



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

**AGENDA REPORT**

**TO:** Honorable Mayor and Members of the City Council  
**FROM:** Terri C. Schaeffer, Housing Program Coordinator  
**MEETING DATE:** March 24, 2016  
**SUBJECT:** Ordinance to Permit Home Sharing  
**CEQA:** Initial Study/Negative Declaration

**RECOMMENDATION**

Introduce and hold first reading of an Ordinance to amend Pacific Grove Municipal Code Chapter 23 to add a new Section 23.64.370 related to permitting Home Sharing. Also adopt the Initial Study/Negative Declaration (IS/ND) prepared and posted pursuant to CEQA Guidelines Sec. 15070 et seq.

**DISCUSSION**

At its December 16, 2015 meeting the City Council reiterated its support of the concept of Home Sharing or the use of the rental of a single room for transient use as a Short Term Vacation Rental (STVR). Subsequently, on March 3, 2016, the Planning Commission recommended adding a new Zoning Code Section entitled "Home Sharing" to PGMC Chapter 23.64 General Provisions and Exceptions to permit the activity of single room rental on a short term basis.

The Planning Commission also expressed that Home Sharing should be considered as a separate Ordinance from short term rentals in general because Home Sharing is an owner occupied, self-selected, and self-supervised activity. The new Section "23.64.370 Home Sharing" will permit property owners desiring to rent a room to guests for less than 30 days for remuneration, to obtain a permit for this use in any residential dwelling unit. Home sharing will be limited to single family dwelling units in any residential or commercial zone. Home sharing will not be permitted in any of the following dwelling units:

1. Lawfully established as second units established pursuant to Chapter 23.80 PGMC;
2. Any accessory to a dwelling unit, or any detached room, or a detached portion of a residential unit that does not provide internal access to both kitchen and bathroom facilities;
3. Any room that is part of a bed and breakfast inn, motel, hotel, or timeshare development condominium, multi-family dwelling unit or any other "tenants in common" dwelling unit.

An owner or owner representative of any qualifying residential property shall submit for an administrative home sharing permit to the City, along with payment of the approved fees, an affidavit affirming 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.

Prior to issuance of the permit the owner or owner representative shall provide: access to the site; information to a certified inspector to ensure the health and safety of the site; a report verifying inspection of the site has occurred; and that the Home Sharing site conforms to all requirements of PGMC Section 23.64.370.

Once a permit is approved, all transient occupancy taxes as set forth in Chapter 6.09 PGMC, and fees, as adopted from time to time in the City's Master Fee Schedule shall be collected and remitted to the City, as applicable.

### **CEQA COMPLIANCE**

The City prepared an Initial Study and Mitigated Negative Declaration to review the 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. The Planning Commission finds that on the basis of the whole record that there is no substantial evidence that the proposed amendment to the City's regulations will have a significant effect on the environment, and that the IS/ND reflects the Commission's independent judgment and analysis.

### **OPTIONS**

1. Take no action.
2. Provide recommendations to amend the ordinance

### **FISCAL IMPACT**

As this action proposes to increase the number of properties subject to Transient Occupancy Tax (TOT), it is possible that the amount of TOT and administrative fees collected by the City could increase.

### **ATTACHMENTS**

1. Draft Ordinance
2. IS/ND

RESPECTFULLY SUBMITTED,



---

Terri C. Schaeffer  
Housing Program Coordinator

REVIEWED BY,



---

Ben Harvey  
Interim City Manager

## **ORDINANCE NO. 16-**

### **AN ORDINANCE OF THE CITY OF PACIFIC GROVE AMENDING THE PACIFIC GROVE MUNICIPAL CODE AT PGMC §23.64 TO PERMIT AND REGULATE HOME SHARING**

#### **FACTS**

1. Title 23 “Zoning” of the Pacific Grove Municipal Code (PGMC) governs land use and zoning within the City;
2. Title 23 allows for the transient use of residential property. Home sharing, by which the resident of a home provides accommodations for less than 30 days to unrelated guests, while the owner or long-term tenant is present, is one possible type of transient use of residential property commonly considered in Pacific Grove and elsewhere;
3. The City Council has the authority to legalize home sharing;
4. To ensure home sharing fully considers the health and safety of the short-term tenants, and preserves or enhances the existing character of the neighborhood in which the home is shared, it is desirable for the City to adopt regulations similar to, but in some ways different from, those regulations adopted for motels, hotels, bed and breakfasts, and other short-term transient uses. Such standards, conditions and regulations established by Council shall be in addition to and harmonious with the Coastal Act and the City’s General Plan;
5. Pursuant to PGMC Sec. 23.84.060, the Council finds as follows:
  - (a) The proposed amendment is consistent with the general plan and the local coastal program in that home sharing does not constitute a change in single-family 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 and the City’s local coastal program.
  - (b) The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the city in that the proposed regulations would establish permit procedures that include required conformance with health and safety standards.
  - (c) The proposed amendment is internally consistent with other applicable provisions of these regulations.
6. Enactment of this ordinance action is a Project, as defined by California Environmental Quality Act (CEQA), and an Initial Study/Negative Declaration (“IS/ND”) was prepared and posted for public review on February 10, 2016 pursuant to CEQA Guidelines Sec. 15070 et seq. Subsequent to the posting of the IS/ND, changes were made to the draft regulations as described in the City Council staff report, however pursuant to CEQA Guidelines Sec. 15073.5 those changes do not require substantial revisions to the IS/ND or recirculation of

the IS/ND. The Council has considered the IS/ND together with all public comments and the recommendation of the Planning Commission, and finds that on the basis of the whole record there is no substantial evidence the proposed amendment to the City's home sharing regulations will have a significant effect on the environment, and that the IS/ND reflects the Council's independent judgment and analysis. The City Clerk is the custodian of the documents which constitute the record of proceedings upon which the Council's decision is based. .

