



# CITY OF MORRO BAY PLANNING COMMISSION AGENDA

*The City of Morro Bay provides essential public services and infrastructure to maintain a safe, clean and healthy place for residents and visitors to live, work and play.*

**Regular Meeting -Tuesday, August 18, 2020 - 6:00 P.M.  
Held Via Teleconference**

Vice-Chairperson Jesse Barron  
Commissioner Michael Lucas

Chairperson Gerald Luhr

Commissioner Joseph Ingraffia  
Commissioner Susan Stewart

ESTABLISH QUORUM AND CALL TO ORDER

PLANNING COMMISSIONER ANNOUNCEMENTS

PUBLIC COMMENT

### **Public Participation:**

*In order to prevent and mitigate the effects of the COVID-19 pandemic, and limit potential spread within the City of Morro Bay, in accordance with Executive Order N-29-20, the City will not make available a physical location from which members of the public may observe the meeting and offer public comment. Remote public participation is allowed in the following ways:*

- *Community members are encouraged to submit agenda correspondence in advance of the meeting via email to the Community Development office at [planningcommission@morrobayca.gov](mailto:planningcommission@morrobayca.gov) prior to the meeting and will be published on the City website with a final update one hour prior to the meeting start time. Agenda correspondence received less than an hour before the meeting start time may not be posted until after the meeting.*
- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the "raise hand" feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

*Please click the link below to join the webinar:*

➤ <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRWFUQT09>

*Password: 135692*

*Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press \* 9 to "Raise Hand" for Public Comment*

PRESENTATIONS

A. CONSENT CALENDAR

- A-1** Current and Advanced Planning Processing List  
**Staff Recommendation:** Receive and file.
- A-2** Approval of minutes from the Planning Commission meeting of June 02, 2020.  
**Staff Recommendation:** Approve minutes as submitted.
- A-3** Approval of minutes from the Planning Commission meeting of June 16, 2020.  
**Staff Recommendation:** Approve minutes as submitted.

B. PUBLIC HEARINGS

- B-1** **Case No.:** Zoning Ordinance Text Amendment & Municipal Code Amendment  
**Site Location:** Citywide

**Project Description:** An Ordinance of the City of Morro Bay amending the Local Coastal Program adding Chapter 17.41 (Short-Term Vacation Rentals) of Title 17 (Zoning) of the Morro Bay Municipal Code relating to the permitting and operation of short-term vacation rentals and repealing Chapter 5.47 (Short-Term Vacation Rental Permit) of Title 5 (Business Tax Certificates and Regulations).

**CEQA Determination:** The Ordinance is exempt from the California Environmental Quality Act (CEQA) pursuant to sections: 15060(c)(2), 15060(c)(3) and 15061(b)(3)

**Staff Recommendation:** Planning Commission review the Ordinance, provide comment to staff and provide a recommendation for adoption to the City Council

**Staff Contact:** Scot Graham, Community Development Director (805) 772-6291  
sgraham@morrobayca.gov

C. NEW BUSINESS

D. UNFINISHED BUSINESS

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS

G. ADJOURNMENT

Adjourn to the next regular Planning Commission meeting on September 1, 2020 at 6:00 p.m. via teleconference.

**PLANNING COMMISSION MEETING PROCEDURES**

This Agenda is subject to amendment up to 72 hours prior to the date and time set for the meeting. Please refer to the Agenda posted at the Community Development Department, 955 Shasta Avenue, for any revisions, or call the Department at 805-772-6264 for further information.

Written testimony is encouraged so it can be distributed in the Agenda packet to the Commission. Material submitted by the public for Commission review prior to a scheduled hearing should be received by the Planning Division at the Community Development Department, 955 Shasta Avenue, no later than 5:00

P.M. the Tuesday (eight days) prior to the scheduled public hearing. Written testimony provided after the Agenda packet is published will be distributed to the Commission but there may not be enough time to fully consider the information. Mail should be directed to the Community Development Department, Planning Division.

This Agenda may be found on the Internet at: [www.morrobayca.gov/planningcommission](http://www.morrobayca.gov/planningcommission) or you can subscribe to Notify Me for email notification when the Agenda is posted on the City's website. To subscribe, go to [www.morrobayca.gov/notifyme](http://www.morrobayca.gov/notifyme) and follow the instructions.

The Brown Act forbids the Commission from taking action or discussing any item not appearing on the agenda, including those items raised at Public Comment. In response to Public Comment, the Commission is limited to:

1. Responding to statements made or questions posed by members of the public; or
2. Requesting staff to report back on a matter at a subsequent meeting; or
3. Directing staff to place the item on a future agenda. (Government Code Section 54954.2(a))

Commission meetings are conducted under the authority of the Chair who may modify the procedures outlined below. The Chair will announce each item. Thereafter, the hearing will be conducted as follows:

1. The Planning Division staff will present the staff report and recommendation on the proposal being heard and respond to questions from Commissioners.
2. The Chair will open the public hearing by first asking the project applicant/agent to present any points necessary for the Commission, as well as the public, to fully understand the proposal.
3. The Chair will then ask other interested persons to present testimony either in support of or in opposition to the proposal.
4. Finally, the Chair may invite the applicant/agent to respond to the public testimony. Thereafter, the Chair will close the public testimony portion of the hearing and limit further discussion to the Commission and staff prior to the Commission taking action on a decision.

