



**AGENDA NO: C-1**

**MEETING DATE: May 15, 2018**

**THE FOLLOWING PUBLIC CORRESPONDENCE WAS  
RECEIVED BY THE PLANNING COMMISSION FOLLOWING  
POSTING OF THE AGENDA**

**Scot Graham**

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**From:** Dianne Buquet  
**Sent:** Monday, May 14, 2018 4:47 PM  
**To:** PlanningCommission  
**Cc:** Dana Swanson  
**Subject:** Agenda Correspondence 5/15/18 Module 3

May 14, 2018

Planning Commission and Staff,

Re: Draft Zoning Code Module 3: Short-Term Vacation Rentals

Please accept our comments on the proposed recommendations:

**Transfer of License**

We disagree with a blanket restriction against transferring Vacation Rental licenses upon sale of property. The history of the property/license should be taken into consideration and the license should be allowed to be transferred upon administrative approval. All Vacation Rental owners have invested heavily in their business, including landscaping, furnishing, marketing, and standard “Blue Sky” business value. Restricting the transfer of the license would represent a significant financial loss to a seller and diminish the value of their home.

**200’ Foot Restriction**

We suggest that the proposed 200’ separation, if approved, should not be implemented on a citywide basis. There may be circumstances in certain neighborhoods where this requirement should be administratively waived. For example a potential VR owner could be allowed to be closer than 200’ if they receive signed agreements from affected property owners in a reasonable proximity of the existing and

proposed Vacation Rental. Or, in the case of an owner occupied property that chooses to rent a room as a HomeStay. They too should be excluded from the 200' requirement.

### **Accessory Dwelling Unit Prohibition**

Accessory Dwelling Unit Vacation Rentals on owner occupied properties are the jewels of the City. They have the best oversight of any Vacation Rentals by far. We don't support this proposed regulation.

### **Enforcement**

We would suggest the following additions to the Draft Ordinance:

Proactively investigate, fine and shut down all unlicensed Vacation Rentals prior to implementation of any proposed regulations.

Non owner occupied Vacation Rentals must have a Local Contact Person available to respond within 30 minutes of notification of a complaint and take remedial action as necessary.

Vacation Rental owners are required to include the finalized regulations i.e. parking, noise, and occupancy into all booking contracts and shall be posted inside the Vacation Rental. Both should include the statutes and penalties per the municipal code for any violations of the regulations.

Rich & Dianne Buquet

## Scot Graham

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**From:** Walter Auerbach <[\[redacted\]](#)>  
**Sent:** Tuesday, May 15, 2018 9:26 AM  
**To:** Scot Graham  
**Cc:** Cindy Jacinth  
**Subject:** Plan Morro Bay-STR's

Mr. Graham,

I just read with some surprise the proposed code related to short term vacation rentals (STR's). Probably my fault for not paying closer attention to the process, but nonetheless, I was a bit taken aback by the proposals to limit the spacing of STR's, non-transferability upon sale, etc.

As owners of a single family home that we rent frequently, we take our responsibilities to the community very seriously. We pay TOT taxes and property taxes, and maintain our homes as well as any local resident. Our plan for the future is to live in the home for 3-4 months every year, but in order to do that we need the income from rentals to afford the house. The proposed regulations feel to me like a slap back for trying to be good neighbors, and patently unfair to those of us who have not had any issues with tenants behaving poorly or disrupting the neighborhood. Frankly we find far higher disruptions of all kinds not only to us as owners but to our guests from the Morro Strand Campground directly in front of us-one of the largest enclaves of STR's in the community. Nowhere yet do I see a discussion of how that facility impacts the adjoining residential neighborhood in terms of parking, smoke, degradation of views, and noise.

Has the City of Morro Bay reached out to the real estate and short term rental industry specifically for input on this matter? All I see in the public comments to date (although frankly I have not studied the package thoroughly yet) are full-time residents who may have had some unfortunate experiences with STR's in their neighborhood. There are (I assume) 250 registered STR's in Morro Bay. You know who they are. I urge you to reach out to us directly for comment from the group who will be most affected by these new proposals.

We are wrestling with the topic here in North Lake Tahoe as you are on the Central Coast, so I'm not unfamiliar with the issues at all. We too have a long-term affordable or workforce housing shortage. We too have issues with some properties that aren't managed well. But restricting STR's does not translate to new long term housing, nor does it change bad behavior. Some of the worst code offenders in our community are full-time residents, not owners who try to maintain their property for the enjoyment of others.

If I hit this send button too quickly it's because I am aware there is a Planning Commission meeting tonight, and would like my comments on the record in the event the future opportunities are more limited than I thought. I am actually hopeful that the reality is not as bad as it seems on the first read-through, and that you'll point that out to me after reading these comments.

Thanks for the opportunity to comment, and I look forward to engaging more fully on this going forward.

Walter Auerbach  

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**SWAT Trauma Assistance Training**

May 14, 2018

Re: Vacation Rental Ordinance in Morro Bay

Dear Council members and City of Morro Bay Staff:

I am writing to share my views on the vacation rental ordinance that is under development for the City of Morro Bay.

By way of introduction, I am a local Emergency physician at Sierra Vista Regional Medical Center. I serve on our Regional SWAT Team as our sole tactical physician, providing medical support for affiliated police agencies, which includes Morro Bay PD. I have lived in the area, with my wife Nisha, a pediatrician and child abuse specialist, for almost 20 years.

I own a property within the City of Morro Bay, and have been on the waiting list for Vacation Rental (VR) permit for the past year.

Along with many other property owners, I support having the flexibility to rent my property on a part time basis as a vacation rental. **I also feel that at a time of escalating financial needs for the City of Morro Bay, this option is a wise and effortless approach for the city to increase its revenue stream.**

Moreover, it is my feeling that an ordinance regarding VRs needs to be shaped to the needs of the community and not just assigned a random number of 250. There are currently 70+ people requesting VR permits on the VR waiting list. **My request to Council is that the arbitrary number of 250 VR permits be increased to 350.** Essentially, this increase would meet the current VR need, empty the VR waiting list, and moreover be an immediate source of increased revenue for the City of Morro Bay. **If 100 additional permits were assigned 20 months ago, since the institution of the initial ordinance, the city would have seen a revenue stream of possibly upwards of \$200,000.**

Also, it is my feeling that **the proposed 200 foot provision, limiting VR within 200 ft of another VR, is unreasonable and unfair** to homeowners seeking to rent their homes on a part time basis. For example, my property is within 50 feet of a home that is a licensed VR. There has never been any issues with noise complaints at that location. In fact, the people who rent are generally families, and one would never even know it was a licensed vacation rental. **My request is that the 200 ft provision be eliminated from the ordinance.**



**SWAT Trauma Assistance Training**

**I also believe that VR owners should respect their neighbors and there should be fines that are passed on to owners / renters for noise and disruptive behavior complaints.** That being said, it is my observation of our neighbors renters, that these transient visitors to our area tend to be professionals and families, that bring value into our community. **The assertion by individual members of the community that Morro Bay vacation renters are possible criminals and pedophiles is both prejudicial and patently absurd.**

**Vacation rentals bring more business to the City of Morro Bay,** not just in terms of tax revenue, but also in terms of a boost to local restaurants, cafes, and other businesses.

In closing, it is my feeling that **the voices of many Morro Bay homeowners like myself have been marginalized by individuals belonging to special interest groups or influential individuals lobbying on behalf of local hoteliers.** Until recently, many of those who share my opinions have not been informed of meetings on the VR ordinance. I believe that all voices on the issue of VRs need to be heard, and that an ordinance on vacation rentals should be drafted that balances the financial benefit of the City of Morro Bay, and the needs, comfort, safety, and prosperity of the local community.

Sincerely,

Dr. Rushdi Cader M.D., F.A.C.E.P  
Medical Director, San Luis Obispo Regional SWAT  
CEO, SWAT Trauma Assistance Training, Inc.  
Attending physician, Sierra Vista Regional Medical Center

## Cindy Jacinth

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**From:** Scot Graham  
**Sent:** Monday, May 14, 2018 4:52 PM  
**To:** Martha Miller (martha@lisawiseconsulting.com); Sinsheimer, Amy; Cindy Jacinth  
**Subject:** FW: Greg Frye letter regarding vacation rentals