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

SECTION 1. The foregoing Facts are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. Existing Municipal Code section of Chapter 23.64 "General Provisions and Exceptions" shall be amended by the addition of Section 23.64.370, "Home Sharing," the addition of all text shown in bold, italic, underscored text (***bold, italic, underscored text***), as follows:

***PGMC §23.64.370 Permitting Home Sharing***

- (a) ***Definitions. For the purposes of this section, certain terms used herein shall have the meanings set forth below or in section 23.64.350, and such meanings shall prevail in case of conflict with the definitions set forth in Chapter 23.08 PGMC.***
  - (1) ***"Guest" means a person who rents a bedroom and ancillary facilities at a home sharing site***
  - (2) ***"Home sharing" means an activity whereby Residents host Guests in their homes, for compensation, for periods of 30 consecutive days or less, while at least one of the dwelling unit's Residents lives in the dwelling unit.***
  - (3) ***"Home sharing site" means property occupied and used for home sharing purposes.***
  - (4) ***"Resident" means a person legally residing in a dwelling unit in excess of 30 consecutive days. Such Resident may be the owner or a tenant living there with the approval of the owner.***
- (b) ***Home sharing for remuneration is allowed pursuant to this chapter, provided that a separate home sharing permit has first been granted and validly maintained for each home sharing site.***
- (c) ***Each home sharing permit shall meet all requirements of this section, including:***
  - (1) ***Each "Home Sharing" permit shall be subject to the following conditions:***
    - a) ***Home sharing is limited to single family dwellings in any residential or commercial zone. Home sharing is not permitted: in dwelling units lawfully established as second units pursuant to Chapter 23.80 PGMC; in any accessory unit to a single family dwelling; in any condominium, multi-family dwelling unit or any other "tenants in common" dwelling unit; in any room, detached rooms, or any portion of a single family residence that does not provide both kitchen and bathroom facilities; or as part of a bed and breakfast inn, motel, hotel, timeshare development, or other transient use.***

- b) The resident shall also occupy the home throughout the duration of any home sharing;
  - c) A maximum of one bedroom in the home may be rented to adults; a second bedroom may be rented to children as part of the same contract;
  - d) No more than 2 adults shall occupy the rented bedroom;
  - e) Guest(s) shall have exclusive use of the rented bedroom(s) and shared use of a full bathroom and kitchen;
  - f) Neither bedrooms nor bathrooms shall contain cooking facilities;
  - g) A designated on-site parking space for use by overnight guests shall be made available, if it exists, or one parking space on any on-site driveway shall be made available , if it exists.
- (2) The owner or owner representative of any qualifying residential property may submit an application to the City for an administrative home sharing permit, along with payment of the approved fees, an affidavit affirming that smoke detectors are installed and maintained in all sleeping quarters and common areas, that fire extinguishers are accessible, and that a carbon monoxide alarm is installed on each level. The owner or owner representative shall provide: access to the site and information to a certified inspector to ensure health and safety of the home share site, prior to issuance of the permit; a report verifying inspection of the site has occurred; and that the Home Sharing site conforms to all requirements of PGMC Section 23.64.370.
- (3) A home sharing permit shall continue in force, as long the conditions are met, except upon cancellation by the owner or owner representative, or upon the sale or transfer of the property.
- (4) Once a permit is approved, all transient occupancy taxes as set forth in Chapter 6.09 PGMC, and fees, as adopted from time to time in the City's Master Fee Schedule shall be collected and remitted to the City, and are applicable.
- (5) Evidence of transient occupancy of a permitted home sharing site, statements and records, failure to file statement or corrected statement, payment of transient occupancy tax, appeal of tax, additional power of City, permit nontransferability, permit denial or revocation, appeal of revocation or suspension, penalties, and liens, shall be as provided in sections 7.40.110 through 7.40.210, inclusive.
- (d) Liability and Enforcement. For the purposes of this section, liability and enforcement shall be the same as PGMC section 23.64.350 (c).

SECTION 3. In accord with Article 15 of the City Charter, this ordinance shall take effect thirty days following passage and adoption hereof.

SECTION 4. The City Manager and City Clerk are directed to perform all tasks necessary to implement this ordinance. This measure may, but shall not be required to, cause republication of the Pacific Grove Municipal Code.

SECTION 5. 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.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF  
PACIFIC GROVE** this 24<sup>th</sup> day of March, 2016, 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



**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 MITIGATED Negative Declaration

**Project Title:** Transient Use and Home Sharing Zoning Amendments  
**Lead Agency/Owner/Applicant:** City of Pacific Grove  
**Project Location:** Citywide  
**APN:** Citywide  
**Permit Type:** Zoning Code Amendments

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

**Public Review Period:**

Friday, February 12, 2016 through Monday, March 14, 2016

**Written Comments or questions should be sent to:**

Terri C. Schaeffer, Housing Program Coordinator  
City of Pacific Grove  
300 Forest Avenue  
Pacific Grove, CA 93950  
E-mail at [tschaeffer@cityofpacificgrove.org](mailto:tschaeffer@cityofpacificgrove.org)

**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: [www.cityofpacificgrove.org/planning](http://www.cityofpacificgrove.org/planning)

Hearing dates on the proposed MITIGATED Negative Declaration are yet to be determined, and will be held at the City of Pacific Grove, City Hall, 300 Forest Avenue, Pacific Grove, California 93950.

  
\_\_\_\_\_  
Mark Brodeur, Director  
Community and Economic Development Dept.

  
\_\_\_\_\_  
Date

# Notice of Completion & Environmental Document Transmittal

Mail to: State Clearinghouse, P.O. Box 3044, Sacramento, CA 95812-3044 (916) 445-0613  
For Hand Delivery/Street Address: 1400 Tenth Street, Sacramento, CA 95814

**SCH #**

**Project Title:** Transient Use and Home Sharing Zoning Amendment

Lead Agency: City of Pacific Grove Contact Person: Mark Brodeur  
Mailing Address: 300 Forest Avenue Phone: 831-648-3189  
City: Pacific Grove Zip: 93950 County: Monterey

**Project Location:** County: Monterey City/Nearest Community: Pacific Grove  
Cross Streets: citywide Zip Code: 93950

Longitude/Latitude (degrees, minutes and seconds): \_\_\_\_\_ ° \_\_\_\_\_ ' \_\_\_\_\_ " N / \_\_\_\_\_ ° \_\_\_\_\_ ' \_\_\_\_\_ " W Total Acres: \_\_\_\_\_  
Assessor's Parcel No.: citywide Section: \_\_\_\_\_ Twp.: \_\_\_\_\_ Range: \_\_\_\_\_ Base: \_\_\_\_\_  
Within 2 Miles: State Hwy #: \_\_\_\_\_ Waterways: Pacific Ocean  
Airports: \_\_\_\_\_ Railways: \_\_\_\_\_ Schools: \_\_\_\_\_