## **APPEALS**

If you are dissatisfied with an approval or denial of a project, you have the right to appeal this decision to the City Council up to 10 calendar days after the date of action. Pursuant to Government Code §65009, you may be limited to raising only those issues you or someone else raised at the public hearing described in this notice, or in written correspondence delivered to the Commission, at, or prior to, the public hearing. The appeal form is available at the Community Development Department and on the City's web site. If legitimate coastal resource issues related to our Local Coastal Program are raised in the appeal, there is no fee if the subject property is located within the Coastal Appeal Area. If the property is located outside the Coastal Appeal Area, the fee is a \$277 flat fee. If a fee is required, the appeal will not be considered complete if the fee is not paid. If the City decides in the appellant's favor then the fee will be refunded.

City Council decisions may also be appealed to the California Coastal Commission pursuant to the Coastal Act Section 30603 for those projects that are in their appeals jurisdiction. Exhaustion of appeals at the City is required prior to appealing the matter to the California Coastal Commission. The appeal to the City Council must be made to the City and the appeal to the California Coastal Commission must be made directly to the California Coastal Commission Office. These regulations provide the California Coastal Commission 10 working days following the expiration of the City appeal period to appeal the decision. This means that no construction permit shall be issued until both the City and Coastal Commission appeal period have expired without an appeal being filed. The Coastal Commission's Santa Cruz Office at (831) 427-4863 may be contacted for further information on appeal procedures.

In compliance with the Americans with Disabilities Act, if you need special assistance to participate in this meeting, please contact the Community Development Department at (805) 772-6264. Notification 24 hours prior to the meeting will enable the City to make reasonable arrangements to ensure accessibility to this meeting.



City of Morro Bay  
 Community Development Department  
 Current & Advanced Project Tracking Sheet

This tracking sheet shows the status of the work being processed by the Planning & Building Divisions  
 New Planning items or items recently updated are highlighted in yellow.

Approved projects are deleted on next version of log.

Agenda No: A-1

Meeting Date August 18, 2020

#	Applicant/ Property Owner	Project Address	Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
<b>Hearing or Action Ready Projects:</b>										
1	Singh	940 Morro Bay Blvd	5/28/20	MIN20-004	Minor Modification to existing CDP/CUP to allow installation of an ATM to the exterior side of the existing gas station service building. Application includes lighting and minor changes to the parking	Application received and under review. Incomplete letter sent June 23, 2020, waiting for resubmittal. Resubmittal received 8/3/20, project deemed completed, public noticing 8/18 to 8/28/20.				nh
2	Rhine LP/Morro 94	3300 Panorama	8/20/19	MAJ 19-005	After the fact permit application for removal of 3 sheds and possible siding treatment for transformer building.	Submittal is under review. Deemed incomplete 8-29-19. Project submittal deemed complete. Tentatively scheduled for Planning Commission on September 15, 2020.				nh
<b>30 -Day Review, Incomplete or Additional Submittal Review Projects:</b>										
3	Eisemann	535 Atascadero Road	8/5/20	MIN20-007	Request for modification of previously approved tentative map MB15-0103	Under Review				nh
4	Pavacich	501 Marina	8/3/20	CDP20-011	Existing 2 story home previously converted into two dwelling units without a permit. CDP is necessary to bring this project into conformance with General Plan and Land Use policies. Also requires after-the-fact building permit.	Submittal is under review.				nh
5	Hosford	775 Ridgeway	7/15/20	CDP20-010	Conversion of existing unconditioned space in a SFR into a 700 sf accessory dwelling unit	Correction letter sent 7/29/20. Resubmittal received 8/11/20 and is under review.				am
6	Krull	2575 - A Greenwood	6/17/20	MIN20-006	Minor Modification to HDL permits UPO-521 and CPO-575 - Deletion of planned parking space, driveway, and sidewalk on greenwood side of property. Original project was appealed to PC and CC for parking.	Submittal under review. No plans were submitted to show proposed scope of work. Planning incomplete letter sent 7/13/20. Applicant withdrew request for modification, project will be completed in accordance with originally approved plans.				nh
7	Pappas / AT&T	475 Radcliff	5/11/20	CUP20-04 / CDP	CDP and CUP request for new wireless telecommunication facility to include new tower, installation of panel antennas, and associated equipment along with 300sf equipment shelter at base of telecomm tower.	Incomplete letter sent 5/20/20. Resubmittal received and deemed incomplete again on 7/7/20.				cj
8	Hurless	2290 Greenwood Ave	5/7/20	CDP20-007	Legalize ADU from prior construction. Was a previous Code Enforcement issue. Plans difficult to understand.	Correction letter sent 5/18/20. Resubmittal received June 16, 2020 under review. Project deemed incomplete, comment letter sent July 16, 2020, waiting for resubmittal.				nh
9	Bean	Unaddressed Main Street (AKA 199 Sandpiper Court)	12/19/19	CUP19-20, CDP19-047	CUP/CDP for new home on triangular small parcel on the bluff. Proposed home is 526 sf 2-stories with access easement to Main Street	Project deemed incomplete, comment letter sent January 7, 2020. Waiting for resubmittal.				nh