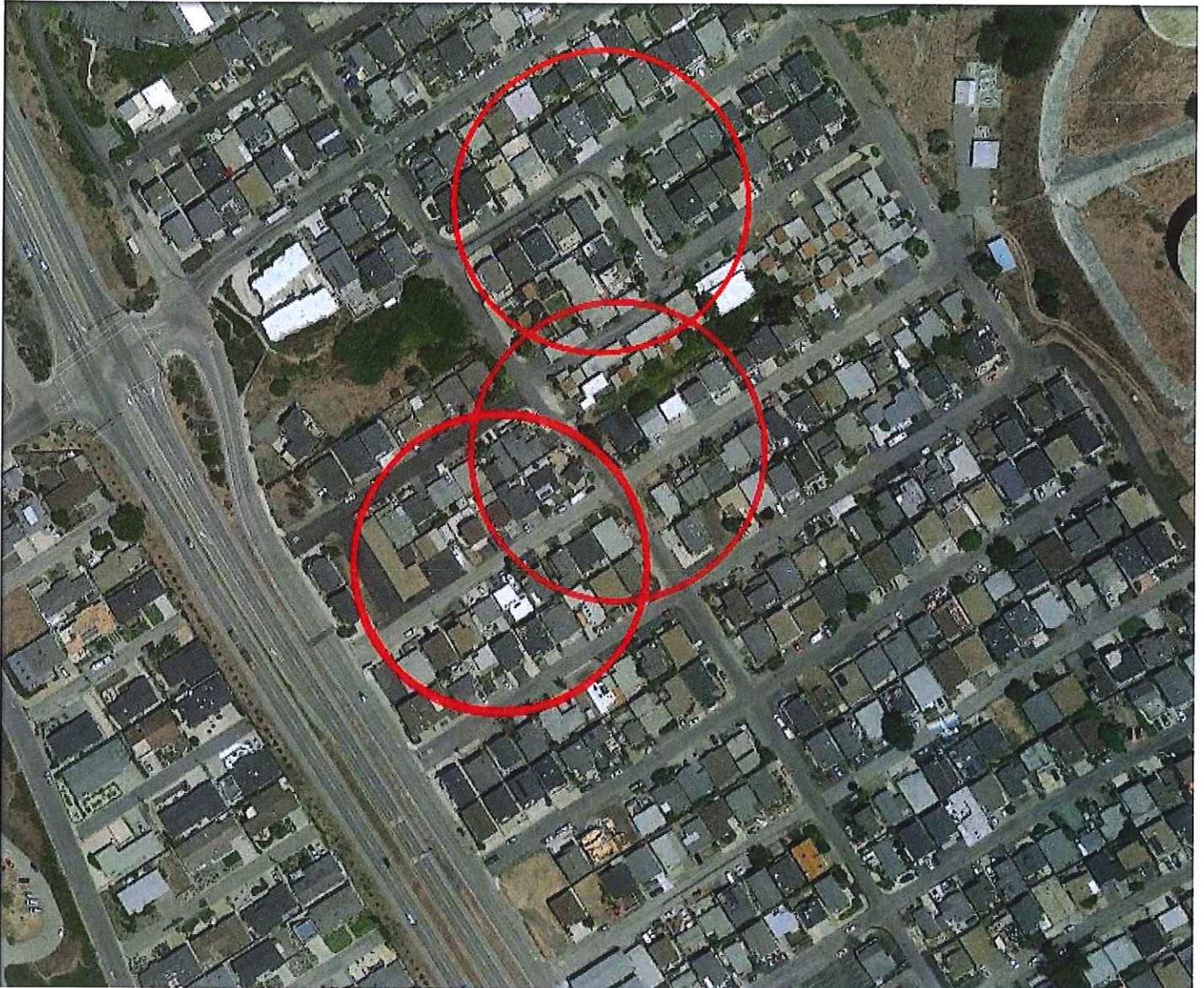
FYI

**From:** greg frye  
**Sent:** Monday, May 14, 2018 1:12 PM  
**To:** Jamie Irons <jirons@morrobayca.gov>; Marlys McPherson <mmcpherson@morrobayca.gov>; Matt Makowetski <mmakowetski@morrobayca.gov>; John Heading <jheading@morrobayca.gov>; Robert Davis <rdavis@morrobayca.gov>; Council <council@morrobayca.gov>; Scot Graham <sgraham@morrobayca.gov>  
**Cc:** PlanningCommission <PlanningCommission@morrobayca.gov>  
**Subject:** Greg Frye letter regarding vacation rentals

To the city staff, commissioners, and council members,

I have several comments below pertaining to the proposed vacation rental ordinance that I would like to share for your consideration. I truly appreciate the effort of those who have invested so much of their time into the general plan update including this section. However, I believe that trying to wrap this particular ordinance into the general plan update may slow the whole process and should therefore be considered as a separate entity in order to allow for adequate public comment.

I have many concerns regarding the proposal to separate vacation rentals by 200 feet. Where does the 200 feet begin, the property line on each side, the center of the lot, the front door? This will be an important determination if you choose to separate rental properties. The image below shows circles with a two-hundred foot radius with the licensed vacation rental situated in the center of each circle. If the proposed rule of a two-hundred foot separation between rentals were approved, any other home within the circle would be unable to obtain a license for themselves. Furthermore, any homeowner that falls within overlapping rings would have to wait for other license holders to drop before they could obtain one. A licensed vacation rental located at the center of the upper circle would eliminate the possibility of thirty-eight homeowners from obtaining a license. Thus, it is my belief/request that the 200 foot rule should be abandoned altogether because every homeowner should be afforded an equal opportunity to apply for and be able to receive a permit even if that means being on a wait list. Please strongly consider eliminating any required distance between rental units. Keep a cap on the overall number if necessary but eliminate the separation.



Eliminating the separation between owners allows every homeowner an equal opportunity. Any concern about the clustering of these rentals, even if three or four are together, can be mitigated in other ways. For example, if the concern is about noise, there are rules and codes that can and should be followed and enforced. If units are limited to the number of permissible renters based on the number of bedrooms and onsite parking spaces, I do not see any good reason to mandate separation. Better code enforcement and owner accountability for compliance at the risk of the loss of his or her license would mitigate many concerns. If any have concerns about the occasional “bad” renter ( loud, intrusive, party animals, etc) imagine if they ended up with a “bad” renter on a long term lease! It would be very difficult for the city to enforce and the owner themselves will not have adequate leverage. Evictions are time consuming and costly.

The city should also consider there may be areas that may be more appropriate for vacation rentals than others. I am on the waitlist and my next door neighbors have a vacation rental. Along Toro lane, there are only two of us that live there full time. The other owners visit periodically. We are bordered by the beach on one side and the highway on the other. Even if every single owner on our road periodically rented their home within the confines of the rules on parking and number of tenants, I don't believe it would negatively impact myself or our small neighborhood. I happen to enjoy meeting the renters when they do come.

So why is it important to allow all homeowners equal opportunity? It's simply fair. Also, there are many owners who live out of town and would have the option of offsetting some mortgage costs if their home was a vacation rental while still allowing themselves, family, or friends to use the residence. Long term rentals do not allow for this. Short term rentals allow the owners to still enjoy the benefits of their home while offsetting some of their costs and will bring revenue into the city.

Another common concern about vacation rentals is that they do not allow for long term rentals, but the unfortunate fact is that the high cost of home ownership in Morro Bay prohibits the average worker's ability to afford it. If I rented my home long term, very few could afford it, and I suspect the same would apply to many others who have high mortgages, property taxes, and city fees.

In regards to capping the number of licenses allowed, please take into consideration that 250 is too low. The current real impact is a combination of the number of licensed rentals plus those that are operating and unlicensed. The city needs to know how many unlicensed rentals are present now. Add that number to the 250 and you have a better estimate of what would keep the actual status quo.

This ordinance should not be a copy and paste from the county ordinance. It needs to be tailored to suit the needs of homeowners and those that want to visit. Equal opportunity for all homeowners is very important and there should be no distance limitation between rentals. Set a cap but make it realistic, one that matches our true current number of vacation rentals (licensed and unlicensed). Set the rules and enforce them with regards to noise, parking, and the number of occupants.

Thank you for your time and your consideration,

Greg and Jeanne Frye

## Scot Graham

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**From:** betty winholtz <\_\_\_\_\_>  
**Sent:** Monday, May 14, 2018 4:43 AM  
**To:** Gerald Luhr; Joseph Ingraffia; Michael Lucas; Richard Sadowski; Jesse Barron  
**Cc:** Scot Graham  
**Subject:** planning commission module 3

Dear Planning Commissioners:

My comments are made by section. My critique is in italics.

Thank you for reading,  
Betty Winholtz

17.09 purposes of both A. and B. is tourist, with character of "fishing village". *I just want to acknowledge this is the official statement that tourism is our thing and fishing is a facade.*

Commercial Fishing (CF) The CF District is intended to retain the City's small-town fishing **image**(*my emphasis*).... Land uses are limited to... and incidental parking and utility uses. *These last two items are not included in Measure D.*

Waterfront (WF). This District is intended to provide for the continued mixture of visitor-serving commercial and recreational and harbor dependent land uses in appropriate waterfront areas. *I believed you have extended this designation at least to Bayshore Park if not to the State Park Museum. This is not the dominant use south of Tidelands, and being 90% residential it is not going to become that which you state here.*

17.09.020A2 *This is a very broad statement: "access to water uses"; what is "kiosks" doing in here?*

17.09.020A3e. Cooling water intake facilities, if found to be consistent with Section 17.09.020.A.1. *This is inappropriate.*

17.09.020B2diii "Existing...passengers-for-hire facilities" *This was put in illegally and should not be continued. Shouldn't the prohibited support structures for energy production be stated here?*

17.09.020C *Are you committing to retaining the 2 residential dwellings on the north edge of Tidelands on the water side? Isn't there a terminating clause on this property?*

17.10.130D. *Prohibits home occupations for (4.) hotels and motels, but allowing vacation rentals?*

5.47.030 - Definitions. "Short-term vacation rental" is included in the definition of a "hotel" for purposes of collecting transient occupancy tax pursuant to MBMC Chapter 3.24. Is this in conflict with the previous citing?

17.10.140F I believe displacing 3 parking spaces for 6 hours a day is too many for too long a time.

17.10.160 Increasing from 125' to 350' outdoor dining in essence eliminates the parking requirement. Either don't do it, or say that is what is happening.

17.10.210B3/4 recycling: Does this affect the Good Will truck at Spencers? We no longer have recycling centers, why is this being proposed?

17.10.220A This directly conflicts with 17.10.040K accessory buildings "shall not be used as short term rentals."

17.10.220B Is this 200' linear or radius? No provision for how to space out units if too close in existence now. 200' is too close. In my neighborhood this would be every 4th house.

17.10.040G This continues to all the current 250 licenses since it does not limit the number of vacation rentals allowed within the city. I am not in favor of that many.

Real standards for enforcement are in Chapter 5.47

A possible option is to make a distinction between a vacation rental (dwelling occupied by short term renters, no owner present) and BnB (room within a house occupied by the owner).

The following items have to do with codifying violating height limits. I single rod is one thing, but these are more than that. Please consider these eyesores and viewshed issue:

17.10.240 solar panel above 25' on roof

17.10.250A6ai antennas and supports

a mast provided the overall height of the antenna and its supporting mast does not exceed a height of 12 feet above the roofline unless authorized with a Minor Use Permit.