**Document Type:**

- |   |  |                                    |  |
|---|--|------------------------------------|--|
| CEQA: <input type="checkbox"/> NOP          | <input type="checkbox"/> Draft EIR                 | NEPA: <input type="checkbox"/> NOI | Other: <input type="checkbox"/> Joint Document |
| <input type="checkbox"/> Early Cons         | <input type="checkbox"/> Supplement/Subsequent EIR | <input type="checkbox"/> EA        | <input type="checkbox"/> Final Document        |
| <input checked="" type="checkbox"/> Neg Dec | (Prior SCH No.) _____                              | <input type="checkbox"/> Draft EIS | <input type="checkbox"/> Other: _____          |
| <input type="checkbox"/> Mit Neg Dec        | Other: _____                                       | <input type="checkbox"/> FONSI     |  |

**Local Action Type:**

- |   |   |  |  |
|---|---|--|--|
| <input type="checkbox"/> General Plan Update    | <input type="checkbox"/> Specific Plan            | <input type="checkbox"/> Rezone                            | <input type="checkbox"/> Annexation                              |
| <input type="checkbox"/> General Plan Amendment | <input type="checkbox"/> Master Plan              | <input type="checkbox"/> Prezone                           | <input type="checkbox"/> Redevelopment                           |
| <input type="checkbox"/> General Plan Element   | <input type="checkbox"/> Planned Unit Development | <input type="checkbox"/> Use Permit                        | <input type="checkbox"/> Coastal Permit                          |
| <input type="checkbox"/> Community Plan         | <input type="checkbox"/> Site Plan                | <input type="checkbox"/> Land Division (Subdivision, etc.) | <input checked="" type="checkbox"/> Other: <u>code amendment</u> |

**Development Type:**

- |   |   |
|---|---|
| <input type="checkbox"/> Residential: Units _____ Acres _____                 | <input type="checkbox"/> Transportation: Type _____                     |
| <input type="checkbox"/> Office: Sq.ft. _____ Acres _____ Employees _____     | <input type="checkbox"/> Mining: Mineral _____                          |
| <input type="checkbox"/> Commercial: Sq.ft. _____ Acres _____ Employees _____ | <input type="checkbox"/> Power: Type _____ MW _____                     |
| <input type="checkbox"/> Industrial: Sq.ft. _____ Acres _____ Employees _____ | <input type="checkbox"/> Waste Treatment: Type _____ MGD _____          |
| <input type="checkbox"/> Educational: _____                                   | <input type="checkbox"/> Hazardous Waste: Type _____                    |
| <input type="checkbox"/> Recreational: _____                                  | <input checked="" type="checkbox"/> Other: <u>Zoning Code amendment</u> |
| <input type="checkbox"/> Water Facilities: Type _____ MGD _____               |   |

**Project Issues Discussed in Document:**

- |   |   |  |   |
|---|---|--|---|
| <input type="checkbox"/> Aesthetic/Visual         | <input type="checkbox"/> Fiscal                     | <input type="checkbox"/> Recreation/Parks                | <input type="checkbox"/> Vegetation               |
| <input type="checkbox"/> Agricultural Land        | <input type="checkbox"/> Flood Plain/Flooding       | <input type="checkbox"/> Schools/Universities            | <input type="checkbox"/> Water Quality            |
| <input type="checkbox"/> Air Quality              | <input type="checkbox"/> Forest Land/Fire Hazard    | <input type="checkbox"/> Septic Systems                  | <input type="checkbox"/> Water Supply/Groundwater |
| <input type="checkbox"/> Archeological/Historical | <input type="checkbox"/> Geologic/Seismic           | <input type="checkbox"/> Sewer Capacity                  | <input type="checkbox"/> Wetland/Riparian         |
| <input type="checkbox"/> Biological Resources     | <input type="checkbox"/> Minerals                   | <input type="checkbox"/> Soil Erosion/Compaction/Grading | <input type="checkbox"/> Growth Inducement        |
| <input type="checkbox"/> Coastal Zone             | <input type="checkbox"/> Noise                      | <input type="checkbox"/> Solid Waste                     | <input type="checkbox"/> Land Use                 |
| <input type="checkbox"/> Drainage/Absorption      | <input type="checkbox"/> Population/Housing Balance | <input type="checkbox"/> Toxic/Hazardous                 | <input type="checkbox"/> Cumulative Effects       |
| <input type="checkbox"/> Economic/Jobs            | <input type="checkbox"/> Public Services/Facilities | <input type="checkbox"/> Traffic/Circulation             | <input type="checkbox"/> Other: _____             |

**Present Land Use/Zoning/General Plan Designation:**

citywide

**Project Description:** *(please use a separate page if necessary)*

Amendment to existing regulations regarding transient use of residential property and home sharing

Note: The State Clearinghouse will assign identification numbers for all new projects. If a SCH number already exists for a project (e.g. Notice of Preparation or previous draft document) please fill in.

### Reviewing Agencies Checklist

Lead Agencies may recommend State Clearinghouse distribution by marking agencies below with and "X".  
If you have already sent your document to the agency please denote that with an "S".