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10	Gambriel	571 Embarcadero	10/14/19	MAJ19-006	<b>Major Modification to CUP Amendment for proposed public access improvements, dock and gangway realignment, conversion of 2nd floor to hotel units and request for 1st floor ADA accessible hotel unit</b>	Correction letter sent 11/13/2019. Awaiting resubmittal.		PN-Conditionally Approved 10/16/2019		cj
11	Brebes	495 Driftwood	6/14/19	CDP19-022/PKG19-07	<b>New duplex residential units - attached 2 story buildings with 2 car garages.</b>	Project deemed incomplete 12/31/19. Applicant changing project density, waiting for resubmittal. Correction letter sent 5/25/20. Waiting for resubmittal. Applicant is considering revisions to the density back to a new duplex and existing home. Resubmittal received 7/20/20, under review.				nh
12	Cleary	1282 and 1290 Embarcadero Road	5/23/19	CDP19-016	<b>CDP for removal of major vegetation.</b>	Submittal is under review. Correction letter sent 6/10. Awaiting resubmittal.				cj
13	Najarian	1339 Berwick	11/30/18	CDP 18-014	<b>Admin CDP for new construction of SFR and ADU with attached garage</b>	Application deemed incomplete, comments sent to applicant on 12/27/18. Followed up with application 2/3/20, applicant is planning on a resubmittal.				nh

**Projects Appealed to Planning Commission or PC Continued projects:**

14	State Parks - Mike Walgren	11 State Park Road	8/20/18	CDP 18-004, CUP18-04	<b>Coastal Development Permit &amp; Conditional Use Permit to install modular building for office space, parking and landscape improvements at Morro Bay State Park</b>	Submitted on 8-20-18. Deemed incomplete 9.10.18. Applicant to resubmit plans. Plans resubmitted with additional information on 10-26-18. Project deemed complete. Scheduled for PC on December 18, 2018. Continued to date uncertain by PC on 12/18/18. Applicant to provide additional information. Followed up with applicant 2/3/20 - they are waiting for reports prior to resubmittal.		PN- Approved 9/4/2018		nh
15	City of Morro Bay	End of Nutmeg	1/18/12	UP0-344	<b>Environmental documents for Nutmeg Tanks.</b> Permit number for tracking purposes only County issuing permit. Demo existing and replace with two larger reservoirs. City handling environmental review	KW--Environmental contracted out to SWCA estimated to be complete on 4/27/2012. SWCA submitted draft I.S. to City on May 1, 2012. MR-Reviewed MND and met with SWCA to make corrections. In contact with County Environmental Division for their review. MND received by SWCA on 10/7/12. MND out for public notice and 30 day review as of 11/19/12. 30 day review ends on 12/25/12. No comments received. Scheduled for 1/16/13 Planning Commission meeting and then to be referred back to SLO County. Planning Commission continued this item to address concerns regarding traffic generated from the removal of soil. In applicant's court, they are addressing issues brought up by neighbors during initial P.C. meeting. Project has been redesigned and will be going forward with concrete tanks. Modifications to the MND are in process. Neighborhood meeting conducted with Engineering on 9/27/2013. Revising project description and MND.	No review performed.	BCR- Needs new MND for concrete tank, less truck trips. Neighborhood mtg held 9/27. Neighbors generally support new design that reduces truck trips by 80%. Concrete batch plant set up on site will further reduce impact. 5/5/14 - Cannon contract signed to finish permit phase. Construction will be delayed to FY15/16		cj

