

## **ORDINANCE NO. 718**

### **AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF ARROYO GRANDE AMENDING TITLE 16 OF THE ARROYO GRANDE MUNICIPAL CODE REGARDING VACATION RENTALS AND HOMESTAYS**

**WHEREAS**, the City of Arroyo Grande ("City") currently regulates vacation rentals or homestays as established by Ordinance No. 663; and

**WHEREAS**, due to the increasing popularity of vacation rentals and homestays, the City Council held a study session on March 22, 2022 to discuss impacts and complaints associated with short term rentals; and

**WHEREAS**, Council directed staff to amend existing regulations to ensure that impacts are addressed and mitigated and that the character of existing neighborhoods is maintained, while providing an expanded type of lodging facility available within the City; and

**WHEREAS**, it is the purpose of this Ordinance to protect the public health, safety, and welfare within the City by establishing rules and requirements for vacation rentals and homestays; and

**WHEREAS**, the City of Arroyo Grande has duly initiated amendments to the Arroyo Grande Municipal Code ("AGMC"); and

**WHEREAS**, the Planning Commission of the City of Arroyo Grande, after giving notices thereof as required by law, held a public hearing on August 2, 2022 concerning this code amendment and carefully considered all pertinent testimony and the staff report offered in the matter as presented; and

**WHEREAS**, on August 2, 2022, the Planning Commission of the Arroyo Grande recommended to the City Council amending Sections 16.52.230 and 16.52.240 of the Arroyo Grande Municipal Code; and

**WHEREAS**, the City Council has, after giving notice thereof as required by law, held a public hearing on September 13, 2022, concerning the proposed amendments to AGMC Sections 16.52.230 and 16.52.240, and continued the public hearing to September 27, 2022; and

**WHEREAS**, the City Council, at its regularly scheduled public meeting on September 27, 2022 introduced this Ordinance to amend Sections 16.52.230, 16.52.240 and 16.04.070 of the AGMC; and

**WHEREAS**, the City Council has carefully considered all pertinent testimony and the staff report, its attachments and all supporting materials referenced therein or offered in the matter as presented at the public hearing.

**NOW, THEREFORE, BE IT ORDAINED by the City Council of the City of Arroyo Grande as follows:**

SECTION 1: The above recitals and findings are true and correct and incorporated herein by this reference.

SECTION 2: Arroyo Grande Municipal Code Section 16.52.230 is hereby amended as follows:

**SECTION 16.52.230 – VACATION RENTALS**

- A. Purpose and intent. The purpose of these regulations is to ensure that vacation rentals located in the city conform to the existing character of the neighborhood in which they are located and do not create an adverse impact on adjacent properties.
- B. Applicability. Vacation rentals may be permitted only with approval of a minor use permit. Vacation rentals shall comply with the property development standards of the underlying district and the performance standards and special conditions listed in Section 16.52.230.C.
- C. Performance standards and conditions for vacation rentals.
  - 1. Operators of vacation rentals are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.
  - 2. Any proposed vacation rental shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood
  - 3. All Building Code and Fire Code requirements for the level of occupancy of the vacation rental shall be met.
  - 4. All environmental health regulations shall be met.
  - 5. The operator of the vacation rental shall, at all times while the property is being used as a vacation rental, maintain a contact person/entity within a fifteen (15) minute drive of the property. The contact person or entity must be available via telephone twenty-four (24) hours a day, seven (7) days a week, to respond to complaints regarding the use of the vacation rental. The contact person or entity shall respond, either in person or by return telephone call, with a proposed resolution to the complaint within three (3) hours between 7:00 am and 9:00 pm, and within thirty (30) minutes between 9:00 pm and 7:00 am. Vacation rental applicants shall be required to pay the City's fee at the time of application to generate mailing labels for all property owners within 300 feet. An emergency contact shall be deemed unresponsive if no response is provided to a call for assistance. Three instances of unresponsiveness within a twelve (12) month period shall be grounds to initiate revocation proceedings.

6. The operator of the vacation rental shall annually, at the time of renewal of the business license, notify the Community Development Department of the name, address and telephone number of the contact person required in subsection 16.52.230.C.5.
7. A written notice shall be conspicuously posted inside each vacation rental unit setting forth the name, address and telephone number of the contact person required in subsection 16.52.230.C.5. The notice shall also set forth the address of the vacation rental, the maximum number of occupants permitted to stay overnight in the unit, the maximum number of vehicles allowed to be parked on-site, and the day(s) established for garbage collection. The notice shall also provide the non-emergency number of the Arroyo Grande Police Department.
8. On-site advertising of the vacation rental is prohibited.
9. The number of overnight occupants shall be limited to two persons per bedroom and two additional persons. A bedroom shall meet the minimum size requirements as defined in the Building Code.
10. All refuse shall be stored in appropriate containers and timely placed at the curb for collection every week.
11. The operator of the vacation rental shall pay Transient Occupancy Tax ("TOT") as required by Arroyo Grande Municipal Code Section 3.24.030.
12. Establishment of a vacation rental within five-hundred feet (500') of an existing short term rental or school shall not be permitted.
13. Violations – violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.
14. Vacation rentals shall not be approved within Planned Unit Developments ( PUDs).
15. The total number of approved vacation rentals within the City shall not exceed ninety (90). Once the cap is reached, complete applications will be added to a waiting list that will be processed on a first-come-first-served basis if new approvals become available.
16. Vacation rentals must remit a minimum amount of TOT to the City at least once every six (6) months, the amount shall be established by resolution of the City Council and shall be equivalent to half of the average annual TOT remitted by all vacation rentals that have remitted TOT the previous fiscal year, otherwise revocation proceedings shall be initiated.
17. The listed emergency contact for a vacation rental shall not be un-responsive to neighborhood complaints three (3) times within a twelve (12) month period, otherwise revocation proceedings shall be initiated. An emergency contact shall be deemed unresponsive if no response is provided to a call for assistance.
18. Revocation proceedings shall be initiated if two (2) citations are issued by a City official or two (2) arrests are made within a twelve (12) month period due to rental guest behavior.
19. Vacation rentals shall be required to provide two (2) off-street parking spaces for use by rental guests. These spaces shall be kept free and clear and the rental guest shall be made aware of their location for preferred use during the duration of the stay.

