



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

AGENDA REPORT

TO: Planning Commission

FROM: Mark Brodeur, Director, Community & Economic Development Department

MEETING DATE: August 17, 2017

SUBJECT: Proposed Short-Term Rental (STR) Program Amendments.

CEQA: An Initial Study and an accompanying Negative Declaration have been prepared and are currently in the public review period.

RECOMMENDATION

Review staff recommendations provided herein. Provide comment to the City Council as to Planning Commission-recommended STVR Program modifications.

BACKGROUND

Since 2010, Pacific Grove has administered a license program to regulate transient use of residential property for remuneration. In March 2016, the City Council approved significant changes to Chapter 7.40 (Transient Use License) and added Chapter 23.64.370 (Permitting Home Sharing) to the Pacific Grove Municipal Code (PGMC) to legalize room rentals. The changes, which became effective May 6, 2016, established three types of Short-Term Rental (STR), and imposed cap, density, and occupancy limits on the Type A and Type B STR licenses. A Type “A” STR license allows rental of the entire house for 90 days or more per year, and are non-owner occupied. A Type B STR license allows rental of the entire house for 90 days or less per year, and are owner-occupied when not rented. A Home Sharing License allows rental of a maximum of one bedroom for unlimited number of days, and is owner-occupied. All three types of licenses are ministerial and issued over the counter.

A City Council Special Meeting on June 28, 2017 was held to review the short-term rental program. City Council affirmed continuation of the program and recommended specific changes to existing regulations to address the impact of short term rentals in the City.

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Under the current code, Type A STRs in residential zoning districts are subject to a city-wide 250 license cap and a 15 percent block density measure. This measure, however, does not apply to commercial properties, Type A STRs located on Mermaid Ave and Ocean View Blvd. On blocks where density exceeds 15 percent, the existing Type A STRs are further restricted to a maximum of 150 rental nights. Type A STRs in Commercial zoning districts, and Type B and Home Sharing STRs are not subject to any Cap or Density limit.

Last year when Council adopted current regulations, it included a provision to review the STR program in one year to evaluate its effectiveness. This staff report will aid reexamination of current regulations, and provide an overview of current Short-Term Rentals in Pacific Grove. Finally, this report outlines key issues and suggested code amendments, and program changes.

The following impact areas have been noted:

- Impact of STVR's on Affordable Housing;
- Impact of STVR's on Hotels;
- Neighborhood over-saturation by STVR's
- Impact of Cap and Density limit exemptions
- Unique concerns for Type "B" Licenses
- Whether a limit is needed on the number of licenses one owner can hold

IMPACT ON AFFORDABLE HOUSING [HOUSING ELEMENT CHECK IN]

Last year, as part of the City adopted new Housing Element, it was suggested that the Planning Commission should evaluate whether the STR Program had a significant impact on affordable housing.

Here is the excerpted language taken from the Housing Element:

"The City will review this issue and if it is determined to have a significant effect on affordable housing cost and supply, appropriate actions will be considered to offset these effects and mitigate this impact."

The interaction between short-term rentals and the availability of affordable housing units has been a focus of housing policy discussions across the United States. The fundamental question asked in these discussions is: "If short-term rental platforms like Airbnb did not exist, would the owners of those units instead rent those units to long-term renters at affordable rates? If so, how many long-term rental units are actually lost to short-term rentals?"

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Much debate has centered on estimating the number of current Type A licenses that would otherwise be available as long-term rental units. As urban planning professionals, we recognize that any reduction in the supply of available housing units will have an impact on housing prices in the market, yet we also recognize that the primary drivers of the residential real estate market and pricing in Pacific Grove are demand for housing (which has been outpacing the growth of the housing supply for several years), zoned capacity for new development, lack of potable water, the availability (or lack thereof) of land, and rising costs of construction. Any lost housing unit supply must be evaluated in that larger regional context.