**Projects Appealed or Forwarded to City Council: None at this time**

**Environmental Review:**

#	Applicant/ Property Owner	Project Address	Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
16	City of Morro Bay	N/A		UP0-423	<b>MND for Chorro Creek Stream Gauges</b>	Applicant requesting meeting for week of 9/9/13. SWCA performing the environmental review. Received completed MND from Water Systems Consulting (WSC) on 4/1/15. Routed to State Clearinghouse for required 30 day review period. Tentative hearing 8/4/15. No recent activity.	No review performed.	MND complete. Cut permit checks to RWQCB and CDFW on 2/27/15		cj
<b>Final Map Under Review Projects:</b>										
<b>Projects going forward to Coastal Commission for review (Pending LCP Amendments) / or State Department of Housing:</b>										
17	City of Morro Bay	Citywide			<b>Plan Morro Bay: General Plan / Local Coastal Program / Zoning Code Update project</b>	Comprehensive overall update to the City's 1988 General Plan, 1984 Local Coastal Program, and 1997 Zoning Code. General Plan Advisory Committee meetings ongoing. For more information or to get involved, visit <a href="http://www.morrobayca.gov/planmb">www.morrobayca.gov/planmb</a> . Project to be complete with documents ready for adoption and certification by end of 2019. Public draft of combined General Plan/ LCP released May 2018 for review. Working with Coastal staff on CCC input. Reviewing final Adoption Draft. Admin Draft of EIR received and now under review. Previous City Sign Ordinance Update work completed in 2017 to be incorporated into Plan Morro Bay.				
18	Eisemann	535 Atascadero Road	3/7/19	PAR19-01	<b>Final Parcel map</b>	Submittal is under review. Planning disapproved 3/14/19. Resubmittal disapproved on May 14, 2019. Resubmittal received , review comments provided 6-5-19. Disapproved 11-5-19. Waiting for revised submittal to remove improvements not requested by CalTrans. Applicant granted an extension of the timeline to finalize the final parcel map to August 8, 2021.		PN- Disapproved 11-6-2019		nh

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19	City of Morro Bay	Citywide	10/16/13	A00-013. A00-029: Ordinance 601	<b>Zoning Text Amendment - Second Unit</b>	Secondary Unit Ordinance Amendment. Ordinance 576 passed by City Council in 2012. 6-11-13 City Council direction to staff to bring back to Planning Commission for review of ordinance. At 10-16-13 PC meeting, Commission recommended changes to maximum unit size and tandem parking design where units over 900 sf and/or tandem parking design of second unit triggers a CUP process. Council accepted PC recommendation at 2-11-14 meeting and directed staff to bring back revised ordinance for a first reading and introduction. Item continued to 4/22/14 Council meeting to allow time for Coastal staff comment regarding proposed changes. Council approved Into and First Reading on 4/22/14. Final Adoption of Ord. 585 at 5/13/14 Council meeting. Ordinance to be sent as an LCP Amendment for certification by Coastal Commission. <b>New language for PC and Council review. Second reading going to council on April 12, 2016. PC reviewed change 5-3-16. CC second First Reading 6-28-16.. Application submitted to Coastal Commission August 2016. Coastal objected to ban on use as vacation rentals. New State legislation will force additional changes.</b>	No review performed.			wm
<b>Projects Continued Indefinitely, No Response to Date on Incomplete Letter or inactive:</b>										
20	Verizon / Knight	484 Main new location, Corner of Main and Cabrillo	11/19/14	UP0-394 and CP0-512	<b>Coastal Development Permit and Conditional Use Permit for installation of new Wireless Facility/Verizon antennas on existing pole.</b>	Under Review. JG. Incomplete. Waiting on response from Tricia Knight. Wants to keep project open and figure out the parking situation or move location. 1/26. JG. Applicant looking to move location to pole across the street. resubmittal rcv'd 5/26. Deemed Complete, waiting for Applicant to confirm PC meeting date. PC hearing held on 9/6/16 and continued for further review to 11-1-16 PC hearing. Continuance requested. Continued to a date uncertain		PN- Conditionally approved 6/14/16		jg
<b>Grants</b>										
21	California Coastal Commission, California Ocean Protection Council	City-wide	4/6/16		<b>\$400,000 Grant for LCP update to address sea-level rise and climate change impacts. Round 3 Grant award of \$200,000 for Lateral Access Plan, and ESHA delineation. Round 6 funding of \$60,000 received Mar 2020.</b>	Grant agreements for both the grants are in place and grant administration has been turned over to Michael Baker International, per terms of the GP/LCP update contract. Received signed grant agreement for \$200,000 LCP Planning grant by CCC for Round 3 awards 2-27-17. Additional LCP grant funding received in 2020 under Round 6 for \$60,000 to complete LCP update.	No review performed.	N/A		sg

