.040 Transient use license.
- 7.40.050 Display of transient use license.
- ~~7.40.060 Separate properties.~~
- 7.40.0670 Contents of license.
- 7.40.0780 Application – First license.
- 7.40.0890 Renewal license.
- 7.40.090 Reserved
- 7.40.100 Change to license information.
- 7.40.110 Evidence of transient occupancy of residential property.
- 7.40.120 Statements and records.
- 7.40.130 Failure to file statement or corrected statement.
- 7.40.140 Payment of transient occupancy tax.
- 7.40.150 Appeal of tax.
- 7.40.160 Additional power of city.
- 7.40.170 License nontransferable – Changed location.
- 7.40.180 License denial or revocation.
- 7.40.190 Appeal of revocation or suspension.
- 7.40.200 Penalties.
- 7.40.210 Liens.
- 7.40.005 Statement of purpose.

The purpose of this chapter is to establish a permitting process, together with appropriate standards that regulate short-term rental of single-family and multifamily dwellings in residential districts, to minimize negative secondary effects of short-term rental use on surrounding residential neighborhoods; and to preserve the character of neighborhoods in which any such use occurs. This chapter addresses traffic, noise and density; ensures health, safety and welfare of neighborhoods as well as of renters and guests patronizing short-term rentals; and imposes limits on the number of licenses issued to ensure long-term availability of the affordable housing stock. This chapter also sets regulations to ensure enforcement of these standards, and collection and payment of fees and transient occupancy taxes.

This chapter shall not provide any property owner with the right or privilege to violate any private conditions, covenants or restrictions applicable to the owner's property that may prohibit the use of such owner's residential property for short-term rental purposes as defined in this chapter.

The city council finds adoption of a comprehensive code to regulate issuance of and conditions attached to short-term rental licenses is necessary to protect the public health, safety and welfare. The purposes of this chapter are to provide a licensing system and to impose operational requirements in order to minimize the potential adverse impacts of transient uses on residential neighborhoods.

The city council finds the regulation of short-term rental uses, including its nontransferability provisions, to be a valid exercise of the city's police power in furtherance of the legitimate governmental interests documented in this chapter. [Ord. 16-007 § 3, 2016].

7.40.010 Definitions.

The terms "owner," "owner representative," "person," "remuneration," "residential property," "responsible tenant," "transient," "transient use," "transient use of residential property," and "transient use site" as used in this chapter shall be given the same definition as those terms in PGMC 23.64.350.

"STR License~~Type A~~" is a term that shall mean a short-term rental unit licensed for transient use of residential property for remuneration ~~(a) where the property owner does not reside at the site, or (b) where the property owner resides at the site, and where the property is available for short-term guests for more than 90 days in a single license year.~~

~~"STR Type B" is a term that shall mean a short-term rental unit licensed for transient use of residential property for remuneration where the property owner resides at the site, and where the property is available for short-term guests for no more than 90 days in a single license year (365 days). [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].~~

7.40.020 Allowed use.

(a) Transient use of residential property for remuneration is allowed pursuant to Chapter 23.64 PGMC or this chapter; provided, that a separate transient use license has first been granted and validly maintained for each transient use site.

(b) Each transient use license must meet all the requirements of this chapter. Transient use licenses are issued for a term. If no expiration date is shown, each shall expire on March 31st. A transient use license may be extended or renewed for a subsequent year if there have not been more than two verified (by city official) complaints received. ~~Transient use licenses issued and current as of May 6, 2016, shall expire on March 31, 2017.~~

~~(c) For the purposes of this chapter, the city recognizes and sets discrete requirements for each of two different classes of transient use licenses. These are "STR Type A" and "STR Type B."~~

~~(c)~~ Each contract or tenancy landlord-tenant rental agreement that allows transient use shall identify the name, address, phone and e-mail contact information of at least one responsible tenant who has been informed of, and has agreed to abide by, occupancy, parking and other limits that apply to that transient use. The owner or owner representative shall make a record of the motor vehicle license number of each motor vehicle used by an occupant of the transient use site, and shall upon request provide that information to the city manager or his delegated agent.