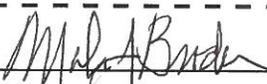
- |  |  |
|--|--|
| <input type="checkbox"/> Air Resources Board                         | <input type="checkbox"/> Office of Historic Preservation                     |
| <input type="checkbox"/> Boating & Waterways, Department of          | <input type="checkbox"/> Office of Public School Construction                |
| <input type="checkbox"/> California Emergency Management Agency      | <input type="checkbox"/> Parks & Recreation, Department of                   |
| <input type="checkbox"/> California Highway Patrol                   | <input type="checkbox"/> Pesticide Regulation, Department of                 |
| <input type="checkbox"/> Caltrans District # _____                   | <input type="checkbox"/> Public Utilities Commission                         |
| <input type="checkbox"/> Caltrans Division of Aeronautics            | <input type="checkbox"/> Regional WQCB # _____                               |
| <input type="checkbox"/> Caltrans Planning                           | <input type="checkbox"/> Resources Agency                                    |
| <input type="checkbox"/> Central Valley Flood Protection Board       | <input type="checkbox"/> Resources Recycling and Recovery, Department of     |
| <input type="checkbox"/> Coachella Valley Mtns. Conservancy          | <input type="checkbox"/> S.F. Bay Conservation & Development Comm.           |
| <input checked="" type="checkbox"/> Coastal Commission               | <input type="checkbox"/> San Gabriel & Lower L.A. Rivers & Mtns. Conservancy |
| <input type="checkbox"/> Colorado River Board                        | <input type="checkbox"/> San Joaquin River Conservancy                       |
| <input type="checkbox"/> Conservation, Department of                 | <input type="checkbox"/> Santa Monica Mtns. Conservancy                      |
| <input type="checkbox"/> Corrections, Department of                  | <input type="checkbox"/> State Lands Commission                              |
| <input type="checkbox"/> Delta Protection Commission                 | <input type="checkbox"/> SWRCB: Clean Water Grants                           |
| <input type="checkbox"/> Education, Department of                    | <input type="checkbox"/> SWRCB: Water Quality                                |
| <input type="checkbox"/> Energy Commission                           | <input type="checkbox"/> SWRCB: Water Rights                                 |
| <input type="checkbox"/> Fish & Game Region # _____                  | <input type="checkbox"/> Tahoe Regional Planning Agency                      |
| <input type="checkbox"/> Food & Agriculture, Department of           | <input type="checkbox"/> Toxic Substances Control, Department of             |
| <input type="checkbox"/> Forestry and Fire Protection, Department of | <input type="checkbox"/> Water Resources, Department of                      |
| <input type="checkbox"/> General Services, Department of             |  |
| <input type="checkbox"/> Health Services, Department of              | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> Housing & Community Development             | <input type="checkbox"/> Other: _____  |
| <input type="checkbox"/> Native American Heritage Commission         |  |

-----  
**Local Public Review Period (to be filled in by lead agency)**

Starting Date February 12, 2016 Ending Date March 14, 2016

-----  
**Lead Agency (Complete if applicable):**

Consulting Firm: _____	Applicant: <u>City of Pacific Grove</u>
Address: _____	Address: <u>300 Forest Avenue</u>
City/State/Zip: _____	City/State/Zip: <u>Pacific Grove, CA 93950</u>
Contact: _____	Phone: <u>831-648-3189</u>
Phone: _____	

-----  
**Signature of Lead Agency Representative:**  **Date:** 2/9/16

Authority cited: Section 21083, Public Resources Code. Reference: Section 21161, Public Resources Code.

## City of Pacific Grove Initial Study / Environmental Checklist

### I. PROJECT SUMMARY

1. **Project title:** Transient Use and Home Sharing Zoning 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 zoning regulations regarding transient use of residential property and home sharing (see Attachments 1 and 2).

Background. In 2010, Chapter 7.40 and Chapter 23.64 of the Pacific Grove Municipal Code ("PGMC") were amended by Ordinance 10-001 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.

In October, 2015 a City Task Force was convened to elicit public input to examine short term rental issues in depth and to recommend needed changes to the program. The Task Force held weekly open meetings from October to December 2015. Based on comments from the Task Force and the public, the City proposes to adopt revisions to the Municipal Code related to transient use of residential property and home sharing.

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 and home sharing. 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

DRAFT

**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?
23.64.350 Transient use of residential property for remuneration	Retitles this section from "Prohibition of transient use of residential property for remuneration" to "Transient use of residential property for remuneration"	No. The proposed change is administrative and would have no effect on the physical environment, therefore no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.005 Statement of Purpose	Adds general statement of purpose for the ordinance	No. The proposed change is administrative and would have no effect on the physical environment, therefore no analysis is required. (CEQA Guidelines Sec. 15378)
7.40.010 Definitions	Adds a definition of 3 categories of short term rentals based on whether the property owner resides at the site, the number of days per year the unit is available for short-term guests, and whether only a single room or set of rooms is available for short-term use.	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	(b) Identifies term of licenses	No. This provision would amend a procedural licensing requirement and is exempt from CEQA review. (CEQA Guidelines Sec. 15321)
	(c) References the definitions in Sec. 7.40.010	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.
	(e) Requires inspection reports to verify conformance with health and safety standards including egress, fire extinguishers, carbon monoxide alarms, and compliance with land use and building permits	No. This provision requires inspections to ensure compliance with existing health and safety standards, therefore no analysis is required. (CEQA Guidelines Sec. 15309)
	(f) Requires that notice of license applications be provided to neighbors within 300 feet of the transient use site.	No. The proposed change would establish a procedural requirement 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	Establishes limits on the number of STR Type A licenses that may be issued both citywide and on any block face.	Yes. These provisions are analyzed in the Environmental Checklist.
7.40.030 Limits on Transient Use	(b) Requires notice to short-term rental property tenants of existing parking and noise limits	No. The proposed change would establish a procedural requirement and would have no effect on the physical environment, therefore no analysis is required. (CEQA Guidelines Sec. 15378)
	(g) Establishes driveway use limitations for short-term rental properties	Yes. These provisions are analyzed in the Environmental Checklist.
	(h) Establishes occupancy limits for short-term rental properties	Yes. These provisions are analyzed in the Environmental Checklist.

**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?
	(i) Establishes limits on amplified sound for short-term rental properties	Yes. These provisions are analyzed in the Environmental Checklist.
	(j) Establishes limits on commercial uses for short-term rental properties	Yes. These provisions are analyzed in the Environmental Checklist.
7.40.040 Transient Use License	Clarifies fee requirements for transient use licenses	No. This provision would amend license fees and is exempt from CEQA review. (CEQA Guidelines Sec. 15273)
7.40.060 Separate Properties	Clarifies applicability 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)
7.40.070 Contents of Licenses	Clarifies 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)
7.40.080 Application - First License	Clarifies license, notice, certification and CO alarm 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)
7.40.090 Renewal License	Clarifies license, notice, certification and public safety 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	Establishes additional grounds for license denial or revocation	No. This provision would amend administrative license denial and revocation procedures and is exempt from CEQA review. (CEQA Guidelines Sec. 15321)
7.40.190 Appeal of revocation or suspension	Revises appeal procedures	No. This provision would amend administrative license denial and revocation appeal procedures and is exempt from CEQA review. (CEQA Guidelines Sec. 15321)
7.40.200 Penalties	Clarifies administrative penalties	No. This provision would amend administrative fees and is exempt from CEQA review. (CEQA Guidelines Sec. 15273)
23.64.370 Home Sharing	Allows the rental of a portion of a single-family home to a maximum of 2 adults and their children for 30 days or less when the owner or long-term resident also resides in the dwelling.	Yes. These provisions are analyzed in the Environmental Checklist.