17.10.250A6aii3 greater than a meter: Does not exceed 14 feet in height

17.10.250A6bi non residential 12'

17.10.250B1 stealth in all districts. This should not be allowed in all districts. At one time, there was an intent to put them on city property for the income. There is no provision to come before planning commission, nor notice to neighbors in residential area?

These are things that don't exist here, why are they included? colleges/trade schools, cultural centers (aquarium); marine (hardware sales), hospitals, airports. I missed the barbers and hairdressers; where are they?

## Scot Graham

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**From:** Sue Perry 4  
**Sent:** Monday, May 14, 2018 2:56 PM  
**To:** PlanningCommission  
**Subject:** Vacation Rentals

Dear Commissioners,

I urge you to listen to the city residents regarding amount of, and location of vacation rentals. To me, a vacation rental should be in our motels and hotels. In an R-1 neighborhood, there should be limits to vacation rentals. If a family is living in a single family house, there is generally no problem to the neighbors/neighborhood. But a vacation rental brings many cars that the driveway cannot hold, probably 2 people per bedroom, and parties of family members, friends, guests to be making noise and commotion on several nights, possibly every weekend. This is not acceptable! Some buyers are not even purchasing homes here for any purpose than to turn them into Vacation Rentals. You will ruin our town for the greed of buyers who want to earn cash-----they should go buy a business in the business district.

Residential neighborhoods should be peaceful.

I hope members of the Planning Commission are all residents of Morro Bay, living here, not so-called experts coming from elsewhere. That should be a requirement.

Cabrillo Estates (Los Osos area) recently rejected Vacation Homes to be allowed by their Homeowner Association; Certainly Morro Bay should have strict guidelines, maybe only one every block at the most, and not in R-1 residential neighborhoods at all.

Thank you for putting the citizens who live here first.

Will and Sue Perry  
Morro Bay CA

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## Cindy Jacinth

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**From:** Scot Graham  
**Sent:** Monday, May 14, 2018 4:54 PM  
**To:** Martha Miller (martha@lisawiseconsulting.com); Sinsheimer, Amy; Cindy Jacinth  
**Subject:** FW: Short Term Vacation Rental proposed regulations  
**Attachments:** Letter to MB Planning Comm and Council.pdf; Vacation Rental Growth Article.pdf

FYI

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**From:** Margaret Juren  
**Sent:** Monday, May 14, 2018 10:44 AM  
**To:** PlanningCommission <PlanningCommission@morrobayca.gov>  
**Cc:** Council <council@morrobayca.gov>  
**Subject:** Re: Short Term Vacation Rental proposed regulations

I have attached 2 PDFs - one is our comments and input on the section of the Zoning Code Update containing the proposed changes to Short Term Vacation Rental regulations. The other attachment is a current article on the growth of the vacation rental industry around the world which we feel is important background for those city officials regulating VRs. As the article will show, it is quickly becoming the preferred method of lodging and since our city is built on tourism, it is important to not ignore this trend, but instead embrace it. Thank you for your time in reviewing both of these documents.

Maggie and Nick Juren and Robert Elzer  
Owners - Beach-N-Bay Getaways and URelax Vacation Rentals

We are sending this letter to provide input on the Vacation Rental regulations that are being developed as part of the overall General Plan for Morro Bay. We own Beach-N-Bay Getaways and URelax Vacation Rentals and currently manage 33 homes and 2 small hotels – Harbor Front Suites and La Roche Suites – in Morro Bay. Maggie also sits on the TBID Board in Morro Bay but we are submitting this letter as private citizens and Morro Bay business owners, not as a TBID Board member. Our companies are professionally-run businesses just like any of the hotels in the local area. We started our businesses to provide guests to Morro Bay the family experience that many prefer today and many more will adopt later. The top priorities for us are to: 1) Protect the VR properties for the owners; 2) Ensure that our guests are good neighbors to the local residents; 3) Provide premium, well-maintained and nicely furnished homes for our guests so they have a wonderful vacation experience when in Morro Bay. We feel that we represent many of the city's most upscale accommodations that assists Morro Bay in competing directly with the very attractive new hotels in Pismo and San Luis Obispo that will soon come on line.

In a town like Morro Bay where tourism is the number one contributor to the economy, vacation rentals should be embraced, not frowned upon or restricted unnecessarily. However, we do agree it also needs to be properly regulated. We respectfully request that you do not "kill the goose" with the forthcoming regulations or with additional assessments with no tangible proof of benefit. Regarding the ongoing discussions about inclusion of VRs and RV parks in the current TBID assessment district, we strongly recommend that this issue be shelved until the new regulations are finalized and implemented and you have a stabilized set of affected constituents.

With regard to the current draft changes to the Zoning Code Update, Module 3, for Short Term Vacation Rentals, we support most of the proposed changes. Following are the ones that we would like to see modified or added:

**Item B. Location:** Our understanding is that you were modeling these regulations from other ordinances that already exist in the county, particularly Cayucos and Cambria. Your statement needs to be more specific in how this distance proximity would be measured, e.g. "X number of feet from a parcel that has a vacation rental license" which would then mean that measurement has to be made from the edge of the parcel. Cayucos currently has set this distance at 100 feet on the same street and 50 ft radius. Setting the proximity distance to be 200 feet in Morro Bay where many of the residential communities have very small lot sizes and houses are packed in (ex: the beach tract in North MB and the Morro Bay Hills on the non-ocean side of the freeway in north MB), the 200 feet limit is overly-restrictive particularly for a coastal community that depends on tourism. As was proven in Pismo Beach, the Coastal Commission may not support this regulation either. We recommend that this proximity regulation be reduced to the same as Cayucos.

**Item F. No Transfer of Vacation Rental Upon Sale of Property:** We are opposed to any regulations that would not grandfather existing VRs. and we strongly recommend the regulations mirror what the SLO County regulations allow. County regulations state that the business license cannot be transferred to the new owner but that if the new owner applies for a VR business license before the previous owner's license expires, they will be issued a new license without having to go through a new Zoning Clearance. This type of language is critical to VR owners and to the city for several reasons:

- We book our homes up to 1 year in advance and families plan vacations and time off around that. To revoke that possible opportunity would be very bad for business and for the city.
- We as a business operator and our owners in Morro Bay expect the city to adopt regulations that ensure the continuity of current operations and a fair and just administration of the rules.
- Our owners have spent 10's of thousands of dollars to provide exceptional experiences for their guests specifically to offer their homes as vacation rental. As they make these investments, many do so with the assumption that if they ever sell it, they can sell it as a business with all furnishings in place and at a premium price. You will have many home owners protesting this decision if you move forward with it.
- Like many hotels, our vacation rentals have become favorites of repeat travelers from everywhere. We feel that currently operating vacation rentals should have the same treatment as hotels and be recognized as an ongoing business and a commercial contributor to the city. If a hotel gets sold, the city does not deny them the right to continue to operate that business as a hotel!
- We are in favor of a test on transfer to determine if the rental was indeed an active and contributing VR prior to the sale.

**New Suggested Regulation:** We would support a regulation stating the minimum age for a vacation rental is 25. This would mean that we would be able to require the person whose name is on the VR rental contract to be 25 years old. Under CA law we are not able to restrict accommodation to anyone over 18 unless it is part of the municipality's regulations. We feel that this is a reasonable restriction and would help with controlling the groups that do rent VRs and would be seen as a positive restriction by the local residents.

We suggest the city deliver on its promise made at the beginning of the process to largely adopt the County regulations. In practice this will make the entire process much easier and help achieve a predictable result. It's likely that this action would also limit the possibility of legal action against the City and objections by the Coastal Commission. What is just as important as these additional regulations for VRs is that the city constantly investigate and shut down any vacation rentals that do not have a license. The county has made an attempt to address this by setting up a hotline where people can report suspected illegal VRs. We would like to see Morro Bay do the same. Also, some of these illegal rentals can be easily found by monitoring the online advertising sites such as Airbnb and VRBO/HomeAway.

Just like other businesses in our city, we have worked very hard to create a business that operates professionally and with integrity. Following are some relevant facts about who we are and what we contribute to the city:

- In the past 12 months ending on 4-30-2018, our two management companies have paid \$176,184 in TOT to the city not including the 1% paid to the SLOCal BID.
- We estimate that we have contributed about \$500,000 to the city via TOT since we launched our business and we expect our contributions to continue to grow due to the exponential rise in the popularity of vacation rentals as the preferred lodging option for many and also due to the fact that we offer an exceptional vacation experience and we have many returning guests.
- We estimate that in the last 12 months we have welcomed approximately 8000 guests to Morro Bay for an average stay of 4.92 nights.

- Our industry intelligence tells us that our guests spend an average of 3.4 times the amount spent on lodging on other items (activities, food, etc). This would translate to \$5.99 million spent in the local area as a result of our VRs over the past years. Morro Bay may not capture all of these dollars but likely is the major recipient.
- We employ many local contractors and currently have 4 employees, resulting in direct contributions of over \$500,000 annually to the local economy. We require all of our contractors to be licensed with the city.
- As professional managers we have very strict rules of occupancy, in fact we contact every guest at the time of reservation to verify the number of people and warn them about parties and over usage of the home with too many people which may include day only guests.
- We pride ourselves on the condition of our homes and the fact we do our very best to be good neighbors in all cases.

We understand that not all operators work in the same way and the City's and the neighbors' experience over all vacation rentals may not be same. We hope that the city can navigate the differences and not penalize everyone due to a few bad actors and also move to be more supportive of our contributions and efforts and those of other professional managers that are now well along in the support of this valuable segment of Morro Bay's tourism economy. We have attached a publication (converted to a Word document) that

Respectfully,  
Maggie and Nick Juren and Robert Elzer

**Owners of Beach-N-Bay Getaways and URelax Vacation Rentals**

## Scot Graham

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**From:**

**Sent:**

**To:**

**Cc:**

**Subject:** Re: Vacation rental ordinance

These are very good bullet points as well as Larry's.

Larry's five year sunset suggestion may be longer than some want, but it may be necessary to win support.