~~(d)~~ For each initial transient use license application, and each annual license renewal, the applicant and each property owner shall submit an inspection report to the city that provides and verifies information, in the form and manner required by the chief building official or delegate, to ensure the property is safe and habitable for its intended use, including verification of adequate egress from sleeping quarters and common areas, installation of accessible fire extinguishers, and a

carbon monoxide alarm on each level, and that the property exists in accord with appropriate land use and building permits.

~~(e)~~ The city shall cause notice of the application or any license renewal, and of any hearing on the application ~~or renewal to be posted and~~ mailed to notify neighbors **compatible with the density exclusion of the** within 300 feet of the transient use licensed site. The notice shall include a statement of the maximum number of guests permitted to stay in the short-term rental unit. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.025 License caps and density limits.

(a) License Cap. The maximum number of STR ~~Type A~~ licenses allowed within the residential districts of the city shall be 250. If applications exceeding this number are received, the city manager shall place the excess number on a STR license waiting list and process those in order of receipt as licenses become available. ~~The maximum number of Type B transient use licenses are not limited by this chapter.~~

(b) Density Limit. A STR ~~Type A~~ license shall not be issued if granting that STR ~~Type A~~ license would cause the STR ~~Type A~~ density limit to be exceeded. ~~for that residential zoning; provided, however, no STR density limit shall apply to Ocean View Boulevard and Mermaid Avenue.~~

The following density limits shall apply:

(1) One STR ~~Type A~~ license per parcel **and only one dwelling unit per parcel shall be licensed.** ~~This limit shall apply to any duplex.~~ It shall not apply to a property governed by the duly adopted bylaws of a city-approved homeowners' association (HOA), or to properties held as tenants in common. The limit shall not apply to commercially zoned properties.

~~(2) STR Type A licenses shall be further limited based on existing residential zoning district. Type A licenses shall be limited in all of the R-1 and R-2 districts to a total of 104 licenses. R-3 and R-4 districts are limited to a total of 146 licenses.~~

~~(3) A second or subsequent STR Type A license shall be approved only if the total number of such licenses does not exceed 15 percent per block on which it is located.~~

~~(4) In the case where the number of STR Type A licenses currently exceed the 15 percent per block density measure, the existing licenses on that particular block shall be limited to renting a total of 150 nights per year.~~

~~(25)~~ Commencing on March 31, 2018, all STR ~~Type A~~ licenses issued in the R-1-B-4 district shall require a use permit due to the sensitive habitat located in the vicinity. [Ord. 16-007 § 3, 2016].

7.40.030 Limits on transient use.

Transient use of residential property for remuneration allowed by Chapter 23.64 PGMC or this chapter shall be subject to each and every limitation in this section:

(a) Each contract or tenancy that enables transient use shall be in writing, and identify thereon the name, address, phone and e-mail contact information of (1) the owner, (2) the owner representative, and (3) at least one responsible tenant occupying the transient use site who shall be responsible for all limits required by this chapter;

(b) Each ~~contract or tenancy~~ landlord-tenant agreement that allows transient use shall identify the name, address, phone and e-mail contact information of at least one responsible tenant who has been informed by the owner or owner representative of the occupancy, parking and other limits that apply to transient use by this chapter and shall be informed of residential parking and noise limits, including but not limited to PGMC 11.96.010, the city codes that regulates unlawful noises;

(c) The transient use site (1) shall be used and maintained in a manner consistent with the character of the neighborhood, (2) shall not impair the desirability of investment or occupation of the surrounding neighborhood, and (3) shall not have displayed thereon any sign that indicates the property is used or available for transient or short-term rental purposes;

(d) Owner and owner representative shall each use their best efforts, and respond in a reasonable and timely manner, to ensure that every occupant of the transient use site does not create or contribute to unreasonable use of the property, cause unreasonable noise or disturbance, engage in disorderly or unlawful conduct, or overcrowd the site;