**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.

Mark J. Brodeur  
Signature

2/9/16  
Date

Mark J. Brodeur  
Printed name

Director  
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
<b>I. AESTHETICS –Would the project:</b>				
a) Have a substantial adverse effect on a scenic vista?			X	
<b>(a) Less Than Significant Impact.</b> 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>(b) Less Than Significant Impact.</b> 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	
<b>(c) Less Than Significant Impact.</b> Attractive visual character is a hallmark of Pacific Grove. Existing regulations require that transient use sites (1) <i>shall be used and maintained in a manner consistent with the character of the neighborhood</i> , (2) <i>shall not impair the desirability of investment or occupation of the surrounding neighborhood</i> , and (3) <i>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 (PGMC Sec. 7.40.030.c). 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	
<b>(d) Less Than Significant Impact.</b> 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
<b>II. AGRICULTURE AND FOREST RESOURCES – Would the project:</b>				
<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
<b>(a-e) No Impact.</b> 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
<b>III. AIR QUALITY – Would the project:</b>				
<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><b>(a–e) Less than Significant Impact.</b> 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. 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 ordinance would not change land use intensity or development standards, 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
<b>IV. BIOLOGICAL RESOURCES –</b>				
<b>Would the project:</b>				
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
<b>(a-f) No Impact.</b> 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
<b>V. CULTURAL RESOURCES – Would the project:</b>				
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
<b>(a-d) No Impact.</b> 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
<b>VI. GEOLOGY AND SOILS -- Would the project:</b>				
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
<b>(a-e) No Impact.</b> 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 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
<b>VII. GREENHOUSE GAS EMISSIONS – Would the project:</b>				
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	
<b>(a-b) Less Than Significant Impact.</b> 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 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
<b>VIII. HAZARDS AND HAZARDOUS MATERIALS – Would the project:</b>				
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	
<b>(a-h) Less Than Significant Impact.</b> 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, 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
<b>IX. HYDROLOGY AND WATER QUALITY – Would the project:</b>				
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	
<b>(a-j) Less Than Significant Impact.</b> 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
<b>X. LAND USE AND PLANNING – Would the project:</b>				
a) Physically divide an established community?			<b>X</b>	
<b>(a) Less Than Significant Impact.</b> 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?			<b>X</b>	
<b>(b) Less Than Significant Impact.</b> 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 sections 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 include the following provisions to better ensure compatibility of short-term rentals with adjacent properties and maintain neighborhood character:</p> <ul style="list-style-type: none"> <li>• <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 upon request. (Section 7.40.020.d).</li> <li>• <u>Inspection Report.</u> The proposed revisions would require that upon initial license application</li> </ul>				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<p>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.e).</p> <ul style="list-style-type: none"> <li>• <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)</li> <li>• <u>License classifications and numerical limits.</u> The proposed revisions would establish three different classes of Transient Use Licenses: "STR Type A", "STR Type B" and "STR Type C" (Section 7.40.010) and would establish the following license caps and density limits on STR Type A licenses (Section 7.40.025): <ul style="list-style-type: none"> <li>(a) <i>License Cap. The maximum number of STR Type A licenses allowed within the City shall be 260. 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 and Type C Transient Use Licenses is not limited by this Chapter</i></li> <li>(b) <i>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 area, provided however, no STR density limit shall apply to the Ocean View Boulevard and Mermaid Street areas designated as High Density (24.8 DU/Acre).</i></li> </ul> <p><i>The following density limits shall apply:</i></p> <ul style="list-style-type: none"> <li>(1) <i>One STR Type A license per parcel. This limit shall not apply to any duplex, to a property governed by the duly adopted bylaws of a City-approved home owners association (HOA), or to properties held as tenants in common.</i></li> <li>(2) <i>A second or subsequent STR Type A license shall be approved only if the total number of such licenses does not exceed 15% of the Block Face on which it is to be located.</i></li> </ul> </li> <li>• <u>On-street parking.</u> The proposed revisions would establish requirements to substantially reduce potential impacts to the availability of on-street parking (Section 7.40.030.g and h).</li> <li>• <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.</li> <li>• <u>Limit on size of gatherings.</u> The proposed revisions would limit the maximum size of a party, event or group gathering at a transient use site (Section 7.40.030.i)</li> <li>• <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.k)</li> <li>• <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.j) and would require that tenants be informed of noise limits (Section 7.40.030.b).</li> <li>• <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</li> </ul>				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<p>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 (Section 7.40.030.e).</p> <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> 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 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 City's LUP and impacts would be less than significant. No mitigation is required.</p>				
c) Conflict with any applicable habitat conservation plan or natural community conservation plan?				X
<b>(c) No Impact.</b> 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
<b>XI. MINERAL RESOURCES -- Would the project:</b>				
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
<b>(a-b) No Impact.</b> 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
<b>XII. NOISE – Would the project result in:</b>				
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?			<b>X</b>	
b) Exposure of persons to or generation of excessive groundborne vibration or groundborne noise levels?			<b>X</b>	
c) A substantial permanent increase in ambient noise levels in the project vicinity above levels existing without the project?			<b>X</b>	
d) A substantial temporary or periodic increase in ambient noise levels in the project vicinity above levels existing without the project?			<b>X</b>	

**(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 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 include the following provisions intended to minimize such noise impacts:

- Limit on overnight guests. 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.
- Limit on size of gatherings. The proposed revisions would limit the maximum size of a party, event or group gathering at a transient use site (Section 7.40.030.i)
- Prohibition of commercial events. The proposed revisions would prohibit auctions, commercial functions and similar events at a short-term rental property (Section 7.40.030.k)
- Limit on amplified sound. The proposed revisions would prohibit amplified sound that is audible beyond the property boundaries of short-term rental units (7.40.030.j) and would require that tenants be informed of noise limits (Section 7.40.030.b).
- Owner responsibilities. 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 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 (Section 7.40.030.e).