Adding to the complexity of this debate is the fact that until recently we had no reliable data source to precisely quantify the number of “lost” affordable units. We recently conducted a survey of all STRVR owners via the internet. We received responses from 120 owners and they continue to come in. What we now know from our survey of responding STVR owners is that only a very small percentage of the STVR inventory (6% or 15 units) would be returned to the long-term rental market and a small percentage (19%) would be returned to the “for sale” category. Most of the STVR’s in Pacific Grove are second homes (70%) and 51% of those owners would simply revert back to leaving the house vacant. We submit that even if all 250 short term vacation rentals were returned to the long-term rental market, only a few properties would rent at the affordable price of \$1,718/mo. (30% of Area Median Income of \$5,725) for a family of four. Most would demand market rate rents in the \$2,500 - \$4,500 range and higher.

We know the City Council is proposing to limit short term vacation rentals in the coming year to less than 250 citywide. We do not know the exact number of total dwelling units in Pacific Grove the 250 STVR’s represents because the total number of dwelling units in PG is only estimated. Our research identified reputable information sources including the US Census, California Dept. of Finance, PoPStats and the American Community Survey. Other sources are unrecognized and not seen as dependable. If we average all of the estimates from those four sources we get 7,603 total housing units. 250 STRV’s represents 3% of the total number of housing units in Pacific Grove. Based on our survey of STVR owners, barely one percent of current STVR’s would be returned to the general for sale and rental market.

Housing Units

PopStats – 7,242

Census (2010) – 8,169

ACS – 6,812

DOF (2017) – 8,190

At this time, Community and Economic Development staff ***can conclusively conclude*** that the Short Term Rental Program has ***NO significant effect on the affordability of***

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housing in Pacific Grove. Even if all 250 STVR units were to be available for the long-term rental market, most would not rent at rates considered affordable. Several of these units have undergone a complete facelift and would be priced out of the market for most low and medium income level families. There are too many other regional and statewide real estate market forces in play to conclude that the lack of affordability in Pacific Grove is tied to the comparatively small percentage of vacation rentals.

A significant percentage of the STVR inventories are **second homes (70%)**. These are second homes owned by non-residents who want to maintain their ability to visit their second home. Many will eventually move here permanently. We recognize a small percentage (24%) of STVR's are investor owned and operated for exclusive use as short term vacation rentals. If these were removed from the STVR program, it is likely that these properties would be sold, placed in the long-term rental market or operate illegally.

We argue that, despite short-term housing policies supporting them, such exchanges can actually help to preserve property values by providing income to second homeowners that can be used to offset mortgage and maintenance costs – in other words, by allowing owners to share the burdens of ownership. Thus, allowing these short term rental housing exchanges may instead aid in achieving affordability and home ownership aims for more people. Specifically, if homeowners are able to do so, they are more likely to be able to maintain their homes in the short-term and, in the long-term, to maintain ownership.

Finally, the last portion of the Housing Element excerpt reads “..... *appropriate actions will be considered to offset these effects and mitigate this impact.*” Staff suggests that the City has recently adopted such offsets. The Planning Commission and City Council passed zoning legislation earlier this year to allow Accessory Dwelling Units (ADU's). This action is considered an appropriate and significant mitigation on any impact that the small percentage of short term rentals may have on affordability. ADU's are an affordable type of home to construct because they do not require paying for land, major new infrastructure, required parking or the discretionary review process which takes time. This legislation was required by the State of California because it was seen as a very positive action in meeting the State's affordable housing needs. ADU's are prohibited from the Short-Term Rental pool. This represents a legitimate new source of affordable units in the City.

In addition, the City Council received a presentation from the Community and Economic Development Department on several additional mechanisms to promote affordability in Pacific Grove that will be brought forward as ordinance language at some point in the next year.

IMPACT OF STVR'S ON HOTELS

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Just like affordable rental units, there is little speculation that adding 250 homes with multiple bedrooms to an inventory of 1,047 hotel rooms has some economic impact. The lodging industry managed to remain strong and resilient after the B&B explosion, and again after the timeshare condominium phenomenon. Both B&B's and timeshares are not nearly as popular as they once were because the lodging industry started to change the look and feel of their properties to compete. This is clearly another challenging event in the history of the lodging industry.

Ever since STVR's and AirBnB entered the lodging scene, the hotel industry has cast a wary eye, noting its popularity with young travelers and families.