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22	City of Morro Bay	City-wide				<b>Community Development Block Grant/HOME Program - Urban County Consortium</b>	Staff has ongoing responsibilities for contract management in coordination with County staff administraiton. Final 2016 funding recommendations reviewed by Council on 3-8-16. 2016 Subrecipient Agreement executed and Council approved 2018-2020 Cooperation Agreement with County on 6-13-17. City Council approved Cooperation Agreement for 2021-2023 CDBG Program Years at 5/26/20 Council meeting.	No review performed.	N/R		cj
23	City of Morro Bay	City-wide				<b>Climate Action Plan - Implementation</b>	Staff has ongoing responsibilities for implementation of Climate Action Plan as adopted by City Council January 2014. Staff coordinating activities with other Cities and County of SLO via APCD.				cj
<b>Projects in Building Plan Check:</b>											
24	Gulley	679	Atascadero	2/27/20	B20-0042	Add 135 sq. ft. bathroom addition.		Ready to issue			sg
25	LaPlante	3093	Beachcomber	4/29/17	B-31487	New SFR: 3,495 sf w/ 500 sf garage on vacant land. No activity on this project. Remains in plan check.	Approved 8-9-18. Requested permit extension.	Ready to issue	PN - Approved 6/21/2018	Emailed comments on 10-20-17.	cj
26	Auerbach	3200	Beachcomber Dr.	12/30/19	B19-0277	Convert 100 sf of enclosed sun-room area to living space and add 67 sq ft of new living area. Demo kitchens and add 3 beams, new windows, siding, update electrical, water heater and forced air unit, misc, clean up.	Disapproved Jan 14, 2020, additional information provided and Planning approved building permit 4/7/20	Ready to issue			nh
27	Diaz	365	Driftwood	1/6/20	B19-0280	328 sq ft addition to master bedroom and bath on second flr. Convert covered patio to living space 50 sq ft enclosed covered porch 30 sq ft interior remodel.	Under review. Planning disapproved 1/31/20. Waiting for resubmittal	Bldg - Disapproved 1/15/20			nh
28	Brebes	495	Driftwood	12/20/19	B19-0269	New 3778 sf duplex homes including garages on lot with existing SFH	Pending approval of planning permits, applicant changing potential density on the site in CDP permit process.	Bldg - Disapproved 2/7/20			nh
29	Sanford	121	Easter St.	8/4/20	B20-0124	Interior remodel to include removal of interior walls located in entry and living room, new lighting and receptacles, new roof, add 64 sf to create laundry room.	Submittal under review	Bldg. - Plancheck			am
30	Lew	660	Elena St.	7/2/20	B20-0105	New structural details. Addendum to #B19-0085		Ready to issue			sg
31	City of Morro Bay	595	Embarcadero	12/31/19	B19-0278	Commercial T.I. to former Aquarium building to meet accessibility requirements, remove asbestos from 1st floor, update electrical, mechanical and plumbing, new structural shear wall, repair concrete columns, new raised deck, stairs & railing for tasking room & brewery (Three stacks & A Rock Brewing Company.	Approved.	Bldg - Approved 7/22/20			sg
32	City of Morro Bay	725	Embarcadero	7/28/20	B20-0116	Demolition and reconstruction of the pier structure supporting the existing harborwalk, restaurant and restaurant patio.	Approved.	Bldg - Approved 7/28/20			cj
33	City of Morro Bay	1279	Embarcadero	5/4/20	B20-0076	Construct 800 sq ft single story addition to USCG Motor Life Boat Station at Morro Bay.	Disapproved 5/13/20 - Plan check corrections memo sent to Building. Cj. Corrections received, and conditionally approved 8/6/2020.	Bldg - Approved 7/30/20			cj

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34	Post	2445	Greenwood Ave.	8/5/20	B20-0125	Demo existing Single Family Residence and propose new construction Single Family Residence 2-story - 3 bedroom, and 2.5 Bath. 1868 sf of living space plus 484 sf attached garage.		Bldg. - Plancheck			nh
35	Wilkie	476-A	Hill	3/26/20	B20-0057	ATTACHED ADU - Convert existing attached garage to 344 sf Accessory Dwelling Unit.	Correction letter sent 4/30/20. Awaiting resubmittal.	Bldg. - Approved 4/8/20			nh
36	Bailey	2565	Ironwood Ave.	7/2/20	B20-0104	Converting rear covered porch into 225 sf addition creating laundry room, bathroom, and expansion of bedroom.	Disapproved 7/9/2020.	Bldg - Disapproved 7/15/20			cj
37	Friesen	2390	Juniper	3/5/20	B20-0043	Build new observation deck over existing roof top.	Applicate revising submittal to deck extension at front of existing home (as of 7/10/20). Awaiting resubmittal.	Bldg - Diapproved 3/12/20			nh
38	Peter	890	Main St.	2/13/19	B19-0026	ADA and parking lot improvements. ADA stall to be relocated closer to street and make van accessible.	Approved on 3/1/19 - sg	Bldg - Approved 2/27/19 Fire - Approved 2/26/19	Disapproved on 4/15/19		sg
39	Sonic	1840	Main St.	10/17/17	B-31730	Sonic Drive-in Restaurant, 1395 sf building, 1020 sf covered patio, 2646 sf covered parking	Corrections sent 12-8-17. Resubmitted 3-2-18. Application incomplete and corrections sent 4-5-18. Resubmittal received and unaddressed corrections sent back 7-19-18. Project required to underground utilities. Utility plan and coordination with public utilities in process. cj. Requested permit extension. Awaiting resubmittal. Requested Permit Extension. Planning permit extension requested and granted to allow new permit expiration of April 2021.	BLDG - Disapproved by California Code Check (contract building inspection services (see memo) on 7-23-18. PB	Disapproved by jb on 11-21-17.	1-2-18 - Emailed BLDG (code ck) comments to architect. PB	cj
40		2460	Main St.	7/21/20	B20-0114	New accessible parking stall and ramp, minor remodel of motel office/lobby.	Planning disapproved 7/22/20. Waiting for revisions.	Bldg - Disapproved 7/22/20			nh
41	Cleath	2790	Main St.	7/2/20	B20-0106	Remove 736 sf existing building and construct new 4996 sf 8 room hotel.	Planning approved 7/27/20.	Bldg - Disapproved 7/27/20			nh
42	Shorey	1110	Marengo Dr	12/20/19	B19-0270	450 sq ft addition to guesthouse.	Disapproved pending approval of CDP19-048. CDP approved and permit issued 5/2020. Building Permit conditionally approved 6/23/20	Bldg - Approved 6/22/20			nh
43	LifePoint Church	615	Monterey	1/6/20	B19-0279	Remodel/upgrade current building	Planning disapproved 1/27/20. Awaiting resubmittal.	Bldg - Diapproved 1/30/20			nh
44	Kolb	691	Morro Ave	7/30/20	B20-0121	1,150 S.F. TI in an existing medical office building		Bldg - Plancheck			sg
45	Singh	940	Morro Bay Blvd	5/28/20	B20-0085	Installation of an ATM machine on the exterior of the existing gas station building. Includes lighting and minor parking modifications	Under review, pending approval of Minor Modification to existing CUP/CDP	Bldg -Disapproved 6/4/20			nh
46	Loe	2605	Nutmeg Ave.	7/14/20	B20-0110	Repair Driveway		Bldg - Disapproved 7/21/20			sg
47	Erb	2630	Nutmeg Ave	2/14/19	B19-0029	Demo 195 sf third story deck at front of home and rebuild with 80 sf extension to allow for deck beam and column support. Remove 152 sf deck on south side of home, misc. construction to repair water damage.	Dissapproved 3/6/19. Disapproved 4/9. Variance application approved. Awaiting building permit resubmittal.	Bldg - Approved 3/27/19			wu