These provisions would substantially reduce potential noise impacts to a level that is less than

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
significant and no mitigation measures are required.				
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
<b>(e-f) No Impact.</b> 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
<b>XIII. POPULATION AND HOUSING – Would the project:</b>				
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 construction of replacement housing elsewhere?				X
<b>(a-c) No Impact.</b> 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
<b>XIV. PUBLIC SERVICES</b>				
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

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
Parks?			X	
Other public facilities?			X	
<p><b>Less than Significant Impact.</b> As noted in Section X.b (Land Use and Planning), the proposed amendment 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, the number of vehicles, and noise. Existing regulations require that the property owner or representative be on-call full-time to manage the property and be available to respond to violations at the site within 30 minutes. The proposed revisions 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.</p>				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<b>XV. RECREATION</b>				
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	
<p><b>(a-b) Less Than Significant Impact.</b> Short-term rental of residential units is currently permitted in the City subject to licensing requirements. The proposed amendment would impose more restrictive regulations on short-term rentals such as limits on the number and density of short-term rental licenses and the number of occupants per unit. 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.</p>				

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<b>XVI. TRANSPORTATION/TRAFFIC –</b>				
<b>Would the project:</b>				
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			X	

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
established by the county congestion management agency for designated roads or highways?				
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	
<b>(a-f) Less than Significant Impact.</b> 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
<b>XVII. UTILITIES AND SERVICE SYSTEMS – Would the project:</b>				
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	
<b>(a-g) Less Than Significant Impact.</b> 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
<b>XVII. MANDATORY FINDINGS OF SIGNIFICANCE</b>				
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
<b>No Impact.</b> 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	
<b>Less than Significant Impact.</b> 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	
<b>Less than Significant Impact.</b> 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.				

# **Attachment 1**

## **Draft Transient Use Ordinance**

## **Attachment 1**

### **ORDINANCE NO. 2016-**

#### **AN ORDINANCE OF THE CITY OF PACIFIC GROVE AMENDING MUNICIPAL CODE SECTION 23.64.350 AND CHAPTER 7.40 RELATED TO THE LICENSE PROCESS FOR TRANSIENT USE OF RESIDENTIAL PROPERTY**

#### **FACTS**

1. Before 2010, many residential properties within the City violated then-existing limits on the transient use of residential property for remuneration.
2. In 2010, Chapter 7.40 and Chapter 23.64 of the Pacific Grove Municipal Code (PGMC) were amended by Ordinance 10-001 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. Since 2010, online host sites such as VRBO, Airbnb, and others have become increasingly popular means to market homes available for transient use. As demand has increased, the City has experienced a dramatic increase in license applications. The 2010 regulations did not anticipate nor adequately address the surge in short-term rental activity, both licensed and unlicensed. Although 190 sites are presently licensed for this use, these sites do not exceed 4% of the City's total housing stock.
4. In October, 2015 a City Task Force was convened to elicit public input to examine short term rental issues in depth and to recommend needed changes to the program. The Task Force held open meetings every Wednesday from October 28 to December 2, 2015. The matter was returned to Council for direction at its meeting of December 16, 2015 at which time public comment was received from 40 members of the public. The matter was referred to Planning Commission at its meeting of January 7<sup>th</sup> and 20<sup>th</sup> meeting where additional public comment was received.
4. This ordinance amends Chapter 7.40 and Chapter 23.64 of the Municipal Code.
5. The Planning Commission reviewed this ordinance and recommends the Council adopt it.
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:**

## Attachment 1

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

SECTION 2. Existing Municipal Code section 23.64.350 of Chapter 23.64, shall be re-titled “Transient use of residential property for remuneration” and shall be amended by the deletion of all text shown in ~~strikeout text~~ and by the addition of all text shown in bold, italic, underscored text (***bold, italic, underscored text***), as follows:

(a) Definitions. For the purpose of this chapter certain terms used herein shall have the meanings set forth in this chapter, and such meanings shall prevail in case of conflict with the definitions set forth in Chapter 23.08 PGMC.

- (1) “Person” means an individual, a group of individuals, or an association, firm, partnership, corporation or other entity, public or private.
- (2) “Owner” means the person who possesses fee title to a transient use site.
- (3) “Owner representative” means any person authorized by the owner to fully manage the transient use site.
- (4) “Remuneration” means compensation, money, rent, or other bargained for consideration given in return for occupancy, possession or use of real property.
- (5) “Residential property” means any dwelling unit, except those dwelling units lawfully established as second 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.
- (6) “Responsible tenant” means a person aged 18 or older who has received notice of occupancy, parking and other limits and regulations that apply to the transient use site, and who has agreed to be responsible to ensure that impermissible or inappropriate behavior does not occur at the transient use site.
- (7) “Transient” means a period of time less than 30 consecutive calendar days.
- (8) “Transient use of residential property” means the commercial 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.
- (9) “Transient use site” and “transient use” mean property occupied and used for transient or short-term rental purposes.
- (10) “Use” means 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.

(b) Transient use of residential property for remuneration is prohibited, except (1) as otherwise expressly permitted by this title, or (2) when such use is permitted by a transient use license issued in accord with Chapter 7.40 PGMC.

(c) Liability and Enforcement.

- (1) Any owner, owner representative, responsible tenant, person acting as agent, real estate broker, real estate sales agent, property manager, reservation service or otherwise who uses, arranges, or negotiates for the use of residential property in violation of the provisions of this chapter is guilty of an infraction for each day in which such residential property is used, or allowed to be used, in violation of this chapter.

## Attachment 1

- (2) Any owner, owner representative, responsible tenant, or other person who uses, or allows the use of, residential property in violation of the provisions of this chapter is guilty of an infraction for each day in which such residential property is used, or allowed to be used, in violation of this chapter.
- (3) Violations of this chapter may be prosecuted pursuant to Chapter 1.16 PGMC, or enforced pursuant to Chapter 1.19 PGMC.
- (4) Penalties may be assessed for violations as provided in Chapters 1.16, 1.19, and/or 7.40 PGMC. The maximum limits set for administrative penalties in PGMC 1.19.200, however, shall not apply to any violation of this chapter or Chapter 7.40 PGMC.

SECTION 3. A new Municipal Code Chapter 7.40, entitled "Transient Use License," shall be amended by the deletion of all text shown in ~~strikeout text~~ and by the addition of all text shown in bold, italic, underscored text (***bold, italic, underscored text***), as follows:

### 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 multi-family dwellings in residential districts, to minimize negative secondary effects of short-term rental use on surrounding 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 permits 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 permits is necessary to protect the public health, safety and welfare. The purposes of this chapter are to provide a permit 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.***

### 7.40.010 *Definitions.*

The terms "owner," "owner representative," "person," "remuneration," "residential property," "responsible tenant," "transient," "transient use," "transient use of residential property," and

## Attachment 1

“transient use site” as used in this chapter shall be given the same definition as those terms in PGMC 23.64.350.