TOT revenues collected by the City show several strong years for hotels; one might assume that the PG marketplace for hotels is strong. However, occupancy rates do not fully bear that out. Hoteliers are seeing a slow decline of 1% per year in their occupancy rates. Total revenues for local hotels have increased in the same period by 8% suggesting hotels have simply raised rates.

Is the rate of hotel occupancy decline alarming enough against total revenues to support abolition of STVR's entirely from our community? Probably not, but similar to the B&B boom and the timeshare bust, local hoteliers are making changes to adapt and make some modifications to pricing structures (such as charging by the room and not the person). Amenities such as family suites, kitchens and locally produced artworks and furnishings have already been implemented by many hotels. Hotel hosts may start to become more like local STVR hosts and offer insider tips on where to dine and act more like a local versus a visitor. That really is the underlying lure of STVR's. You get to experience more of an authentic relationship with the place you are visiting. We believe our local hotels can and will learn to adapt. Some already have and are adopting some STVR approaches. Bottom line is that the fixed costs of running a hotel do not apply to STVR's and that makes comparisons difficult.

We believe hotels and STVR's can co-exist as long as firm STVR regulations are maintained to level the playing field.

CURRENT SHORT-TERM RENTALS IN PACIFIC GROVE

Currently the City has issued 290 active STR licenses. Of the 290 licenses, 232 are Type A STRs, 47 are Type B STRs, and 11 are Home Sharing Licenses. Of the 232 Type A STR licenses, 50 licenses are restricted to a maximum of 150 rental days per year due to block (15%) overconcentration, and 10 licenses are within Commercial zoning districts. Table 1 below provides a summary of all STR licenses.

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Table 1: Summary of Short-Term Rental Licenses in Pacific Grove

Summary of ALL Short Term Rental (STR) Licenses	
Total Type A STR licenses within Commercial districts	10
Total Type A STR licenses within all Residential districts	222
Total Type B STR licenses	47
Total Home Sharing (i.e. room rental) Licenses	11
Total STR Licenses	290

KEY ISSUES

Over the last one year, City staff and City Council identified a number of key issues the current Short Term Vacation Rental regulation may not address adequately or that may have caused problems. These key issues may include the following:

1. How do we spread out the STVR Licensed properties to avoid neighborhood over-saturation?
2. Should we remove exclusion of commercially-zoned dwelling units from the Cap and Density limits and exemption of Mermaid Ave and Ocean View Blvd from the block density measure?
3. Should we remove the 150 room-night “density impacted” licenses because they do not seem to be having a significant impact?
4. Should we drop the Type “B” License?
5. Should we place a limit on the number of licenses one owner can hold?

RECOMMENDATIONS

Staff drafted a number of suggested modifications to the Short-Term Vacation Rental Program to accomplish the following objectives:

- 1) To further reduce overconcentration in traditionally “non-transient neighborhoods”;
- 2) To improve neighborhood compatibility;
- 3) To reduce impact on long-term housing stock;
- 4) To streamline and greatly simplify ordinance implementation and enforcement;

The staff proposed regulations changes are as follows:

Cap Limits:

- 1) Limit all STR licenses to 250 in the City in the following manner:
 - a. Limit STRs to 250 and eliminate the distinction between Type A and Type B.
 - b. Discontinue the Type B License.

08/17/17 Planning Commission**Block Density:**

- 1) City staff feels block density is the most contentious issue. Our current 15% block rule works in most cases but recognizes that it doesn't work everywhere. Staff is recommending modifying the 15% block density rule with an additional "zone of exclusion" directly across the street to help reduce impacts to permanent residents. Staff had proposed a different 55' "zone of exclusion" to the City Council but upon re-examination of that proposal we believe it will; (a.) Create 60 nonconforming licenses and; (b.) Possibly create a negative impact in neighborhoods that are not traditionally transient in nature by attracting the nonconforming 60 licenses.

There are currently 17 oversaturated blocks in PG. Staff feels that correcting these blocks is where the most negative impacts of STVR's can be reduced. Where block saturation exceeds 15%, the existing licenses on those blocks will be subject to a staff-initiated scoring system that preserves good STVR's and weeds out the marginal or troublesome licenses. Staff feels a lottery is arbitrary and capricious and will possibly remove some very good STVR's.