Other bullet points;

1. There should be a distinction between hosted and non-hosted STRVs. The former should be treated differently or excluded.
2. Remind the Planning Commission that MB was found to have the most affordable rental access of local communities.
3. Increasing fees to acquire and maintain a STVR license should be considered. (this was something that was discussed by two of our Council members and thought was important)

FYI: I did call the Coastal Commission on Friday and spoke with the coastal project analyst for the Central Coast. She denied that a "cap" was prohibited.

The CC prefers that "caps" be tailored to the different parts of the city.

They see cities as complex structures and try to support policies that acknowledge that. She did say they prefer Coastal Zone portions to have more access to STVRs, but understood that each city has unique issues.

I'm happy to address any issue that helps the cause. It would seem making sure the Planning Commission knows that people from the Beach Tract are as concerned as people on The Heights would help.

Thanks

Pat Vaughan

-----Original Message-----

From: Pat Reed

Sent: Friday, May 11, 2018 7:01 PM

As a 17 year residents of Morro Bay, and nearly 30 years on the central coast we have seen changes in our neighborhoods that have become a major concern. Since vacation rentals have affected the quality of life in Morro Bay neighborhoods we hope that the planning commission and city council will adopt an ordinance that will not only meet regulatory requirements, but include common sense rules that return some stability to these affected neighborhoods.

These issues and goals include:

A total number of STVRs or cap that are commensurate with the population of the city and our zoning codes. These can be negotiated with the Coastal commission which will work with cities depending on the individual needs and characteristics of the city.

An overlay or area map for the city for all neighborhoods that will restrict the number of STVRs in any section of the city

Separation limits within any of those districts

Parking limitations

Turnover rates per month should not exceed 2, thus preventing the constant coming and going of non residents

Unused licenses currently issued should be returned to the city to be reissued to another applicant

Sales of home with current operating licenses should be returned to the city to be reissued, and not sold with the house.

Grandfathering and allowing current licensees to continue operating after any ordinance is adopted would make a mockery of any such ordinance. Those operating in the limited vacation rental zones should have a sunset clause after which time they must cease operation, create a long term rental or month to month rental for their property.

All of the above should be considered with the appropriate vacation rental map overlays to prevent the current situation of clusters and densities that have occurred in the Beach Tract and Morro Bay Heights. Please study the current approved regulations of the city of Carpinteria a copy of which was given to you by Mr. Mayer, as they can give some guidance for Morro Bay.

We feel very strongly that it is the time for the planning commission and the city council to consider the voters and permanent population of the city.

Thank you.

Sent from my iPad

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This email has been checked for viruses by AVG.

<http://www.avg.com>

## Scot Graham

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**From:** Marilynne Cleaves  
**Sent:** Sunday, May 13, 2018 7:15 PM  
**To:** Scot Graham  
**Subject:** Short-term Vacation Rentals in Morro Bay

ATTENTION: SCOT GRAHAM, COMMUNITY DEVELOPMENT DIRECTOR

# Morro Bay Vacation Rental Proposal

As a group of Morro Bay home owners, we are witnessing many issues in our residential neighborhoods that are a major concern. Since Morro Bay is a desirable area, one of the most important concerns is the type of home owner that is running these Short-term Vacation Rentals (STVRs). Which category do these home owners fall in? Are they investors, partial users (live in the home part-time) or home-stay users (live in the home year round)? We feel the City Council should address the following concerns that have been addressed in other desirable coastal communities (each city mentioned has the city name hyperlinked to the detailed ordinance):

## Santa Barbara, CA

- **Hotel Zones Only** – any STVR must abide by the zoning ordinances for hotels.
- **Compliance with fire, building, and health codes** - “Any dwelling used as a Homestay shall comply with the CA Fire Code, CA Building Code, CA Health and Safety Code, the National Fire Protection Association standards and/or regulations, and other relevant laws and codes regarding carbon monoxide detectors, smoke detectors, emergency egress window, handrails, and fire extinguishers, to the satisfaction of the Director.”

## Carmel, CA

- **Residential Character** – no home or subordinate unit may be rented for less than 30-days.

## Carpenteria, CA

- **Issued Caps to 218** – The caps put on the STVRs has an overlay map with numerical densities for 4 zones, none of which include any single family residential neighborhoods. This is considered a model example for coastal communities.
- **Non-conforming Vacation Rentals** – “The owner of a Nonconforming Vacation Rental is eligible to apply for and receive a Vacation Rental License for five (5) years after the STR Regulations become effective.”

## Pismo Beach, CA

- **Zoning Restrictions** – STVRs are prohibited in any of the following zones C-2, C-M, OS-1, OS-R, G, R-1, R-2, R-3, P-R, M-H and conditionally permitted in C-1 areas.
- **Parking** - Vacation rentals in mixed use projects – minimum of one on-site parking space for each sleeping room.

## Maui, HI

- **Consultation with Neighbors** – The applicant is required to mail a notice of home permit application sent by certified mail to any home resident that lives within 500 feet of the parcel boundaries not less than thirty days prior to the public hearing.
- **Contact Persons** -- A two-square-foot sign shall be displayed along the main access road of the short-term rental identifying the valid short-term rental home permit, a twenty-four hour telephone number for the owner or manager, and telephone number for the planning department.

## Scot Graham

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**From:** Pat Reed  
**Sent:** Saturday, May 12, 2018 3:51 PM  
**To:** PlanningCommission  
**Subject:** Fwd: Vacation rental ordinance

Sent from my iPad

Begin forwarded message:

**From:** Pat Reed  
**Date:** May 11, 2018 at 7:01:57 PM PDT

**Subject: Vacation rental ordinance**

As a 17 year residents of Morro Bay, and nearly 30 years on the central coast we have seen changes in our neighborhoods that have become a major concern. Since vacation rentals have affected the quality of life in Morro Bay neighborhoods we hope that the planning commission and city council will adopt an ordinance that will not only meet regulatory requirements, but include common sense rules that return some stability to these affected neighborhoods.

These issues and goals include:

A total number of STVRs or cap that are commensurate with the population of the city and our zoning codes. These can be negotiated with the Coastal commission which will work with cities depending on the individual needs and characteristics of the city.

An overlay or area map for the city for all neighborhoods that will restrict the number of STVRs in any section of the city

Separation limits within any of those districts

Parking limitations

Turnover rates per month should not exceed 2, thus preventing the constant coming and going of non residents

Unused licenses currently issued should be returned to the city to be reissued to another applicant

Sales of home with current operating licenses should be returned to the city to be reissued, and not sold with the house.

Grandfathering and allowing current licensees to continue operating after any ordinance is adopted would make a mockery of any such ordinance. Those operating in the limited vacation rental zones

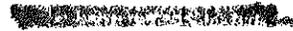
should have a sunset clause after which time they must cease operation, create a long term rental or month to month rental for their property.

All of the above should be considered with the appropriate vacation rental map overlays to prevent the current situation of clusters and densities that have occurred in the Beach Tract and Morro Bay Heights. Please study the current approved regulations of the city of Carpinteria a copy of which was given to you by Mr. Mayer, as they can give some guidance for Morro Bay.

We feel very strongly that it is the time for the planning commission and the city council to consider the voters and permanent population of the city.

Thank you.

Sent from my iPad



## Scot Graham

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**From:** Jim Mayer  
**Sent:** Friday, May 11, 2018 10:16 AM  
**To:** Planning Commission  
**Subject:** Vacation Rental Ordinance Update

Good morning. We purchased our home in Morro Bay 1993 and we are very concerned about the new vacation rental ordinance discussions. I have been to the last GPAC and city council meetings where Scot Graham commented that this would be a lot of work. There are 11 vacation rentals within one block of our home with three on our street. Two are long term and one is not licensed. Please review the city of Carpinteria April 2017 approved Vacation Rental Ordinance # 708 PDF 14pages. The Coastal Commission 2017 considers this to be a model example. Carpinteria is almost the same size as Morro Bay. Their vacation rental cap is 218 with a map overlay for 4 zones. Please also review the city of Carpinteria Short – Term Rental Administrative Policies and Procedures April 2017 PDF 24pages. They have done all the work for their update, Morro Bay staff can save a lot of time and use the language and change as needed the Updated 2017 Carpinteria Vacation Rental Ordinance. Thank you for your review of Carpinteria vacation rental update 2017 when discussing the Morro Bay vacation rental update proposals by city staff at the next planning commission meeting. Thank you. The Mayer Family

## **Suggestions for Dealing with Existing Licensed Vacation Rentals after the Adoption of the General Plan**

The ultimate goal is to remove vacation rentals from single family districts through attrition, code enforcement, and possible benefits given by the city to existing compliant vacation rentals. Hopefully this can be done without expensive and time consuming lawsuits.

- Legal vacation rentals should be non-transferable with any change of title including inheritance through a trust.
- Existing business licenses should become void due to non-use (ie: no TOT paid in any given 6 month period).
- Any code enforcement action against a legal unit that results in a fine voids their business license
- Reward anyone who voluntarily gives up their vacation rental entitlement by allowing them to trade it for another compliant location and structure or possibly putting them on top of the new waiting list.
- Perhaps reward legal non-conforming vacation rentals who give-up their entitlement. This could be funded by related vacation rental user fees and code enforcement fines from illegal units.
- Limit existing legal non-conforming vacation rentals to 5 years after the adoption of the general plan. They have 5 years to comply with the general plan or opt to take some of the benefits of the above mentioned points.