(e) The owner or owner representative shall be on-call full time to manage the property and shall be able to be physically present at the transient use site within 30 minutes of request during any time the property is occupied for transient use. Within 24 hours of the time an initial call is attempted, the owner or owner representative shall use his or her best efforts to prevent the recurrence of such conduct by the occupants and take corrective action to address any violation. Failure to respond timely to two or more complaints regarding tenant violations is grounds for penalties as set forth in this chapter;

(f) The maximum number of occupants aged 18 or older authorized to stay overnight at any transient use site shall be limited to two persons per bedroom, plus one additional person per site;

(g) Each designated on-site parking space at a transient use site shall be made available for use by overnight occupants of that site and any on-site driveway must be available for the use of the renters of the site;

(h) The maximum size event or large group gathering allowed at the transient use site shall not exceed one and one-half times the maximum number of occupants (aged 18 or older) authorized to stay overnight at that site, as shown on the STR license, ~~and in no event shall a gathering exceed 20 persons;~~

(i) Amplified sound that is audible beyond the property boundaries of the short-term rental dwelling is prohibited; and

(j) Auctions, commercial functions, and other similar events are prohibited at the short-term rental property. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.040 Transient use license.

It is unlawful for any person to transact and carry on any business relating to or supporting the transient use of residential property in the city without first having procured a transient use license from the city to do so, and paying the license fee and any other fees associated with approval of an application of a license, and also without complying with any and all applicable provisions of this chapter. A transient use license, however, shall not be required for any lawfully established bed and breakfast inn, motel, hotel, or timeshare development. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.050 Display of transient use license.

The owner or owner representative shall cause a copy of the transient use license to be displayed in a prominent location within the interior of the transient use site, and shall provide a copy to each responsible tenant. Each Internet or online ad, sign, circular, card, telephone book, or newspaper advertisement that indicates or represents a transient use site is available for transient or short-term rental purposes shall prominently display thereon the transient use license number assigned to that site by the city of Pacific Grove. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

~~7.40.060 Separate properties.~~

~~A single transient use license shall be issued for each and every residential dwelling unit for transient use under identical ownership at a single site. In all other circumstances, a separate license shall be required for each transient use. A transient use license shall authorize the licensee to transact and carry on transient use of residential property only at the location and in the manner and subject to the limits designated in such license. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].~~

7.40.0670 Contents of license.

Every person required to have a license under the provisions of this chapter shall make application to the city and tender payment of the prescribed application and license fee. Thereafter, in accord with the provisions of this chapter, the city shall issue to such person a license which shall contain the following information:

(a) The name and contact information of the owner to whom the license is issued, and the name and contact information for the owner representative;

(b) The transient use site licensed ~~and whether the license is a “STR Type A” or a “STR Type B”;~~

(c) The date of the expiration of such license;

(d) The maximum number of occupants aged 18 or older who are authorized to stay overnight at that transient use site in accordance with the number of bedrooms on site;

(e) The maximum number of motor vehicles allowed for use by overnight occupants at that transient use site based on the available on-site parking as shown on the application site plan;

(f) Such other administrative information as may be necessary for the enforcement of the provisions of this chapter. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.0780 Application – First license.

Each short-term rental license shall be in the name of the owner of the real property upon which the short-term rental use is to be permitted. A tenant of the property shall have written permission by the owner of the property. When a person first makes an application for a license pursuant to this chapter, such person shall furnish to the city a sworn statement, upon a form provided by the city, setting forth the following information:

(a) The address of the transient use site to which the license shall apply, and all places of residence of the owner(s) of same;

(1) In the event an application is made for issuance of a license to a person doing business under a fictitious name, the application shall set forth the names and places of residence of those owning the business;

(2) In the event an application is made for the issuance of a license to a corporation or a partnership, the application shall set forth the names and places of residence of the principal officers and all partners thereof;