Maintain exemption areas (from density restrictions) such as commercially-zoned properties, Mermaid Ave and Ocean View Boulevard but start counting those forty-three licenses toward the total 250 cap.

Number of Rental Days:

- 1) Maintain the maximum number of rental days to "more than 90 days per year" for all STRs to reduce enforcement concerns.
- 2) Eliminate the existing 150 night "over-density" mitigation to reduce enforcement concerns.

Number of Licenses per Parcel and Single Owner:

- 1) Limit the number of licenses to one per parcel. This limit would not apply to a property governed by the duly adopted bylaws of a city-approved homeowners' association (HOA), or to properties held as tenants in common.
- 2) Limit the number of licenses to no more than two per owner.

Timeline

- 1) Existing licenses remain unchanged until March 31, 2018.
- 2) License renewal process will begin on February 1, 2018 and end on February 28, 2018.
- 3) Staff will screen all license renewal applications in the first week of March 2018.
 - a. Applications to renew STR licenses that meet the new/amended density requirement will be approved.

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- b. Applications to renew STR licenses that do not meet the new/amended density requirement will be subject to a qualitative checklist analysis in March 2018:
 - i. Applications to renew STR licenses will be processed in order based on the qualitative analysis, but renewal will be allowed only if density requirements are met.
 - c. STR Licenses not renewed by March 31, 2019 will sunset; any property without a valid license shall not qualify for transient use for remuneration. These properties will not count towards the 250 license cap.
- 4) To the extent new licenses may be available, license applications will be processed and granted beginning April 2018.

CEQA

In 2016 the City adopted an Initial Study and Mitigated Negative Declaration (IS/MND) for the original Short Term Rental (STR) ordinance pursuant to the California Environmental Quality Act (CEQA). Rather than complete an amendment to the IS/MND, City staff is preparing and circulating a new IS/MND.

FISCAL IMPACT

The proposed changes may have a significant negative impact on the STR Program revenue. Restricting the number of licenses by implementing the new 15% PLUS “zone of exclusion” and thereby reducing the number of STR’s could have significant negative impact on the Program revenue by eliminating many licenses.

OPTIONS

1. Take no action. This would result in the existing STR regulation remaining in place.
2. Provide alternative recommendations to the staff proposed regulation modifications.

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ATTACHMENTS

1. Letter from Coastal Commission Chairman
2. Initial Study/Mitigated Negative Declaration
3. Historical TOT Comparison by Year
4. STVR Survey Results

RESPECTFULLY SUBMITTED BY:

A handwritten signature in black ink, appearing to read "Mark J. Brodeur". The signature is written in a cursive style with a large, looping initial "M".

Mark J. Brodeur, Director
Community and Economic Development

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December 6, 2016

TO: Coastal Planning/Community Development Directors

SUBJECT: Short-Term/Vacation Rentals in the California Coastal Zone

Dear Planning/Community Development Director:

Your community and others state and nationwide are grappling with the use of private residential areas for short-term overnight accommodations. This practice, commonly referred to as vacation rentals (or short-term rentals), has recently elicited significant controversy over the proper use of private residential stock within residential areas. Although vacation rentals have historically been part of our beach communities for many decades, the more recent introduction of online booking sites has resulted in a surge of vacation rental activity, and has led to an increased focus on how best to regulate these rentals.

The Commission has heard a variety of viewpoints on this topic. Some argue that private residences should remain solely for the exclusive use of those who reside there in order to foster neighborhood stability and residential character, as well as to ensure adequate housing stock in the community. Others argue that vacation rentals should be encouraged because they often provide more affordable options for families and other coastal visitors of a wide range of economic backgrounds to enjoy the California coastline. In addition, vacation rentals allow property owners an avenue to use their residence as a source of supplemental income. There are no easy answers to the vexing issues and questions of how best to regulate short-term/vacation rentals. The purpose of this letter is to provide guidance and direction on the appropriate regulatory approach to vacation rentals in your coastal zone areas moving forward.