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48	Cohen	331	Orcas St	6/25/20	B20-0099	Demolish a 386 sf cottage and installation of a 990 sf manufactured home, a 336 sf (16' x 21') semi attached site built garage with rooftop deck, exterior landing and stairs to garage and exterior stairs to rooftop deck.	Planning approved 7/3/20	Bldg - Disapproved 7/15/20			nh
49	Steel	450	Piney Way	7/27/20	B20-0117	521 sf deck extension and replacement of 2 sliding glass doors and 1 window.		Bldg - Approved 8/10/20			sg
50	Scharin Family Trust Johan C. Scharin Trustee	710	Quintana	5/21/20	B20-0082	Remodel of former Dollar Tree into a new O'Reilly Auto Parts for the retail sale of automotive parts and accessories.		Bldg - Disapproved 6/11/20			wu
51	Contreras	475	Radcliff Ave.	8/4/20	B20-0122	Permit for foundations of two Tubular Steel Pole (TSP) and removal of a lattice Tower and TSP	Disapproved 8/12/20. cj	Bldg. - Approved 8/10/20			cj
52	Contreras	475	Radcliff Ave.	8/4/20	B20-0123	Permit for grading of two Tubular Steel Pole (TSP) and removal of a lattice Tower and TSP	Disapproved 8/12/20. cj	Bldg. - Approved 8/10/20			cj
53	Giannini	750	Radcliff Ave.	7/22/19	B19-0156	Remove three existing panel antennas, three radio and replace with three radio intergrated antennas and assoicated cabling. Install equipment expansions to the top of existing cabinets (approx 1'2') with associated electrical wiring.	Approved 9/26/19.	Ready to issue			cj
54	Kennedy	1130	Scott Street	12/20/19	B19-0271	New commercial project with residential security unit above	Conditionally approved 1/3/20	Bldg - Disapproved 1/7/20			nh
55	Stanton	351	Trinidad	3/26/19	B19-0054	Repairs to existing 200 sf rooftop deck. Replace all dry-rot structural members, install new waterproof membrane,, new copper drip edge flashing, replace plaster, replace guardrail if needed.	Disapproved 4/11/19. Awaiting resubmittal.	Bldg - Approved 3/27/19			wu
56	Davis	1149	West Ave	7/8/19	B19-0145	Construct lower level 360 sf enclosed patio (12' x 30') at rear of existing SFR.	Disapproved, proposed enclosed patio extended into the 25 foot bluff setback.	Bldg - Approved 7/10/19			nh
57	Weaver	448	Yerba Buena	1/10/20	B20-0007	Rebuild existing deck & add 48 sq ft existing deck-85 sq ft. New deck 48 sq ft. Total 133 sq ft.		Ready to issue			sg