~~(b) Each application shall set forth such information as may be therein required by the city collector and deemed necessary to estimate the annual transient occupancy tax to be charged for that property.~~ The property owner shall maintain a transient use license at all times, and shall agree to collect and remit transient occupancy taxes on all gross receipts pertaining to the property;

(c) Each license application shall identify the name, address, phone and e-mail contact information of the owner and the owner representative;

(d) Each license application shall include a site plan, which labels each room in the structures on the property, including the number of bedrooms and the number of off-street parking spaces;

(e) A certification affidavit signed by the owner affirming that smoke detectors are installed in all sleeping quarters and common areas and that fire extinguishers are accessible and a carbon monoxide alarm is installed on each level, to protect the health and safety of the occupants of the transient use site and the applicant shall provide access and information to the fire inspector as needed to ensure health and safety for occupants of the transient use site; and

(f) Such further information which the city may require to enable proper administration of the license.

The applicant shall remit all required annual fees in accordance with the master fee schedule set by council resolution. The applicant shall agree to renew and/or amend the license in accord with the requirements of this chapter as it may be amended from time to time and if there is

a change in any material fact stated in the application. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.0890 Renewal license.

(a) In all cases, the applicant for the renewal of a license shall submit to the city on or before March 1st each year an application for renewal containing a sworn statement upon a form to be provided by the city, setting forth such information concerning the applicant's transient occupancy activity during the preceding calendar year as may be required by the city collector to enable him or her to verify the amount of the transient occupancy tax paid by said applicant pursuant to the provisions of this chapter. Evidence that a site has not been used for transient use during the preceding 12 months shall cause nonrenewal of a STR ~~Type A~~ license.

(b) The property owner shall remit the annual license fee, as set by resolution, at the same time as the renewal application. The property owner shall submit an annual affidavit affirming that smoke detectors are installed and maintained in all sleeping quarters and common areas, that fire extinguishers are accessible, and a carbon monoxide alarm is installed on each level. The property owner shall provide access and information to ~~the~~ any city inspector to ensure health and safety for occupants of the transient use site, including verification of adequate egress from sleeping quarters and common areas, and installation of accessible fire extinguishers, and a carbon monoxide alarm on each level. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.090 Reserved.

7.40.100 Change to license information.

A request to amend any information provided on the license issued pursuant to this chapter shall be made within 14 days of any change of owner, a change of the owner representative, a change in any material fact upon which the license was issued, or if any other person acquires an ownership interest in the transient use site. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.110 Evidence of transient occupancy of residential property.

~~When any owner, owner representative or other person makes use of Internet services, signs, circulars, cards, telephone books, or newspapers, and/or advertises, holds out, or represents that he or she allows transient occupancy of residential property in the city, and such person fails to provide a sworn statement to the city that he or she does not allow transient occupancy of residential property in the city after being requested to do so by the city, then such information shall be considered prima facie evidence that he or she is conducting a business in the city of allowing transient occupancy of residential property. Until proper evidence to the contrary is presented to the city, the city shall be entitled to presume that residential property is subject to the license required by this chapter, and/or that the transient use of residential property has occurred at the transient use site.~~ **When the City has reasonable cause to believe an owner of real property within the City, or the agent of an owner, has advertised such property as available for short term occupancy in exchange for monetary payment, and if no valid transient use license has been issued for the property, the City may require the owner or owner's agent to provide the City within seven calendar days a sworn statement that such advertisement and/or occupancy has not occurred. Failure by the owner or owner's agent to provide the sworn statement shall constitute prima**

facie evidence the owner or owner's agent is violating this Chapter 7.40. Advertisement includes, but is not limited to, offering the property for short term occupancy through internet advertisement, signs, circulars, cards, telephone books, or newspapers, and/or other representation implying or stating the property is available for short term rental use.[Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.120 Statements and records.