First, please note that vacation rental regulation in the coastal zone must occur within the context of your local coastal program (LCP) and/or be authorized pursuant to a coastal development permit (CDP). The regulation of short-term/vacation rentals represents a change in the intensity of use and of access to the shoreline, and thus constitutes development to which the Coastal Act and LCPs must apply. We do not believe that regulation outside of that LCP/CDP context (e.g., outright vacation rental bans through other local processes) is legally enforceable in the coastal zone, and we strongly encourage your community to pursue vacation rental regulation through your LCP.

The Commission has experience in this arena, and has helped several communities develop successful LCP vacation rental rules and programs (e.g., certified programs in San Luis Obispo and Santa Cruz Counties going back over a decade; see a summary of such LCP ordinances on our website at:

https://documents.coastal.ca.gov/assets/la/Sample_of_Commission_Actions_on_Short_Term_Rentals

[.pdf](#)). We suggest that you pay particular attention to the extent to which any such regulations are susceptible to monitoring and enforcement since these programs present some challenges in those regards. I encourage you to contact your [local district Coastal Commission office](#) for help in such efforts.

Second, the Commission has not historically supported blanket vacation rental bans under the Coastal Act, and has found such programs in the past not to be consistent with the Coastal Act. In such cases the Commission has found that vacation rental prohibitions unduly limit public recreational access opportunities inconsistent with the Coastal Act. However, in situations where a community already provides an ample supply of vacation rentals and where further proliferation of vacation rentals would impair community character or other coastal resources, restrictions may be appropriate. In any case, we strongly support developing reasonable and balanced regulations that can be tailored to address the specific issues within your community to allow for vacation rentals, while providing appropriate regulation to ensure consistency with applicable laws. We believe that appropriate rules and regulations can address issues and avoid potential problems, and that the end result can be an appropriate balancing of various viewpoints and interests. For example, the Commission has historically supported vacation rental regulations that provide for all of the following:

- Limits on the total number of vacation rentals allowed within certain areas (e.g., by neighborhood, by communitywide ratio, etc.).
- Limits on the types of housing that can be used as a vacation rental (e.g., disallowing vacation rentals in affordable housing contexts, etc.).
- Limits on maximum vacation rental occupancies.
- Limits on the amount of time a residential unit can be used as a vacation rental during a given time period.
- Requirements for 24-hour management and/or response, whether onsite or within a certain distance of the vacation rental.
- Requirements regarding onsite parking, garbage, and noise.
- Signage requirements, including posting 24-hour contact information, posting requirements and restrictions within units, and incorporating operational requirements and violation consequences (e.g., forfeit of deposits, etc.) in rental agreements.
- Payment of transient occupancy tax (TOT).
- Enforcement protocols, including requirements for responding to complaints and enforcing against violations of vacation rental requirements, including providing for revocation of vacation rental permits in certain circumstances.

These and/or other provisions may be applicable in your community. We believe that vacation rentals provide an important source of visitor accommodations in the coastal zone, especially for larger families and groups and for people of a wide range of economic backgrounds. At the same time we also recognize and understand legitimate community concerns associated with the potential adverse impacts associated with vacation rentals, including with respect to community character and noise

and traffic impacts. We also recognize concerns regarding the impact of vacation rentals on local housing stock and affordability. Thus, in our view it is not an 'all or none' proposition. Rather, the Commission's obligation is to work with local governments to accommodate vacation rentals in a way that respects local context. Through application of reasonable enforceable LCP regulations on such rentals, Coastal Act provisions requiring that public recreational access opportunities be maximized can be achieved while also addressing potential concerns and issues.

We look forward to working with you and your community to regulate vacation rentals through your LCP in a balanced way that allows for them in a manner that is compatible with community character, including to avoid oversaturation of vacation rentals in any one neighborhood or locale, and that provides these important overnight options for visitors to our coastal areas. These types of LCP programs have proven successful in other communities, and we would suggest that their approach can serve as a model and starting place for your community moving forward. Please contact your [local district Coastal Commission office](#) for help in such efforts.

Sincerely,

A handwritten signature in black ink that reads "Steve Kinsey". The signature is written in a cursive, flowing style.

STEVE KINSEY, Chair
California Coastal Commission

City of Pacific Grove Initial Study / Environmental Checklist

I. PROJECT SUMMARY

1. **Project title:** Transient Use of Residential Property 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 (Pacific Grove Municipal Code [PGMC] Chapter 7.40) regarding transient use of residential property.