SECTION 3: Arroyo Grande Municipal Code Section 16.52.240 is hereby amended as follows:

**SECTION 16.52.240 – HOMESTAYS**

- A. Purpose and Intent. The purpose of these regulations is to ensure that homestays located in the city conform to the existing character of the neighborhood in which they are located and do not create an adverse impact on adjacent properties.
- B. Applicability. Homestays may be permitted only with approval of a minor use permit. Homestays shall comply with the property development standards of the underlying district and the performance standards and special conditions listed in subsection (C).
- C. Performance Standards and Conditions for Homestays.
  - 1. Operators of homestays are required to obtain a minor use permit-plot plan review (Section 16.16.080) and a business license.
  - 2. Any proposed homestay shall be compatible with the neighborhood in which it is located in terms of landscaping, scale and architectural character. The use shall be harmonious and compatible with the existing uses with the neighborhood.
  - 3. All Building Code and Fire Code requirements for the level of occupancy of the homestay shall be met.
  - 4. All environmental health regulations shall be met.
  - 5. The operator shall reside on the premises during the entire duration of the rental stay.
  - 6. Individual guest stays shall be limited to fourteen (14) days, with a seven-day period between stays.
  - 7. On-site advertising of the homestay is prohibited.
  - 8. A bedroom shall meet the minimum size requirements as defined in the Building Code.
  - 9. The operator of the homestay shall pay Transient Occupancy Tax ("TOT") as required by Arroyo Grande Municipal Code Section 3.24.030.
  - 10. Establishment of a homestay within five-hundred (500) feet of an existing short term rental or school shall not be permitted.
  - 11. Violations. Violation of these requirements shall constitute grounds for revocation of the minor use permit pursuant to Section 16.16.220.
  - 12. Homestays must remit a minimum amount of TOT to the City at least once every six (6) months, the amount shall be established by resolution of the City Council and shall be equivalent to half of the average annual TOT remitted by all homestays that have remitted TOT the previous fiscal year, otherwise revocation proceedings shall be initiated.
  - 13. Revocation proceedings shall be initiated if two (2) citations are issued by a City official or two (2) arrests are made within a twelve (12) month period due to rental guest behavior.

SECTION 4: Arroyo Grande Municipal Code Section 16.04.070 is hereby amended as follows:

**16.04.070.C. Definitions**

“Homestay” means a structure on an owner-occupied parcel where a maximum of two (2) short-term lodging rooms are provided for compensation while the property owner is present on-site.

“Vacation rental” means a structure or structures on a property being rented for less than thirty (30) days without concurrently being occupied by the owner/operator where the short-term lodging is provided for compensation.

SECTION 5: Upon adoption of this Ordinance, the City Clerk shall file a Notice of Exemption pursuant to 14 CCR § 15062.

SECTION 6: A summary of this Ordinance shall be published in a newspaper published and circulated in the City of Arroyo Grande at least five (5) days prior to the City Council meeting at which the proposed Ordinance is to be adopted. A certified copy of the full text of the proposed Ordinance shall be posted in the office of the City Clerk. Within fifteen (15) days after adoption of the Ordinance, the summary with the names of those City Council Members voting for and against the Ordinance shall be published again, and the City Clerk shall post a certified copy of the full text of such adopted Ordinance.

SECTION 7: If any provision of this Ordinance or the application thereof to any person or circumstance is for any reason held to be invalid or unconstitutional by a decision of any court of competent jurisdiction, such decision shall not affect the validity of the remaining portions of this Ordinance. The City Council hereby declares that it would have passed this Ordinance and each and every section, subsection, sentence, clause, or phrase not declared invalid or unconstitutional without regard to whether any portion of the ordinance would be subsequently declared invalid or unconstitutional.

SECTION 8: This Ordinance shall take effect thirty (30) days from the date of adoption.

On motion of Council Member Paulding, seconded by Council Member Storton, and on the following roll call vote to wit:

**AYES:** Council Members Paulding, Storton, and Mayor Ray Russom

**NOES:** None

**ABSENT:** Council Members George, and Barneich

The foregoing Ordinance was adopted this 11<sup>th</sup> day of October, 2022.

**ORDINANCE NO. 718**  
**PAGE 6**

**/s/CAREN RAY RUSSOM, MAYOR**

**ATTEST:**

**/s/JESSICA MATSON, CITY CLERK**