No statement **required by this Chapter** shall be conclusive as to the matters set forth therein, nor shall the filing of such statement keep the city from collecting by appropriate action taxes and/or fees that are due and payable hereunder. In the event that the city deems it necessary, he or she may require that a licensee or applicant for a license submit verification of financial information necessary to calculate the transient occupancy tax due, or at the option of the licensee or applicant, may authorize the city to examine records or business transactions to compute the transient occupancy tax that is owed. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.130 Failure to file statement or corrected statement.

If any person fails to file any ~~required~~ statement **required by this Chapter** within the time prescribed, or if after demand therefor made by the city he or she fails to file a corrected statement, or if any person subject to the tax imposed by this chapter fails to apply for a license, the city may determine the amount of tax due from such person by means of such information as he or she may be able to obtain and shall give written notice thereof to such person. Delinquent payment shall be subject to penalties calculated in the same manner as set forth in PGMC 7.04.200. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.140 Payment of transient occupancy tax.

The owner or owner representative shall remit the transient occupancy tax as set forth in Chapter 6.09 PGMC. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.150 Appeal of tax.

Any person aggrieved by any decision of the city with respect to the amount of the transient occupancy tax or fees associated thereto may appeal to the administrative enforcement hearing officer panel by filing a notice of appeal with the city clerk **or delegeedelegate** within 15 days after receipt of written notice from the city. The hearing officer assigned by the panel shall thereupon fix a time and place for hearing such appeal. The city clerk **or delegeedelegate** shall give notice to such person of the time and place of hearing by serving it personally or by depositing in the United States Post Office at Pacific Grove, California, postage prepaid, addressed to such person at his or her last known address. The hearing officer shall have authority to determine all questions raised by such appeal; provided, however, that no such determination shall conflict with any substantive provision of this chapter. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.160 Additional power of city.

In addition to all other power conferred upon the city, he or she shall have the power, for good cause shown:

(a) To extend the time for filing any required sworn statement or application for a period not exceeding 30 days, and in such case to waive any penalty that would otherwise have accrued; and

(b) Whenever any fee, tax or penalty pursuant to this chapter is due and payable but has not been satisfied in full within 90 days and/or has not been successfully challenged by a timely writ of mandate, such amounts shall constitute a lien against the real property, and be subject to the processes set forth in PGMC 1.19.270 through 1.19.290, inclusive. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.170 License nontransferable – Changed location.

No license issued pursuant to this chapter shall be transferable to any other person or location. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.180 License denial or revocation.

Any application for a license may be denied, and any license issued pursuant to this chapter may be revoked, **cancelled or suspended** ~~unless substantial evidence shall be presented as to why the application should not be denied, or the license should not be revoked for any reasons,~~ including but not limited to:

(a) A false material statement or misrepresentation has been made in, or in support of, the application;

(b) A change occurs in any material fact upon which the license was issued that has not been reported to the city as a change to the required license content within 14 days;

(c) The transient use site, or any other location owned by the owner or applicant, has been the site of a violation of any provision of law, or otherwise fails to meet sanitation or health standards of the neighborhood, within the two years immediately preceding;

(d) The owner or applicant has violated any provision of the municipal code or any provision of the Health and Safety Code, within the two years immediately preceding;

(e) The owner, owner representative or applicant has been convicted of any crime involving moral turpitude;

(f) The owner, owner representative or applicant has failed to timely respond to two or more complaints regarding limits on transient use as required by PGMC 7.40.030 within the two years immediately preceding;

(g) The site does not meet the definition of dwelling unit as per PGMC 23.64.350(a)(5);

(h) The owner, applicant, guest or any occupant of a STR site allows or facilitates a party, event or large group gathering at that site that exceeds ~~one and one-half times~~ the maximum number of occupants (aged 18 or older) authorized to stay overnight at that transient use site, as shown on the STR license;

(i) The owner, applicant, guest or any occupant of a STR site regularly engages in disorderly conduct, violates provisions of this code or any state law pertaining to noise, disorderly conduct, or uses illegal drugs. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.190 Appeal of denial, revocation or suspension.