“STR Type A” is a term that shall mean a short term rental unit licensed for transient use of residential property for remuneration where the property owner does not reside at the site, and where the property is available for short term guests for an unlimited period throughout its term.

“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).

“STR Type C” 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 only a single room or set of rooms on the property site is available for short term guests for an unlimited period provided the site is simultaneously occupied by the property owner.

### 7.40.20 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 31. No guarantee is given or implied that Transient Use License will be extended or renewed for a term subsequent to its expiration. Transient Use Licenses issued and current as of February 15, 2016 shall expire on March 31, 2017. Those Licenses shall not be subject to revisions to this Chapter until after March 31, 2017.

(c) For the purposes of this Chapter, the city recognizes and sets discrete requirements for each of three different classes of Transient Use Licenses. These are “STR Type A”, “STR Type B” and “STR Type C”.

(d) 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 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.

(e) For each initial transient use license application, and each 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, 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

## Attachment 1

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

(e) The owner or owner representative 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 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 unit.

### 7.40.25 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 and Type C Transient Use Licenses is 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 the Ocean View Boulevard and Mermaid Avenue..

The following density limits shall apply:

(1) One STR Type A license per parcel. This limit shall not apply to any duplex, to a property governed by the duly adopted bylaws of a City-approved home owners association (HOA), or to properties held as tenants in common.

(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% per block on which it is located.

(4) Commencing on March 30, 2022, no STR Type A Licenses will be issued in the R-1-B-4 District due to the sensitive nature of the surrounding habitat.

### 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

## Attachment 1

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 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) A maximum of two motor vehicles shall be allowed on street at the transient use site by the responsible tenant or any other occupant between the hours of 6:00 p.m. and 6:00 a.m. **if no on-site parking is provided;** and~~

~~(hg) 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; and**~~

~~(h) **The maximum size party, event or large group gathering allowed at the transient use site shall not exceed two 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 exceed 20 persons; and**~~

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

## Attachment 1

(j) Auctions, commercial functions, and other similar events are prohibited at the short-term rental property.

**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, hereinafter prescribed, 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.

**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.

**7.40.060 Separate Properties.**

A separate transient use license shall be obtained for each separate transient use site. A single transient use license may be issued for ~~multiple~~ a maximum of residential dwelling units 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.

**7.40.070 Contents of license.**

Every person required to have a license under the provisions of this chapter shall make application to the ~~collector of the city~~ and tender payment of the prescribed application and license fee. Thereafter, in accord with the provisions of this chapter, the ~~collector~~ 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", "STR Type B" or "STR Type C"

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

## Attachment 1

(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.

### 7.40.080 Application - First license.

Each short-term rental permit shall be in the name of the owner of the real property upon which the short-term rental use is to be permitted. When a person first makes an application for a license pursuant to this chapter, such person shall furnish to the city collector a sworn statement, upon a form provided by the city collector, 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 owner and applicant shall maintain city business licenses at all times, and shall agree to collect and remit transient occupancy taxes on all gross receipts pertaining to the property.

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

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

(e) An 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 collector may require to enable proper administration of the license.

## Attachment 1

The applicant shall remit all required annual fees in accord 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, and if there is a change in any material fact stated in the application.

### 7.40.90 *Renewal license.*

(a) In all cases, the applicant for the renewal of a license shall submit to the collector on or before July ~~July~~ March 1st, an application for renewal containing a sworn statement upon a form to be provided by the collector, setting forth such information concerning the applicant's transient occupancy activity during the preceding calendar year as may be required by the 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 at least 90 days for transient use during the preceding 12 months shall cause non-renewal of a STR Type A license and the applicant may request an STR Type B License.*

(b) The applicant shall remit the annual license fee, as set by resolution, at the same time as the renewal application. The *property owner* applicant shall submit an annual affidavit affirming that smoke detectors are installed and maintained in all sleeping quarters and common areas, and that fire extinguishers are accessible, *and a carbon monoxide alarm is installed on each level.* The *owner and* applicant shall provide access and information to the inspector ~~as may be needed~~ 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.*

### 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.

### 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 collector* that he or she does not allow transient occupancy of residential property in the city after being requested to do so by the *City collector*, 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 collector*, the *City collector* shall be entitled to presume that residential

## **Attachment 1**

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.

### **7.40.120      *Statements and records.***

No statement 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 collector 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 collector to examine records or business transactions to compute the transient occupancy tax that is owed.

### **7.40.130      *Failure to file statement or corrected statement.***

If any person fails to file any required statement within the time prescribed, or if after demand therefor made by the City collector 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 collector 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.

### **7.40.140      *Payment of transient occupancy tax.***

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

### **7.40.150      *Appeal of Tax.***

Any person aggrieved by any decision of the City collector 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 within 15 days after receipt of written notice from the City collector. The hearing officer assigned by the panel shall thereupon fix a time and place for hearing such appeal. The city clerk 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.

### **7.40.160      *Additional power of City collector.***

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

## Attachment 1

(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.

### **7.40.170 License nontransferable - Changed location.**

No license issued pursuant to this chapter shall be transferable to any other person or location.

### **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, ~~as hereinafter provided, unless substantial evidence~~ *shall be* ~~is~~ presented as to why the application should not be denied, or the license should not be revoked for any of the following 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 PGMC23.64.350(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 two 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.

## Attachment 1

(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.

### 7.40.190 ~~City Manager Review Appeal of 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, pursuant to a request for hearing under PGMC 1.19.090. ~~before the city manager. Notice of the proceeding shall conform to PGMC 1.12.010, and the hearing shall conform to the process set at PGMC 1.16.090 and following. 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.~~ The city manager, in that event, shall give each applicant or licensee at least 10 days' written notice of hearing. ~~The city manager's decision, after hearing, shall be final.~~ 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 ~~city manager~~ shall be final. Notice of the decision, and the opportunity for judicial review, shall conform to PGMC 1.20.010,

### 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 code 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 re-inspections, 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

## Attachment 1

(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.