**Planning Projects & Permits with Final Action:**

58	HASLO	405 Atascadero Road		9/24/19	CUP19-12/ PKG19-05/ CDP	<b>CUP, CDP and PKG approval and adoption of the MND for of a proposed 35 unit affordable housing project</b>	Planning Commission unanimously approved the projec on June 2, 2020. Project was appealed to City council on June 12, 2020. CC hearing on July 14, 2020. Appeal was denied. Permit was issued.		PN-Conditionally Approved 10/10/2019		NH
59	Angelucci	953 Pacific		6/18/20	MIN20-005	<b>Minor Modification to original CUP: Addition of 470 sf to existing 968 sf residence with 470 sf garage &amp; 275 sf deck. Original project went to PC for a detached 2-car garage lift, that idea has been abandoned. Modification changes garage from detached to attached tandem garage resulting in 470sf which is 11sf more than the original proposal.</b>	Project approved for minor mod on 7/27/20.				cj

#	Applicant/ Property Owner	Project Address	Application Date	Permit Numbers	Project Description/Status	Planning Comments and Notations	Building/Fire Comments and Notations	Engineering Comments and Notations	Harbor/Admin Comments and Notations	Project Planner
60	Loe	2605 Nutmeg Ave	2/13/20	CDP20-003	<b>CDP to formalize a change in use from a guesthouse (2016 construction) to an Accessory Dwelling Unit. No physical changes to the building, just a change in use.</b>	Application received. Deemed complete July 7, 2020 - admin public notification period from 7/14 to 7/24 with decision on or about 7/27/20. Permit issued, not appealed.				nh
<b>Staff Directory:</b>										
Scot Graham - sg      Chad Ouimet - co      Cindy Jacinth - cj      Pam Newman - pn      Nancy Hubbard - nh      Abby Miramontes - am										

AGENDA ITEM:     A-2    

DATE:   AUGUST 18, 2020  

ACTION:         DRAFT        

ACTION MINUTES – MORRO BAY PLANNING COMMISSION  
REGULAR MEETING – JUNE 2, 2020  
VETERANS MEMORIAL BUILDING – 6:00 PM

PRESENT:	Gerald Luhr Jesse Barron Joe Ingraffia Michael Lucas Susan Stewart	Chairperson Vice-Chairperson Commissioner Commissioner Commissioner
STAFF:	Scot Graham Nancy Hubbard	Community Development Director Contract Planner

ESTABLISH QUORUM AND CALL TO ORDER

PLANNING COMMISSIONER ANNOUNCEMENTS - NONE

PUBLIC COMMENT PERIOD – NONE

**Public Participation:**

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- *Members of the public may watch the meeting either on cable Channel 20 or as streamed on the City [website](#).*
- *Alternatively, members of the public may watch the meeting and speak during general Public Comment or on a specific agenda item by logging in to the Zoom webinar using the information provided below. Please use the “**raise hand**” feature to indicate your desire to provide public comment. Each speaker will be allowed three minutes to provide input.*

*Please click the link below to join the webinar:*

- <https://us02web.zoom.us/j/82722747698?pwd=aWZpTzcwTHlRTk9xaTlmWVNWRFUQT09>  
Password: 135692

Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press \* 9 to “Raise Hand” for Public Comment

## PRESENTATIONS - NONE

### A. CONSENT CALENDAR

<https://youtu.be/jz9LNn8XWQY?t=440>

**A-1** Current and Advanced Planning Processing List.  
**Staff Recommendation:** Receive and file.

**A-2** Approval of minutes from the Planning Commission meeting of February 18, 2020.  
**Staff Recommendation:** Approve minutes as submitted.

Commissioner Stewart pulled the Sonic/ Roundabout project for discussion.

Staff responded to the questions asked.

**MOTION:** Commissioner Stewart moved to approve the Consent Calendar. Vice-Chair Barron seconded, and the motion passes 4-0, with Stewart, Barron, Luhr & Lucas voting yes. Commissioner Ingraffia was unavailable due to technical difficulties.  
<https://youtu.be/jz9LNn8XWQY?t=638>

Chairperson Luhr recommended discussing New Business Item C-1 before Public Hearing Item B-1.

<https://youtu.be/jz9LNn8XWQY?t=837>

All Commissioners agreed.

### B. PUBLIC HEARING

<https://youtu.be/jz9LNn8XWQY?t=2269>

**B-1** **Case No.:** CUP19-12, CDP20-001, PKG19-05  
**Site Location:** 405 Atascadero Road, Morro Bay, CA  
**Project Description:** Application for Conditional Use Permit (CUP19-12), Coastal Development Permit (CDP20-001), Parking Exception (PKG19-05) and adoption of the Mitigated Negative Declaration (May 2020) together with the mitigation and monitoring conditions for a proposed 35-unit affordable housing project, in a cluster of 2 and 3-story buildings surrounding a common courtyard area. The project totals 26,052 square feet of building area on .94 acres. The design provides a single vehicular access to Sunset Ave and provides a parking lot with 35 spaces. The project is zoned MCR/R-4/PD/SP and is not within the Coastal Commission Appeals Jurisdiction.