Any person who has been denied a license or to whom notice of revocation or suspension of a license has been mailed may appeal to the administrative enforcement hearing panel under Chapter 1.19 PGMC, pursuant to a request for hearing under PGMC 1.19.090. Notice of the proceeding shall conform to PGMC 1.12.010, and the hearing shall conform to the process set at PGMC 1.19.090 and following and PGMC 1.19.180. The hearing officer shall have authority to determine all questions raised by such appeal; provided, however, that no such determination shall conflict with any substantive provision of this chapter. Any applicant or license holder whose license shall have been denied or revoked shall be ineligible for a two-year period from applying for a new license. No person whose license has been revoked shall continue to engage in or carry on the activity for which the license was granted, unless and until such license has been reinstated or reissued. The decision of the hearing officer shall be final. Notice of the decision, and the opportunity for judicial review, shall conform to PGMC 1.20.010. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.200 Penalties.

Penalties as set forth in Chapter 1.16 PGMC, or the administrative process set forth in Chapter 1.19 PGMC, may be imposed for failure to comply with the provisions of Chapter 23.64 PGMC or this chapter, with respect to:

(a) Any owner, owner representative, or person who transacts or carries on any activity relating to or supporting the transient use of residential property in the city without first having procured and complied with a transient use license from the city so to do and paying all applicable license fees shall be subject to administrative penalties as set forth in Chapter 1.19 PGMC, including administrative penalties imposed by a hearing officer for violation of any provision of this chapter in an amount not to exceed a maximum of \$2,500 per day for each continuing violation, exclusive of administrative costs, interest and restitution for compliance reinspections, for any related series of violations, and/or forfeiture of all rents received during the period transient use was allowed without a transient use license, whichever amount is greater; or

(b) Any owner, owner representative, or person who carries on any activity that advertises to the surrounding neighborhood that the site has been licensed to allow, or is used for, transient occupancy, and who has failed to timely remedy this violation in response to two or more complaints, shall be subject to administrative penalties; or

(c) Any owner, owner representative, responsible tenant or person who allows a transient use site to be used or maintained in a manner detrimental to the peace, public health, safety or general welfare of persons or property of the neighborhood or the public, and fails to timely remedy this violation in response to two or more complaints; or

(d) Any owner, owner representative, responsible tenant or person who allows impermissible or inappropriate behavior at the transient use site or action that exceed the limits on transient use set by PGMC 7.40.030 following two or more complaints; or

(e) Limits upon administrative penalties in PGMC 1.19.200 shall not apply to any violation of this chapter. [Ord. 16-007 § 3, 2016; Ord. 10-001 § 3, 2010].

7.40.210 Liens.

Whenever the amount of any penalty, forfeiture, and/or administrative cost imposed by a hearing officer pursuant to this chapter or to Chapter 1.19 PGMC has not been satisfied in full within 90 days and/or has not been successfully challenged by a timely writ of mandate, this obligation shall constitute a lien against the real property on which the violation occurred, and be subject to the processes set forth in PGMC 1.19.270 through 1.19.290, inclusive.

SECTION 4. If any provision, section, paragraph, sentence, clause or phrase of this ordinance, or any part thereof, or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance, or any part thereof, or its application to other persons or circumstances. The City Council hereby declares that it would have passed and adopted each provision, section, paragraph, subparagraph, sentence, clause or phrase thereof, irrespective of the fact that any one or more sections, paragraphs, subparagraphs, sentences, clauses or phrases, or the application thereof to any person or circumstance, be declared invalid or unconstitutional.

SECTION 5. In accord with Article 15 of the City Charter, this ordinance shall become effective immediately upon adoption on second reading.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE THIS ____ day of _____, 2017, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

BILL KAMPE, Mayor

ATTEST:

Sandra Kandell, Deputy City Clerk

APPROVED AS TO FORM:

DAVID C. LAREDO, City Attorney