### **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.

SECTION 6. The Planning Commission, at a meeting held on or about twelve months following enactment of this ordinance, shall review the effects of this ordinance and submit recommendations to the City Council as to amendments that may be appropriate.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE THIS \_\_\_\_ day of \_\_\_\_\_, 2016, by the following vote:

AYES:

NOES:

ABSENT:

**Attachment 1**

APPROVED:

ATTEST:

\_\_\_\_\_  
BILL KAMPE, Mayor

\_\_\_\_\_  
Sandra Kandell, Deputy City Clerk

APPROVED AS TO FORM:

\_\_\_\_\_  
DAVID C. LAREDO, City Attorney

# **Attachment 2**

## **Draft Home Sharing Ordinance**

## **Attachment 2**

### **ORDINANCE NO. 15-**

#### **AN ORDINANCE OF THE CITY OF PACIFIC GROVE AMENDING THE PACIFIC GROVE MUNICIPAL CODE AT PGMC §23.64 TO ALLOW AND REGULATE HOME SHARING**

##### **FACTS**

1. The Pacific Grove Municipal Code (PGMC) controls land use and zoning through PGMC Title 23, "Zoning."
2. Title 23 allows for the transient use of residential property. Home sharing, by which the resident of a home provides accommodations for less than 30 days to unrelated guests, while the owner or long-term tenant is present, is one possible type of transient use of residential property commonly considered in Pacific Grove and elsewhere.
3. The City Council has the authority to legalize home sharing.
5. To ensure home sharing fully considers the health and safety of the short-term tenants, and preserves or enhances the existing character of the neighborhood in which the home is shared, it is desirable for the City to adopt regulations similar to, but in some ways different from, those regulations adopted for motels, hotels, bed and breakfasts, and other short-term transient uses. Such standards, conditions and regulations established by Council shall be in addition to and harmonious with the Coastal Act and the City's General Plan.
6. Enactment of this ordinance action is a Project, as defined by California Environmental Quality Act (CEQA), and is exempt according to Section 15301 Class 1, since amendments proposed by these ordinances do not result in any new or significant impacts to the environment because they are either more protective or procedural in nature.

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

SECTION 1. The foregoing Facts are adopted as findings of the City Council as though set forth fully herein.

SECTION 2. Existing Municipal Code section of Chapter 23.64 "General Provisions and Exceptions" shall be amended by the addition of Section 23.64.370, "Home Sharing," as follows:

- (a) Definitions. For the purposes of this section, certain terms used herein shall have the meanings set forth below or in section 23.64.350, and such meanings shall prevail in case of conflict with the definitions set forth in Chapter 23.08 PGMC.
  - (1) "Guest" means a person who rents a bedroom and ancillary facilities at a home sharing site

## Attachment 2

- (2) "Home sharing" means an activity whereby Residents host Guests in their homes, for compensation, for periods of 30 consecutive days or less, while at least one of the dwelling unit's Residents lives in the dwelling unit.
  - (3) "Home sharing site" means property occupied and used for home sharing purposes.
  - (4) "Resident" means a person legally residing in a dwelling unit in excess of 30 consecutive days. Such Resident may be the owner or a tenant living there with the approval of the owner.
- (b) Home sharing for remuneration is allowed pursuant to this chapter, provided that a separate home sharing permit has first been granted and validly maintained for each home sharing site.
  - (c) Each home sharing permit shall meet all requirements of this section, including:
    - (1) Each "Home Sharing" permit shall be subject to the following conditions:
      - a) Home sharing is limited to single family dwellings in any residential or commercial zone. Home sharing is not permitted in dwelling units lawfully established as second units established pursuant to Chapter 23.80 PGMC; any accessory unit to a dwelling unit, condominium, multi-family dwelling unit or any other "tenants in common" dwelling unit; any room, detached rooms, or a portion of a residential unit that does not provide both kitchen and bathroom facilities; or as part of a bed and breakfast inn, motel, hotel, timeshare development, or other transient use.
      - b) The resident shall also occupy the home throughout the duration of any home sharing;
      - c) A maximum of one bedroom in the home may be rented to adults; a second bedroom may be rented to children as part of the same contract;
      - d) No more than 2 adults shall occupy the rented bedroom;
      - e) Guest(s) shall have exclusive use of the rented bedroom(s) and shared use of a full bathroom and kitchen;
      - f) Neither bedrooms nor bathrooms shall not contain cooking facilities;
      - g) A designated on-site parking space for use by overnight guests, if it exists, or one parking space on any on-site driveway, if it exists.
    - (2) Owner or owner representative of any qualifying residential property may submit an application to the City for an administrative home sharing permit, along with payment of the approved fees, an 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 owner or owner representative shall provide access and information to a certified inspector to ensure health and safety of the home share site, prior to issuance of the permit; a report verifying inspection of the site has occurred, and that the Home Sharing site conforms to all requirements of PGMC Section 23.64.370.
    - (3) A home sharing permit shall continue in force, as long the conditions are met, except upon cancellation by the owner or owner representative, or upon the sale or transfer of the property.
    - (4) Once a permit is approved, all transient occupancy taxes as set forth in Chapter 6.09 PGMC, and fees, as adopted from time to time in the City's Master Fee Schedule shall be collected and remitted to the City, applicable.

**Attachment 2**

- (5) Evidence of transient occupancy of a permitted home sharing site, statements and records, failure to file statement or corrected statement, payment of transient occupancy tax, appeal of tax, additional power of City, permit nontransferability, permit denial or revocation, appeal of revocation or suspension, penalties, and liens, shall be as provided in sections 7.40.110 through 7.40.210, inclusive.
- (d) Liability and Enforcement. For the purposes of this section, liability and enforcement shall be the same as PGMC section 23.64.350 (c).

SECTION 3. In accord with Article 15 of the City Charter, this ordinance shall take effect thirty days following passage and adoption hereof.

SECTION 4. The City Manager and City Clerk are directed to perform all tasks necessary to implement this ordinance. This measure may, but shall not be required to, cause republication of the Pacific Grove Municipal Code.

SECTION 5. 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.

**PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF PACIFIC GROVE** this \_\_\_\_ day of \_\_\_\_\_, 2015, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

\_\_\_\_\_  
BILL KAMPE, Mayor

ATTEST:

\_\_\_\_\_  
SANDRA KANDELL, Deputy City Clerk

**Attachment 2**

APPROVED AS TO FORM:

---

DAVID C. LAREDO, City Attorney