Larry Schmidt  
Morro Bay Resident  
May 11, 2018

Michael S. Frye

May 11, 2018

Sent via email only to [PlanningCommission@morrobayca.gov](mailto:PlanningCommission@morrobayca.gov)

Commissioner Gerald Luhr, Chairperson  
Commissioner Michael Lucas  
Commissioner Jesse Barron  
Commissioner Richard Sadowski  
Commissioner Joseph Ingrassia

Planning Commission  
955 Shasta Avenue  
Morro Bay CA 93442

Re. Proposed Vacation Rental Ordinance; May 15, 2018 meeting

Dear Commissioners:

I would like to express concerns I have over the proposed vacation rental ordinance you will be addressing at your upcoming meeting. I should note that I have been on the waiting list for a vacation rental license for about a year and a half and first learned of the proposed changes to the ordinance within the past few weeks. While I understand that a considerable amount of work has already gone into the current proposal and this letter comes late in the planning process, I would be remiss in not bringing these items to your attention. I plan on attending the May 15 meeting and may have additional comments at that time. The following are my primary concerns:

#### High-volume vacation rentals, versus occasional rentals

The proposed ordinance, which places a 200-foot distance between rentals will have significant unintended consequences, particularly when coupled with the cap of 250 vacation rentals.<sup>1</sup> There is a perception that the only type of vacation rentals that exist are those whose owners rent them out week-after-week with the sole intent of maximizing income.

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<sup>1</sup> It is my understanding that the 250-foot rental cap currently in place may ultimately remain, but this will be addressed at some future date. As such, my comments in this letter will be based on the worse-case scenario, that both the cap of 250 and the 200-foot buffer will be in place if the proposed ordinance is adopted.

While these high-volume rentals may exist, there are a significant number of rentals that are used infrequently—once or twice a month, often less. These “occasional rentals” are homes owned by families who live nearby (ie., Central Valley) and keep them primarily for family use, as well as for friends, acquaintances, and other trusted persons.<sup>2</sup> Rent is usually low, but high enough to meaningfully defray mortgage and ever-increasing water and sewer bills. Because these owners keep these properties primarily for their own use, they maintain a balance between defraying expenses and (more importantly) protecting their property from misuse. This was how I was first introduced to Morro Bay in the early 1990s—a neighbor whose family had a vacation home here. In my current neighborhood in north Morro Bay there are very active vacation rentals, but also many homes that are empty with the occasional weekend or week-long vacationing family.<sup>3</sup>

The current debate seems to be directed exclusively toward the impact of high-volume vacation rentals but does not consider these occasional rentals. An entire block of these “occasional rentals” would have much less impact than a block occupied by full-time local residents. The proposed 200-foot buffer between vacation rentals is in response to high-volume rentals but does not account for homes that are rented with less frequency and have little, if any, real impact on neighborhoods. Any new law concerning vacation rentals needs to recognize that these low-impact rentals exist and also provide a way for them to be licensed—this will allow them to operate legally and will permit the City to generate income it is not currently receiving.

Because they have no real impact on neighborhoods, **the City should not impose any restrictions on low-frequency rentals**, neither a cap on the number in the city, nor a distance between rentals. This would encourage owners to obtain licenses and allow the City to generate income. If necessary, the City could place a limit on the nights a property could be rented per month (e.g., no more than 7-10 nights a month) or, alternatively, per year (e.g., no more than 90 nights a year) to limit how often they are rented.

For many, these types of low-impact rentals allow families an economical way to visit the coast while allowing owners their own use and help them defray costs. As discussed in greater detail below, the proposed ordinances will greatly limit (or eliminate) these low-impact rentals.

### **The proposed 200-foot buffer between vacation rentals is more restrictive than other nearby communities**

The proposed 200-foot limitation between vacation rentals is more restrictive than other similarly-situated communities in San Luis Obispo County. As written, Morro Bay’s proposed restriction does not permit another vacation rental to be within 200 feet of another

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<sup>2</sup> Presumably, few of these are licensed and, therefore, the number of rentals and the frequency of use are unknown.

<sup>3</sup> While some might argue that these low-use vacation rentals would be better-served as permanent rentals, by owners would lose their own ability to use them for weekends and holidays.

such rental<sup>4</sup>. Cayucos, Cambria and Avila Beach each have distance restrictions as well, but they are far less restrictive than Morro Bay's proposed ordinance. They are as follows:

Cayucos: Within its Residential and Residential Suburban land use categories, Cayucos does not permit vacation rentals to be within 100 feet on the same side of the street, within 100 feet if on opposite sides of the street or within a 50-foot radius. Within Cayucos' Multifamily use residential land use category, vacation rentals are limited to 50 feet of one another. Is there any valid reason for such a marked disparity between Morro Bay's proposed 200-foot ordinance and that of our closest neighboring city?

Avila Beach: In Avila rentals may be no closer than 50 feet from one another. Morro Bay's 200-foot ordinance stands in stark contrast with that of Avila.

Cambria: Cambria limits rentals to 200 feet linear along the same side of the street, 200 feet linear along the opposite side of the street and no closer than a 150-foot radius. While this is like Morro Bay's, it does not contain the additional cap of 250 vacation rentals within the city.

### **The 200-foot restriction is new to Morro Bay and will create long-term non-conforming uses**

There are many established vacation rentals which have existed for years in Morro Bay, many of which are within 200 feet of one another. While existing rentals within 200 feet of one another will be grandfathered-in with the proposed ordinance, this assumes the ordinance is in fact adopted as written. If the ordinance is adopted, these properties should be grandfathered-in as proposed—it would be fundamentally unfair to revoke those licenses—but the City will nevertheless be faced with multiple non-conforming uses. Suffice it to say, once those rights are grandfathered-in, it is unlikely they will ever be abandoned by the owners, meaning that the non-conforming uses will exist for years. This type of challenge can be alleviated by either abandoning the 200-foot buffer altogether or decreasing it substantially to the point where there are very few (if any) non-conforming properties.

If the City of Morro Bay chooses to institute an ordinance like this, it should do so very cautiously and in a way that creates as few non-conforming uses as possible. The current proposal is highly restrictive, much more so than Morro Bay's closest neighbor.

### **The proposed ordinance will limit new vacation rentals**

As the City is aware, a substantial waiting list exists for those hoping to obtain a license for a vacation rental. As it stands, there is no indication that the 250-cap will be removed and, even if it is, the 200-foot restriction will practically eliminate any new permits. Further, it appears that many of those who have licenses for vacation rentals simply do not use them, nor

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<sup>4</sup> Notably, the 200-foot distance is a measurement between property lines and not the distance from the front door of one rental to the next. That actual door-to-door distance would be more than 200 feet. Further, the 200-foot buffer extends out from every property line, meaning that the 200-foot buffer extends not only along the street a home faces, but also across the back-property line, thereby affecting homes on the street behind this residence.

is there a mechanism for forcing them to either use them or abandon them. Because of this, the City is losing out on potential revenue from owners who would like to use their property as rentals, but cannot get a license. As noted above, the cap of 250 and the 200-restriction will practically guarantee that anyone holding a permit—whether being used or not—will never abandon it. By limiting the number of licenses—whether by cap or 200-foot buffer—those in possession of licenses have a built-in incentive to hold their licenses.

### Complaints of noise

Some of those arguing for limits on are concerned about noise and disruptions caused by short-term renters. However, this appears to be a problem that can readily be remedied by enforcement of Morro Bay Municipal Code section 5.47.070 which contains a very specific protocol for dealing with problematic vacation rentals. The responsibility for noise, disturbances, disorderly conduct, overcrowding, consumption of alcohol and use of illegal drugs by renters falls squarely on the owner of the property, requiring them to respond to such complaints within four hours (MBMC sec. 5.47.060). For failing to address these issues, the owner will be first warned, then fined, and then face the loss of the permit for a year. (MBMC sec. 5.47.070)<sup>5</sup>

If complaints of noise and the like are driving the need for the proposed 200-foot buffer and the 250-homes cap, then it would be valuable to know whether such complaints have actually been made by neighbors, whether the owners have responded, and what action has been taken by the City to penalize the recalcitrant landowners. If there is truly a problem, then the City has ample leverage to deal with it. How many complaints actually reached the City and how they were addressed? Have fines been levied and permits revoked? How many? If the City has truly been unable to enforce its existing laws, then perhaps imposing restrictions on vacation rental might be merited, but this assumes that a true, persistent problem exists and enforcement attempts have failed.

Thank you for your consideration and the time you have devoted to this very important issue. I would be happy to speak with you individually on these matters.

Sincerely  
  
Michael S. Frye

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<sup>5</sup> By contrast, owners with long-term renters have far fewer options available when dealing with a problematic renter—evictions, if necessary, take time. There is no guarantee that long-term rentals are better neighbors—you might end up with a houseful of Cal Poly students next door.

## Scot Graham

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**From:** B. Doerr  
**Sent:** Tuesday, May 15, 2018 12:14 PM  
**To:** Scot Graham; Scott Collins; Michael Lucas; Richard Sadowski; Jesse Barron; Gerald Luhr; Joseph Ingrassia; Dana Swanson  
**Subject:** 5-15-2018 - Agenda Item # C-1 Planning Commission Meeting,

Dear Planning Commissioners,

Following are my comments and suggestions for tonight's agenda (C-1). I have also provided previous emails to the City that are shown as attachments (4) for your consideration. Thank you for your time.

### 1.) Single family residential zoning

#### **Keep R-1 Residential District -- Eliminate proposed Residential Single-Unit (RS).**

Please retain the current R-1 land use district/zoning. Meaning, please protect our single family, **detached** dwellings neighborhoods. Keep current version "Single-family residential (R-1) District, and eliminate proposed Residential Single-Unit (RS). The proposed RS district language follows:

*"The **RS** District is intended to provide areas for **detached and attached** single-unit housing at densities of one unit per lot. Overall densities for these areas are up to seven or 10 units per net acre."*

**Please protect the character of our R-1 single family neighborhoods by maintaining the goals , "purposes" provided in Module 3 ("17.05.010 Purpose and Applicability"), and do not allow attached dwellings/homes in the areas currently zoned R-1.**

**Additionally, consider applying - implementing "Low Density Residential General Plan/Local Plan and Use Designation" or create a Lower density Designation, not "Moderate density." How can a Moderate density designation apply to RS, RM, and RH. Provide a Designation unique to, and protective of, our single family - R-1 - neighborhoods.**

#### **See proposed "purposes" of for new residential districts, below:**

"B. Preserve, protect, and enhance the character of the City's different residential neighborhoods and the quality of life of City residents.