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

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

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

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

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

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

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

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

Various (citywide)

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

California Coastal Commission

Exhibit 1 Project Location

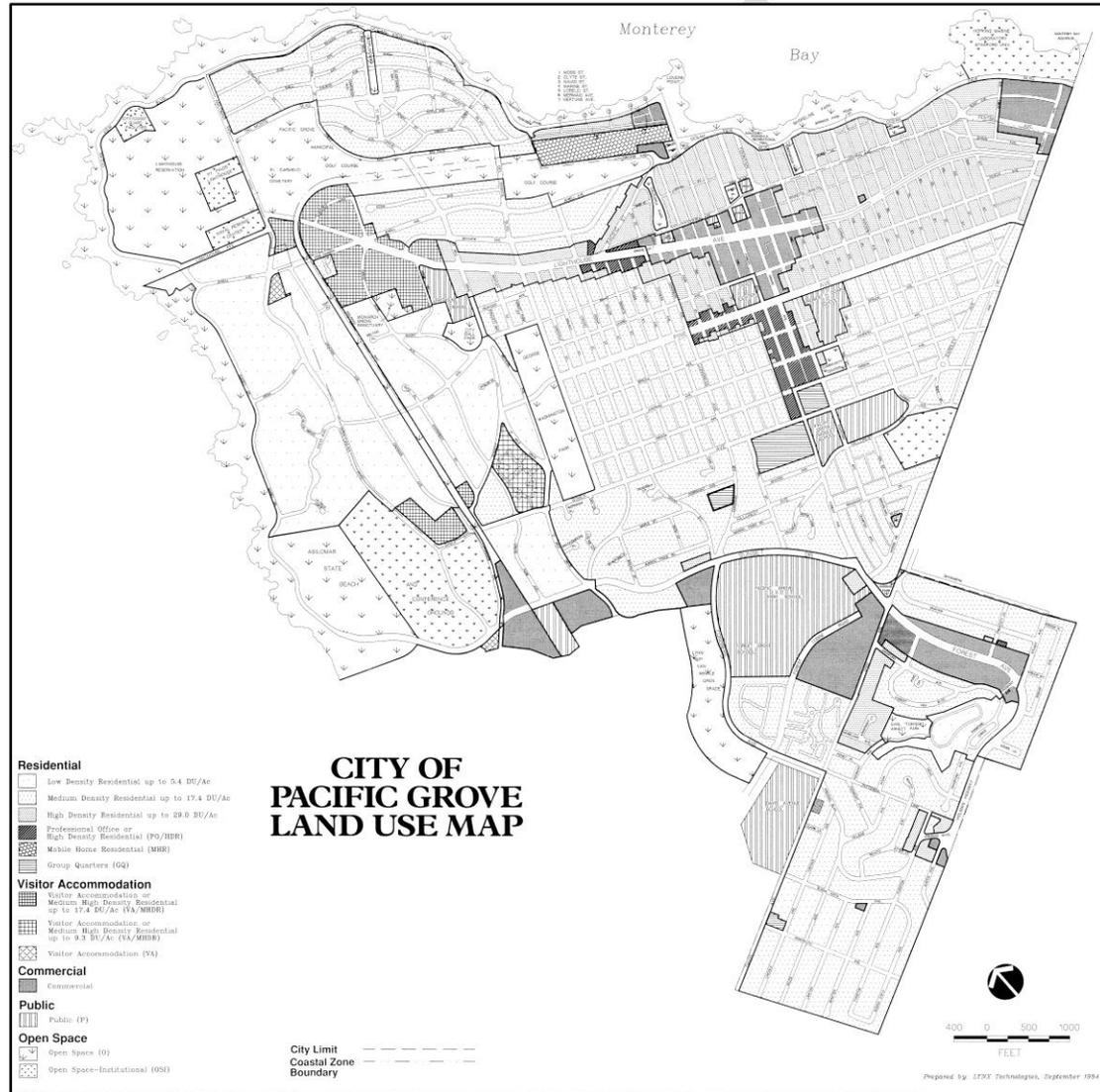


Exhibit 2
Summary of Proposed Changes and Potential Environmental Impacts

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

Exhibit 2
Summary of Proposed Changes and Potential Environmental Impacts

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

ENVIRONMENTAL FACTORS POTENTIALLY AFFECTED:

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

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

DETERMINATION:

On the basis of this initial evaluation:

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

Signature

Date

Mark Brodeur

Director of Community and Economic

Development

Printed name

Title

II. ENVIRONMENTAL CHECKLIST

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

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

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

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

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

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

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

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

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

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

	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
<p>VII. GREENHOUSE GAS EMISSIONS – Would the project:</p>				
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	
<p>(a-b) Less Than Significant Impact. The proposed amendment would revise regulations for the short-term rental of existing dwelling units and would not authorize additional development, increase land use intensity, or result in a substantial change in vehicle-miles-traveled (VMT). The City's existing development regulations codified in the Pacific Grove Municipal Code and Local Coastal Program adequately address potential effects related to greenhouse gasses. Therefore, potential impacts of the proposed project would be less than significant and no mitigation measures are necessary.</p>				

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

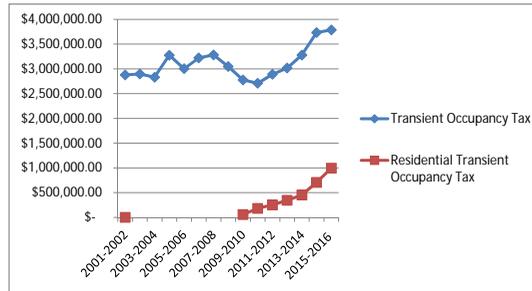
	Potentially Significant Impact	Less Than Significant With Mitigation Incorporation	Less Than Significant Impact	No Impact or Not applicable
XIX. MANDATORY FINDINGS OF SIGNIFICANCE				
a) Does the project have the potential to degrade the quality of the environment, substantially reduce the habitat of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

ATTACHMENT 3

ITEM 7A

Account Number	Account Description	Year	2001-2002	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014	2014-2015	2015-2016	TOTALS
4161	Transient Occupancy Tax		\$ 2,877,117.38	\$ 2,896,063.57	\$ 2,830,992.02	\$ 3,275,109.15	\$ 3,002,038.45	\$ 3,219,361.03	\$ 3,282,467.82	\$ 3,046,537.47	\$ 2,776,893.75	\$ 2,709,164.67	\$ 2,889,125.66	\$ 3,015,919.33	\$ 3,278,457.82	\$ 3,730,896.99	\$ 3,786,438.51	\$ 46,616,583.62
4163	Residential Transient Occupancy Tax	NOTE	\$ -								\$ 56,986.43	\$ 181,954.92	\$ 252,675.09	\$ 343,764.45	\$ 453,048.11	\$ 707,467.76	\$ 992,986.02	\$ 2,988,882.78
TOTAL			\$ 2,877,117.38	\$ 2,896,063.57	\$ 2,830,992.02	\$ 3,275,109.15	\$ 3,002,038.45	\$ 3,219,361.03	\$ 3,282,467.82	\$ 3,046,537.47	\$ 2,833,880.18	\$ 2,891,119.59	\$ 3,141,800.75	\$ 3,359,683.78	\$ 3,731,505.93	\$ 4,438,364.75	\$ 4,779,424.53	\$ 49,605,466.40

NOTE: The Residential Occupancy Tax program started mid-year in 2010. We received the first payments in April 2010.



ATTACHMENT 3

ATTACHMENT 4

	# of responses	% of responses
<i>Primary Residence</i>	7	5.8
<i>Second Home (inherited, family, retirement, vacation)</i>	84	70.0
<i>Investment Property</i>	29	24.2
If the City terminated the STR Program, what would you do?	# of responses	% of responses
<i>I would not rent it full time because I want to visit the property.</i>	62	51.7
<i>I would sell the property.</i>	23	19.2
<i>I would rent it to long term renters.</i>	7	5.8
<i>I would continue to operate an STR under the radar (past guests and such)</i>	3	2.5
<i>Other (vacant, 30-day interval renting, family use, undecided, financial hardship)</i>	25	20.8