



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

**AGENDA REPORT**

**TO:** Chair Fredrickson and Members of the Planning Commission

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

**MEETING DATE:** March 22, 2018

**SUBJECT:** Proposed Short-Term Rental (STR) Program General Plan Amendments

**CEQA:** Initial Study and Negative Declaration

**RECOMMENDATION**

Recommend approval of the proposed General Plan amendment to the City Council to clarify the use Short-Term Rentals in residential properties.

**BACKGROUND**

Since 2010, the City of Pacific Grove (City) 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 City Council adopted further changes to Chapter 7.40 with Ordinance 17-024 on December 20, 2017 which took effect on January 20, 2018. While the ordinance was under review, it was determined that amendments to the City’s 1994 General Plan, specifically the *Glossary* and *Chapter 2 – Land Use*, were needed to clarify the City’s authority to regulate Short-Term rental use of residential property.

**DISCUSSION**

The history of land use planning dates back to the founding of the Methodist Seaside Retreat back in 1875. When the Methodists sold the Retreat in 1883, the property was divided into small lots meant to accommodate tents of seasonal visitors. Once incorporated in 1889, the City grew into the distinct Victorian and architectural character it is known for today. The City’s most recent General Plan dates from 1994, except for the Local Coastal Program Land Use Plan (LUP) which was adopted by the City in 1989, and

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the Housing Element adopted in 2016. The General Plan is approximately 25 years old. At the time of adoption, the General Plan was a comprehensive, integrated and internally-consistent statement of the City's development policies and its Sphere of Influence. Over time certain elements of the document have become out of date, including the Glossary and Land Use element.

Land use is a major focus of the General Plan. *Chapter 2, Section 2.7.2 Visitor Accommodation* and *Policy 17* discuss motels and hotels and the importance of preserving the City's existing motels. While the use of private homes as Short-Term Rentals has expanded dramatically over the past decade with the advent of websites such as AirBnB, VRBO and HomeAway, it is valid to change *Policy 17* to clarify and reflect this change and the City's adopted ordinance. The amendments attempt to address the change in the nature of visitor accommodation that has occurred over time.

The amendment to the *Glossary* would update the definition of dwelling unit to remove references to length of occupancy. The City's adopted ordinance and required license regulates length of stays in residential dwelling units that are less than 30 consecutive calendar days. This is the only regulated distinction for dwelling unit occupancy.

### **FINDINGS**

The Planning Commission, in its recommendation to City Council, must make the following findings as set forth in PGMC§23.84.060:

- (1) The proposed amendment is internally consistent with all other provisions of the General Plan;
- (2) The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the city; and
- (3) The site is physically suitable (including access, provision of utilities, compatibility with adjoining land uses, and absence of physical constraints) for the requested and anticipated land uses.

### **CEQA**

The proposed General Plan amendment is subject to the Initial Study and Negative Declaration adopted by City Council on October 18, 2017 to address the proposed ordinance changes regarding transient use of residential properties. There is no substantial evidence in the record that the General Plan amendments addressing Short-Term Rentals would have a significant effect on the environment.

### **OPTIONS**

1. Take no action.
2. Provide alternative recommendations to the staff proposed modifications.

### **ATTACHMENTS**

**3/22/18 Planning Commission**

1. Proposed General Plan amendment text
2. Resolution

**RESPECTFULLY SUBMITTED BY:**



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Mark J. Brodeur  
Director  
Community and Economic Development

(EXHIBIT A)

**Proposed General Plan Revision Related to Short-Term Rentals**

11. Glossary

**Dwelling Unit** • A room or group of rooms – including sleeping, eating, cooking, and sanitation facilities – that constitutes an independent housekeeping unit, occupied or intended for occupancy by one household ~~on a long-term basis (i.e., for more than 30 days).~~

Chapter 2 – Land Use

2.7.2 Visitor Accommodation

Insert as last sentence in Section 2.7.2 Visitor Accommodation narrative, just prior to Policy 17:

**The City Council may license and regulate short-term rental (less than 30 consecutive calendar days) of dwelling units to provide a reasonable balance between transient occupancy tax revenue and residential neighborhoods.**

Revise Policy 17 as follows:

Discourage the replacement of motels with residential uses in areas zoned R-3-M as a means of protecting the City's revenue base, **and allow short-term rental, of less than 30 consecutive calendar days of residential property.**

**RESOLUTION NO. 18-****RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE RECOMMENDING CITY COUNCIL APPROVAL OF AN AMENDMENT TO THE GENERAL PLAN****FINDINGS**

1. State law requires each jurisdiction in California to adopt a General Plan; and
2. The City of Pacific Grove's (City) last update to its General Plan was in 2016 when it adopted the 2015-2023 Housing Element; and
3. The City's General Plan recognizes Visitor Accommodation Chapter 2, Section 2.7.2 and Policy 17;
4. With the City's adoption of the Short-Term Rental Program regulations, transient use of private homes may be used as visitor accommodation and the General Plan should reflect this change;
5. The City also regulates the use of residential dwelling units, and as such, the General Plan definition for dwelling unit should be modified to eliminate the number of occupancy days;
6. The Pacific Grove Planning Commission held a public hearing on the amendments to the General Plan on March 22, 2018; and
7. The Planning Commission recommends that the City Council adopt the amendments to the General Plan.

**NOW, THEREFORE, BE IT RESOLVED BY THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE:**

1. Each of the Findings set forth above is true and correct, and by this reference incorporates those Findings as an integral part of this Resolution.
2. An Initial Study and Negative Declaration regarding Short-Term Rentals was circulated and adopted by City Council on October 18, 2017. There is no substantial evidence in the record that the General Plan amendments addressing Short-term Rentals would have a significant effect on the environment.
3. The proposed amendments are set forth in Exhibit A and attached hereto and incorporated by reference.

4. Pursuant to Section 23.84.060 of the Pacific Grove Municipal Code, the Planning Commission makes the following findings:

- (i) The proposed amendment is internally consistent with all other provisions of the General Plan;
- (ii) The proposed amendment would not be detrimental to the public interest, health, safety, convenience, or welfare of the City; and
- (iii) The site is physically suitable (including access, provision of utilities, compatibility with adjoining land uses, and absence of physical constraints) for the requested and anticipated land uses. The amendments apply City-wide.

This Resolution shall become effective immediately following passage and adoption thereof.

**PASSED AND ADOPTED** BY THE PLANNING COMMISSION OF THE CITY OF PACIFIC GROVE this 22<sup>nd</sup> day of March, 2018, by the following vote:

AYES:

NOES:

ABSENT:

APPROVED:

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BILL FREDRICKSON, Chair

ATTEST:

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MARK CHAKWIN, Secretary

APPROVED AS TO FORM:

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HEIDI A. QUINN, Assistant City Attorney