C. Ensure adequate light, air, privacy, and open space for each dwelling.

D. Ensure that the scale and design of new development and alterations to existing structures are compatible with surrounding homes and appropriate to the physical characteristics of the site and the area where the project is proposed."

**The above language is great, but the RS district allows attached homes in our R-1 neighborhoods which does not "preserve, protect, and enhance the character" of our R-1 areas. Currently, we have detached, single family homes which must be maintained to**

accomplish the proposed "purposes". The current R-1 district language taken from "Municipal Code/Zoning" is shown below and appears to better describe/protect the character of our R-1 neighborhoods:

**Municipal Code "17.24.040 - Single-family residential (R-1) district.**

A.

**Purpose.**

1.

The single-family residential (R-1) district is intended to be applied to existing single-family residential areas of the city to provide for housing which is consistent and harmonious with existing development and to underdeveloped areas of the city in which topography, access, services, utilities and general conditions make the area suitable and desirable for single-family home development.

2.

The purpose is to stabilize and maintain the residential character of the R-1 district and to ensure the maintenance of the maximum amenities for family living commensurate with the densities of population specified and to ensure that the districts will be free of excessive traffic and other uses causing congestion, noise, confusion and interference in the pattern of family living.

B.

**Special Standards.**

1.

In the R-1 district, if located on one-half acre or greater, the number of single-family residential units allowed is one per lot or the number of units allowed in accordance with the density range of the land use designation contained in the general plan and coastal land use plan. The maximum number of residential units shall not exceed four per lot.

2.

If more than one single-family residence is located on a lot in the R-1 district, any residential unit that has not been authorized as a secondary dwelling in accordance with state and local regulations, shall not be used in violation of the Subdivision Map Act.

**Page 7 and 8, Module 3: Use Regulations Page 7 and 8**

**Chapter 17.05 Residential Districts**

**"17.05.010 Purpose and Applicability**

The purposes of the Residential Districts are to:

- A. Provide for a full range of housing types consistent with the General Plan/Local Coastal Plan;
- B. Preserve, protect, and enhance the character of the City's different residential neighborhoods and the quality of life of City residents.
- C. Ensure adequate light, air, privacy, and open space for each dwelling.
- D. Ensure that the scale and design of new development and alterations to existing structures are compatible with surrounding homes and appropriate to the physical characteristics of the site and the area where the project is proposed."

Additional purposes of each Residential District: ...

**Residential Single-Unit (RS).** The RS District is intended to provide areas for detached and attached single-unit housing at densities of one unit per lot. Overall densities for these areas are up to seven or 10 units per net acre. In addition, this District provides for uses such as schools and parks that may be appropriate in a low- or moderate-density residential environment. This District implements the Moderate Density Residential General Plan/Local Coastal Plan Land Use Designation.

**2.) Downtown height limits** - Please retain lower limits- 30' maximum. Do not allow special dispensation for 37' or 44' structures. Maintain small town character.

**3.) Height Limits** - Also, maintain a height limit of 25' in all residential districts.

#### **4.) Short-Term Vacation Rentals (VR's)**

First, it would be difficult for anyone reading the Planning Commission Agenda for your meeting tonight to even know that Vacation Rentals is to be a part of tonight's discussion. This is a hot topic and all aspects of VR zoning/land use regulations should be addressed together at one time. Therefore, I suggest that you take no action tonight which addresses Vacation Rentals in any proposed land use district. Attachment 1 indicates my concerns that VR decisions are being pushed faster than the city is informing the public.

An important Coastal Commission grant funded study, "*Lower-Cost Visitor-Serving Accommodations Technical Memorandum*" was only completed and made available to the public in mid-April 2018 (posted 4/17/18), two days before the GPAC (4-19-18) met to discuss the issue.

The use of 250 Morro Bay family homes as Vacation Rental units is not consistent with the Morro Bay, General Plan/Housing Element, and therefore, no action should be taken to implement Vacation Rentals in Morro Bay without a determination of consistency with the Housing Element. See Attachment 4.

Please do not the allow VR's in any residential district until a City VR policy is publicly discussed, and broad public notice is provided to everyone interested. Specifically, please take action tonight to postpone all actions which apply to Vacation Rentals until the City publicly discusses new VR Policies.

There are cities fighting the forced California Coastal Commission informal policies for Vacation Rentals. So please, take a stand and do what is best for Morro Bay. Our appointed and elected officials need to determine the destiny of our residential neighborhoods; not the State. There is no state law requiring short-term vacation rentals in our neighborhoods. So don't allow them.

If you must proceed, be selective in choosing the areas best suited for short-term vacation rentals (i.e. mixed use, all commercial, and higher density residential). Protect our single family residential neighborhoods from the frequent, active intrusion of commercial uses such as Short-term Vacation Rentals.

Tonight you are presented with a list/matrix of all residential zoning districts (RL,RS,RM,RH) in which the City will permit Vacation Rentals (VR). However, VR's are not "Permitted" uses in other districts which seem more appropriate. As proposed: 1) VR's are not allowed in AG (Agriculture districts) or at least not mentioned; 2) VR's are not a "Permitted" use in DC (District Commercial); and, 3) VR's are not a "Permitted" use in Public and Semi-Public

districts. I am unsure if VR's are allowable in our waterfront along the Embarcadero? All upper levels could be used for VR's.

Pages 55-57 discuss (17.10.220) restrictions on VR's. I suggest the following:

**B-Location:** 200' is to close. Please limit them to 1000' apart.

**C-Parking:** Set a maximum number of cars for a VR.

**D-Tenancies:** Four per month is too many. To preclude the complete use/turnover of our homes to year-round Vacation Rentals, please limit the VR-use to 30 days a year. Other cities are doing this to stop the sale of homes for permanent commercial uses. Currently investors are buying homes for the sole purpose of Vacation Rentals, not for families or full-time rentals. We need full-time homes for our families in Morro Bay.

**E-Number of Tenants:** Set a reasonable limit. Two per bedroom plus two is too many for a small home with many bedrooms. And folks paying for a vacation rental want to maximize the fun!

**G-Existing Non-conforming Vacation Rentals:** All Vacation Rentals should be inspected and meet the current health and safety laws/codes established by the City, and all new standards . Meet the current standard or no license.

In Module 3 there is a discussion of Home Occupations. It is stated that "motels/hotels" are "Prohibited Uses." Yet, we can have a local home used for motel/overnight stay purposes and we call it a VR. At a Council meeting a VR was referenced which housed up to fourteen people and many cars. A local hotelier called that a "hotel." Certainly a Vacation Rental is a Home Occupation so why do we allow VR's in our neighborhoods? Additionally, there are Home Occupations restrictions to protect our neighborhoods, such as: 1) hours -- 8am to 8pm Monday to Friday and 8am to 5pm on Week-ends; 2) restrictions to require business activities only inside the home; 3) limits on the number of clients per hour (one with exceptions for up to three); 4) "no offensive noise" restrictions, to name a few.

VR's are a high intensity, intrusive commercial use. So why don't we prohibit them in our neighborhoods? They belong in commercial use districts. I suggest that you do not allow VR's in any residential district until a City VR policy is publicly discussed, and broad public notice is provided to everyone interested.

Thank you for considering my comments and the four attachments which include previous emails/comments submitted to the City in the past about Vacation Rentals. I apologize for the length of this email to your group, but I believe it is important to include previous concerns into the public record for tonight's meeting as City's GP/LCP will be presented to the Coastal Commission for final approval. I would hope that everyone's GP/LCP and Vacation Rental public comments and letters will be incorporated into the public record for any decisions the Planning Commission makes this evening.

Thank you,

Barbara Doerr

**Attachment 1:**

**From:** B. Doerr

**Sent:** Thursday, April 19, 2018 3:31:08 PM

**To:** sgraham@morrobayca.gov; dswanson@morrobayca.gov; sstewart@morrobayca.gov; jgoldman@morrobayca.gov; gsilloway@morrobayca.gov; jingraffia@morrobayca.gov; rbuquet@morrobayca.gov; @sstewart; sschneider@morrobayca.gov

**Subject:** 4-19-2018 Postpone Discussion of Short-Term Vacation Rentals

Dear GPAC Member:

Susan Stewart, Chairperson Jan Goldman Rich Buquet, Vice-Chair Melani Smith Joe Ingraffia Glenn Silloway Susan Schneider

Please consider postponing any action during your meeting tonight relating to lower-cost Vacation Rentals (VRs) for the following reasons: 1) The Vacation Rental Moratorium has not yet expired and no action or direction has been provided by the City Council; and 2) The community needs to be given more time to study the report, "Lower-Cost Visitor-Serving Accommodations Technical Memorandum." Please additional information below.

- 1) In Morro Bay there is still a moratorium on Vacation Rentals (VRs), unless the City Council has taken a recent action to end it that I am not aware of. Ordinance No. 605 was established a moratorium on July 8, 2016 and is to last for "TWENTY-TWO MONTHS AND FIFTEEN DAYS WITHIN THE CITY OF MORRO BAY". I believe this Moratorium will expire in May 2018. A great number of residents showed an interest in the impacts of short-term vacation rentals in Morro Bay (especially a loss of available long term rentals and neighborhood impacts), and these same people should be informed when the Moratorium ends and what the next steps will be in Morro Bay. Possibly the GPAC could hold a meeting relating to only Vacation Rentals.
- 2) *The Coastal Commission grant funded report, "Cost Visitor-Serving Accommodations Technical Memorandum is lengthy, and has just been made available to the public. After seeking an update on the report, I received an email response from the City only today with a link to the report, and advice that it was posted on the City's web site. I believe the City's posting of the report for public review occurred on April 17, 2018. Additionally, before the GPAC implement/approves policies related to Vacation Rentals based on this report, the City Council should formally receive and/or concur with the report.*

Thank you for considering my request. I will not be able to attend the GPAC meeting tonight.

Thanks,  
Barbara Doerr

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**Attachment 2.**

**9-15-2016 GPAC Meeting - General Plan/LCP Comments:**

"8.B: Prohibit or regulate coastal short-term rentals" --- I suggest you prohibit short-term vacation rentals in single family residentially zoned neighborhoods, but allow them in commercial or mixed-use zones only, for adaptive reuse of historic buildings as an incentive for rehabilitation, and in a shared housing situations (i.e. a spare bedroom & bath). Please protect our single family neighborhoods from commercial use intrusion. Additionally, short-term rentals take houses out of

the permanent housing market and forces higher rents for families by limiting and/or decreasing the full-time rental market.

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**Attachment 3.**

**Date:** June 11, 2016

**To:** Mayor & City Council, City Manager, Com. Dev. Director

**From:** Barbara Doerr

**Subject:** Morro Bay Vacation Rental Moratorium - Public Hearing

Please adopt the urgency moratorium Ordinance No. 604. Currently, Morro Bay has almost 4% (3.96%) of our dwelling units used for Vacation Rentals.

Yes, you are not alone in your acknowledgment that Vacation Rentals (VRs) are now causing problems in Morro Bay, especially with the vast short-term rental booking opportunities now available on the internet (Airbnb, VRBO, Homeaway, and others). State legislators, the League of California Cities, cities in California, across our Nation and in other nations (see der Spiegel below), have acknowledged the impacts from this recent proliferation of Vacation Rentals (VRs) in neighborhoods, and the potential damage they may cause as well as a loss of fulltime workforce rental housing.

**The League of California Cities even sponsored a Webinar, February 25, 2015: “The Rise of Vacation/Short-Term Residential Rentals and What Cities Are Doing About It.” Also, please respond to the League of California Cities 2015 request for city representatives to serve on a “staff working group” to study the Vacation Rental problem/issue. Following is an excerpt from the League web site:**

“League of California Cities’ staff recently sent a request to member cities to determine the level of interest in forming a staff-level working group on the issue of vacation or short-term rentals in residential neighborhoods. Member response showed a high level of interest in discussing this topic, so a Residential Vacation Rental Working Group was organized. The group has held several conference calls to discuss the impacts cities have experienced resulting from the increased popularity of these rentals, and related issues such as the effective collection of city transient occupancy tax related to the rentals.”

“In addition, the League has received inquiries on this issue from cities and other interested stakeholders, and is aware of the continuing media coverage on the growth of residential vacation or short-term rentals throughout California.”

“This webpage contains resources for cities on this issue including recent news articles and ordinances that various cities have adopted on this topic.”

I urge you to investigate SB 593 which was to be re-introduced in January 2016 and provide your support, as appropriate..

Consider assigning Morro Bay code enforcement person to identify violators of current VR Business License regulation.

**Suggested changes to proposed Ordinance No. 604:**

1. Remove limit of “250” Vacation Rentals in Morro Bay, and instead add language to stop issuing new business licenses for VR’s until General Plan is updated or other regulation is approved. The “250” limit was never mentioned until 5/24/2016. Limit VRs to the currently legally licensed dwelling units (177). The “250” suggested VR limit is far too many. If you allow 250 units, you will force the proliferation of legal VRs, which Ord. 604 says you don’t want. The moratorium will allow for the establishment of safety inspections and new regulations to be established to protect the health, welfare, and safety of residents and VR guests.

2. Allow the continued use and permitting of “house sharing” Vacation Rentals.
3. If permits are granted during the moratorium, consider only allowing permits in the cities Commercial and Mixed Use land use districts.
4. Identify “MBMC Section 5.47.030” as a “Business License” regulation which permits Vacation Rentals. This outdated VR regulation was approved 9/25/2006 (Ordinance 520).
5. Emphasize that there has been a recent proliferation of online host sites advertising homes for Vacation Rentals for short-term lodging purposes, and a substantial increase in the number of unpermitted short-term lodging units (VR’s) in Morro Bay.
6. Express the City’s Housing Element goals to obtain more affordable rental housing for all market levels for consistency with City’s adopted General Plan Housing, and identify VRs as a constraint to accomplishing Housing Element goals. June 2, 2016 I emailed comments to the City for consideration with this Public Hearing. It points out how the Morro Bay Vacation Rental (VR) policy is inconsistent with and actually neutralizes your General Plan Housing Element goals and policies.
7. Acknowledge loss of fulltime workforce rental housing due to conversions from permanent residential housing to Vacation Rentals for tourists, thereby, in conflict with the Housing Element.

**Consider for inclusion in future regulation of Vacation Rentals:**

- Limit Land Use Districts where VRs can be allowed. Specifically, prohibit use in residential zones, but consider allowing in Mixed Use, Commercial, and Visitor serving zones only.
- Prohibit transfer of any VR license (i.e. permits do not run with the land).
- If VRs are allowed in residential neighborhoods: Do not allow any closer than 1,000 feet to another; limit the number of VRs on a street and/or in a neighborhood, and limit the allowable number of rentable nights (one city’s limit is 90 nights a year).
- Require Administrative Use Permit (AUP), Conditional Use Permit, or some other land use approval for dwelling use as VR.
- Require inspections: require building code, fire, ADA compliance, and other safety inspections before certifying a VR permit or new/renewal of Business License.
- Guarantee ADA compliance at VR dwellings?
- Require adequate Insurance?
- Require limits on both daytime and nighttime visitors (i.e. a party or BBQ can only have twice the number of allowable nighttime guests for such events). We once attended a Cal Poly graduation party at a Vacation Rental in Cayucos with more than 50 people attending.

**F. Y. I. -- Laguna Beach**

Laguna Beach is an example of another California coastal city facing similar problems with VRs, of course, along with many other cities. The Laguna Beach Vacation Rental emergency moratorium was adopted May 29, 2015, and will end October 1, 2016. They are currently working on new regulations which includes new prohibitions of VRs.

Please note comparisons between our cities. Laguna has a similar number of VRs, but they have twice our population, and twice the number of dwelling units we have in Morro Bay. Morro Bay has almost 4% (actual 3.96) of its dwelling units used for Vacation Rentals, while Laguna Beach has only 2% (actual 1.96%) of its dwelling units as Vacation Rentals (STL-Short Term Lodging). Proportionally, we have a greater problem than they do which would certainly indicate a need to adopt Morro Bay's Ordinance 604 for an emergency moratorium on the issuance of any more Vacation Rental Business Licenses/permits.

<u>City</u>	<u>Population</u>	<u>Vacation Rentals</u>	<u>Dwelling Units</u>	<u>VR Percent of Dwellings</u>
Morro Bay	10,317	252*	6,356	3.96 %
Laguna Beach	22,723	250**	12,958***	1.9%

\* 5/24/16 MB Staff Report

\*\* High estimate. LB Staff Report 11-17-2015 (175 to 200 unapproved; 64 approved but reduced to 54.)

\*\*\* LB Housing Element, Page II-6

**Other actions taken in Laguna Beach:**

F. Y. I. – “der Spiegel, January 10, 2013”

“But today the stakes are even higher: Germany's capital is short anywhere from 12,000 to 14,000 apartments -- a deficit that is expected to increase. Critics have said the growing number of short-term vacation residencies in the city is exacerbating the problem, prompting Berlin's municipal senate to draft a bill banning the wrongful use of residencies in highly saturated districts. The piece of legislation is set to go before the Berlin state parliament later this month.”

“While Airbnb has said that it is actively discussing the laws of places like New York with state and cityicals following the near-prosecution of one Airbnb user there to the tune of \$40,000, it is uncertain how passage and enforcement of the Berlin legislation will play out. Cities such as San Francisco and Paris already restrict vacation rentals in some way.”

Thank you for considering the above facts, comments and recommendations.

Barbara Doerr

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**Attachment 4**

Date: June 1, 2016

To: Morro Bay Mayor & City Council, City Manager, Community Development

Director

From: Barbara Doerr

Subject: Vacation Rental Moratorium Agenda Item -- Vacation Rental Policy  
Conflicts with General Plan Housing Element

The purpose of this letter is to bring out the contradictions and inconsistencies with City policies prior to your consideration, at your next Council meeting, of a Moratorium on Vacation Rentals. Specifically, the lack of consistency between the General Plan Housing Element and the City's current Vacation Rental policy which allows homes, apartments, and condos in residential neighborhoods to be used and removed from the housing market for a commercial/business use.

Following is a portion of the “Introduction” to the Morro Bay General Plan, Housing Element. Please note that the Housing Element is to provide a “tool to identify and provide for the housing needs of the community,” and “is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels.” (Page 1)

## **“HOUSING ELEMENT -- 1. INTRODUCTION**

The Housing Element is one of the seven State-mandated elements of the City's General Plan. The Housing Element is updated every five years to identify recent demographic and employment trends that may affect existing and future housing demand and **supply**. The Housing Element serves as a tool to identify and provide for the housing needs of the community. The Housing Element addresses the City's ability to meet the regional housing needs as determined by the State of California. The City has developed a set of objectives and specific policies and programs for the production of housing to meet the needs of all Morro Bay citizens.

A Housing Element is required by California law to establish policies and programs that will support the provision of an adequate housing supply for citizens of all income levels. The intent of state law is to ensure that all jurisdictions in the state provide adequate housing to all members of the community. While the State reviews the Housing Element to ensure compliance with housing law, each jurisdiction must identify its particular issues to successfully address its housing needs.” (Page 1)

I bring these issues to your attention for your consideration because I believe by allowing the use of Morro Bay dwellings for Vacation Rentals the City is directly undermining its own policies approved in the Housing Element, thereby, reducing the housing stock rather than increasing it. I question how the City can find the current Vacation Rental Business License policies and procedures consistent with the City's Housing Element? From my recent reading of the Housing Element I did not find any references to Vacation Rentals which are actually a detriment or constraint to accomplishing the goals of the Housing Element. Actually, Vacation Rentals accomplish the opposite of Housing Element goals by reducing our housing stock. Currently, as the City has stated, there are almost 170 licensed Vacation Rentals in Morro Bay, and potentially, the City may license up to 250 dwelling units.

Below I will provide additional information taken from the Housing Element which highlights how the City's Vacation Rental policy conflicts with (defeats and/or nullifies) City goals in the Housing Element. Our Housing Element policies are designed to increase housing units for all income levels, but at the same time the City is taking other actions, allowing Vacation Rentals, which directly reduces the available housing units in Morro Bay. Below I have quoted Housing Element policies which are undermined or weakened by the City's Vacation Rental policies. I request that the City investigate these issues, and the City's Land Use Element before you make any further decisions about Vacation Rentals.

### **Motel Conversions to Apartments (Program H-8-1)**

**“The City will allow the conversion of older motels to residential use ... Criteria for approving residential uses will be stated in the Zoning Ordinance.”** (Page 127)

The Housing Element supports the conversion of motels to apartments in an effort to provide more affordable housing units, while at the same time the City takes away residential units for use as hotel rooms for tourist serving Vacation Rentals. This is just the opposite. Somethings wrong with this picture. The City's Business Licensing policy approves/allows Vacation Rentals in direct conflict with this Housing Element policy.

### **Condo Conversions (Policy H-16)**

**“Continue to protect existing lower-income apartment units from loss through conversion to condominiums.”** (Page 130)

Condo conversions are discouraged, why would it be acceptable to convert residential units, apartments or homes, to full-time Vacation Rentals? As housing costs rise for all housing in Morro Bay, it seems unreasonable to allow residential housing conversions of any kind when we need workforce/family housing.

### **Regional Housing Needs Allocation (RHNA)**

**“The intent of the RHNA is to ensure that local jurisdictions address their fair share of the housing needs for the entire region. Additionally, a major goal of the RHNA is to ensure that every community provides an opportunity for a mix of affordable housing to all economic segments of its population.”** (Page 47)

Basically, the City is nullifying its RHNA accomplishments identified in the Housing Element goals. Since the City has allowed the removal of dwellings from the housing market for use as Vacation Rentals, possibly the City should be required to add another 250 dwelling units to its 2019 RHNA target goal of 149 units. It seems we are now actually starting at -250 (or -166) dwelling units to compensate for vacation rentals approved now (166) and

potentially (250) in the future. Minimally, the City, in the Housing Element, should discuss the impacts of Vacation Rentals on these goals.

The following was taken from Page 47 of Housing Element.

**TABLE 36: MORRO BAY REGIONAL HOUSING NEEDS ALLOCATION PROGRESS**

Income Level	RHNA	Units Built Since January 2014	Remaining RHNA
Extremely Low	19	0	19
Very Low	20	0	20
Low	24	0	24
Moderate	27	0	27
Above Moderate	65	6 <sup>1</sup>	59
<b>Total</b>	<b>155<sup>2</sup></b>	<b>6</b>	<b>149</b>

Source: SLOCOG 2013

Notes:

1. Single-family building permits

2. The total RHNA number of 154 in the SLOCOG Regional Housing Needs Plan is off by one unit due to a rounding error. Per HCD direction, the numbers in the income categories were totaled and the total RHNA number used for analysis in the Housing Element update is 155.

3. Based on the above projections, the City of Morro Bay will need to allow for 63 housing units affordable to lower-income households to comply with the City's regional allocation targets for these income levels. In addition, the City will allow for 27 housing units available to moderate income households. A total of 155 new housing units have been allocated by HCD for the City of Morro Bay from 2014 through 2019.

Table 36 should also include a reference to the loss of dwelling units to Vacation Rentals in Morro Bay, not just new dwelling units.

For informational purposes, the following was taken from page 32 of the Housing Element. "HCD has defined the following income categories for San Luis Obispo County, based on the median income for a household of four persons:

- Extremely low income: 30 percent and below (\$0 to \$22,600)
- Very low income: 31 to 50 percent of median income (\$22,601 to \$37,700)
- Low income: 51 to 80 percent of median income (\$37,701 to \$60,300)
- Moderate income: 81 to 120 percent of median income (\$60,301 to \$92,400)
- Above moderate income: 120 percent or more of median income (\$92,401 or more"

**Waiver of development standards, reduced regulations, less parking, and other misc. regulations to obtain new affordable housing.**

The Housing Element highly regulates developments of new housing to accomplish housing goals. The City requires the property owner to provide inclusionary housing, while at the same time the City waives some developer in-lieu fees, provides parking reductions, allows bigger structures, and more, all to create affordable housing. Certainly, these regulations affect the developer and potentially negatively impact existing residents and neighborhoods. While the City has regulations and developer giveaways to develop more affordable housing units, the City has adopted other policies, Vacation Rentals which eliminate available full-time housing and increase the cost of housing.

**Land Use Designations (Page 59)**

Possibly, based on the current zoning for the R-4 Land Use District is the only proper area for vacation rentals as it allows for a mix of "hotels and motels along with apartments, condominiums, and other similar uses," or possibly, the MCR –Mixed Commercial/Residential District. (See below.) However, even in the

R-4 or MCR districts vacation rental uses would be in conflict with the goals & objectives of the Housing Element, because any vacation rental removes homes from the available housing stock for Morro Bay families.

R-4	Multifamily Residential-Hotel Professional	This district is intended to apply in those areas of the city where it is reasonable to permit a mixture of hotels and motels along with apartments, condominiums, and other similar uses. the purpose of the R-4 district is to allow higher-density apartment projects and, where appropriate, hotel, motel, community housing developments, and professional offices, ensuring that the R-4 district will be free of excessive traffic and other uses causing congestion, noise, confusion, and interference in the pattern of higher-density family living and visitor-serving uses.
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MCR	Mixed Commercial/Residential	The purpose of this district is to allow and regulate a mix of compatible commercial uses with residential uses in districts where a strip commercial area is in close proximity to a residential neighborhood, to broaden the range of commercial market opportunities, and to provide a review procedure to protect the residential neighborhood from unsafe or unhealthy conditions.
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In conclusion, we question whether or not Vacation Rentals are consistent with the Housing Element? Even if General Plan consistency is not required by law, the City is still sabotaging its own Housing Element goals. What ways do Vacation Rentals further the goals of the Housing Element? Is CEQA required for the implementation and use of Vacation Rentals in Morro Bay? Can a discussion of the impacts of Vacation Rentals on affordable housing goals be incorporated into the 2014 General Plan – Housing Element? In the Housing Element consider the loss of entry level housing through conversions to Vacation Rentals? Which Land Use Districts are appropriate for Vacation Rental uses? Are Vacation Rentals stated as an allowed use in any of the City’s Land Use Districts (Zoning Code) in the City’s General Plan/LCP? These seem to be important questions to be answered before allowing one more Vacation Rental and/or continuing to re-license any Vacation Rental uses in Morro Bay. I hope some of the above information is helpful. Thank you for considering the issues related to our City’s General Plan Housing Element as you make some very difficult decisions about the current status and/or continued use of Vacation Rentals in Morro Bay.

Sincerely,  
Barbara Doerr

To: City Staff, Commissioners, Mayor and Council  
from: Tom Harrington,

V.R.

May 15, 2018

I have been hosting vacation rentals in my Morro Bay home for many years. The current system has served me well, but I believe there are issues to be addressed to generate a fair, comprehensive, and successful Vacation Rental ordinance for the future, one that serves all interests. There are comprehensive studies done that augment individual experiences. Here are some of these issues and thoughts about them.

**Proximity** - A standard "buffer" (200 ft.) around a VR is arbitrary, does not account for variations in topography, use, (zoning) and surrounding neighborhood, character. Further, it presumes a VR is a nuisance to be quarantined. I have rented to nearly 100 parties of guests and never had anything but positive feedback from neighbors about my guests, or had any damages or loss of valuable property in my home.

**Hosted v. non-hosted Vacation Rentals** - I live in my house. I rent it less than 40% of the year, vacationing, or living elsewhere, when the home is rented. It pays a significant share of my property expenses and provides a community service. This is not a home that is being eliminated from the pool of regular long-term rentals that our town needs. I am concerned about the quality of the residence for my self and guests. Off street parking for two vehicles is provided. A non-hosted VR, is a home purchased or held solely or primarily for a VR. These may or may not be cared for in the same way as a personal residence. Non-hosted VR's eliminate rental housing from the long-term market. Rental prices for all economic levels of residents are impacted. <http://www.cityofsantacruz.com/government/city-departments/planning-and-community-development/short-term-rentals/committee-history-short-term-rentals>

**TOT** collections, licenses and VR standards need to have sufficient dedicated code enforcement for operation compliance and safety. Given the VR TOT revenues, this should not be a financial burden on the City.

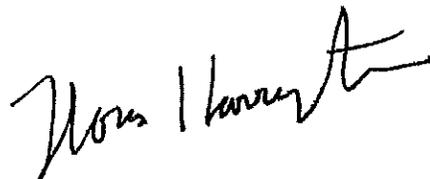
**Number of VR** - It is unclear how the current number of licenses was calculated. The pool should fair. Those currently licensed, TOT paying units and a portion of those on the waiting list may constitute a fair market determined amount. Below are some suggested "tiers"

- first tier - current hosted licensees, paying TOT
- second tier - current, hosted, licensees of second units on a lot (ADU-accessory dwelling unit) paying TOT
- third tier - current, licensed un-hosted, units, paying TOT
- fourth tier - new hosted applicants, owner living over 50% of year in a unit on the property, using one other unit on property as VR, or a single residence on the property, owner occupied.

No new un-hosted applicants, either ADU or primary residences on a lot.

VR's, properly hosted, with enforced codes offer an enhancement, a choice, to the tourist economy. They also provide income to sustain households in Morro Bay.

Thank you for your time and attention



City of Morro Bay  
Rec'd City Hall