**CEQA Determination:** An Initial Study was prepared that resulted in a Mitigated Negative Declaration (May 2020) with Mitigation and Monitoring measures to reduce impacts to less than significant.

**Staff Recommendation:** Conditionally Approve the project by adopting Planning Commission resolution 11-20 making the necessary findings for the project for approval of CUP19-12, CDP20-001, PKG19-05 and adoption of the May 2020 Mitigated Negative Declaration with conditions and mitigation measures for approval of the project.

**Staff Contact:** Nancy Hubbard, Contract Planner (805) 772-6211  
[nhubbard@morrobayca.gov](mailto:nhubbard@morrobayca.gov)

COMMISSIONERS DISCLOSURE OF EX PARTE COMMUNICATIONS –  
Commissioner Stewart spoke to Cathy Novak & neighbors about the project.  
Chairperson Luhr spoke to neighbors and Vice-Chairperson Barron spoke with neighbors and a member of the housing staff.

Hubbard presented the staff report.

The Commissioners presented their questions to staff.

Commissioner Lucas opened the Public Comment period.  
<https://youtu.be/jz9LNn8XWQY?t=4445>

Scott Smith, Executive Director of HASLO, spoke about the housing project and issues they face with affordable housing projects.

Thom Jess, Arris Studio Architects, presented details about the project.

Chuck Harkins, Morro Bay, voiced his concerns regarding parking and other issues for the project.

Betty Winholtz, Morro Bay, asked for the sizes of each unit. Winholtz was also concerned about the parking.

Charles Arnold, Morro Bay, stated he lived in the mobile home park behind the project. Arnold voiced his concerns about the parking situation and other issues with the project.

Darryl Griggs, Morro Bay, voiced his concerns about the parking. Griggs stated he was never contacted by the developer.

Commissioner Lucas closed the Public Comment period.  
<https://youtu.be/jz9LNn8XWQY?t=6358>

The applicant answered questions that were brought up in the Public Comment period.

The Commissioners presented their questions to the applicant.

Comments from the Planning Commission.

**MOTION:** Chairperson Luhr moved to approve PC 11-20 to adopt the mitigated declaration of environment impact and approve Coastal Development Permit CDP20-001, Conditional Use Permit CUP19-12 and Parking Exception PKG19-05 for a thirty five (35) unit affordable apartment complex proposed on a .94 acre site zoned MCR/R-4/PD/SP, located at 405 Atascadero Road with modifications of the Planning conditions and clarification of Public Works conditions, requested by public works (see below). Vice Chairperson Barron seconded, and the motion passes 5-0, with Lucas, Stewart, Barron, Ingraffia, & Luhr voting yes.

<https://youtu.be/jz9LNn8XWQY?t=10915>

***Planning conditions added by Planning Commission:***

11. ***Street Trees:*** Applicant shall substitute another tree species for the Mediterranean Fan Palm included in the conceptual plant palette. Such replacement tree shall be submitted for approval by the Community Development Director. Condition added by Planning Commission June 2, 2020.
13. ***Rental priority to Morro Bay Residents and Workers:*** The applicant shall make the rental units available to Morro Bay residents and people working in Morro Bay first, before making available to the general public. This rental priority program shall apply to the same 55-year dead restriction period as noted in Planning Condition #3. The applicant shall prepare a rental priority program that will achieve this requirement for review and approval by the Community Development Director. Condition added by Planning Commission June 2, 2020.

***Conditions modified by Public Works and approved by Planning Commission:***

4. ***Frontage Improvements:*** Installation of Public Improvements are required pursuant to the MBMC 14.44. as follows:
  - a. ***Installation of Rockview Street to match and tie into the existing finished street from existing multi-family development to property line frontage of proposed project. Then starting at property line frontage, street to expand per City Standard Detail A7 (Hillside Street detail) all the way to intersection at Sunset and Rockview.***
  - b. ***Installation of curb, gutter, sidewalk, and curb ramp at Sunset and Rockview intersection, per City of Morro Bay Standards off Rockview Street.***
8. ***Sewer:*** The City's "OneWater Plan" which is available at the following link; <https://www.morro-bay.ca.us/DocumentCenter/View/12500/OneWater-Plan-Final> identifies a ***belly in the existing 6-inch diameter mainline to be replaced with a new 8-diameter pipe in a 20-inch diameter casing. The applicant is conditioned to pay a pro rata fee for their share of this replacement.***

C. NEW BUSINESS

- C-1 Site Location:** 1001 Front St – Review of Conditional Use Permit #A00 054/UP0-284.  
**Project Description:** Conditional Use Permit 1 Year Review per Planning Commission condition #9 to approved permit.

**Staff Recommendation:** Review and provide comment on CUP to staff and/or permittee as applicable

**Staff Contact:** Cindy Jacinth, Senior Planner (805) 772-6577

<https://youtu.be/jz9LNn8XWQY?t=878>

COMMISSIONERS DISCLOSURE OF EX PARTE COMMUNICATIONS –  
Commissioner Stewart and Chairperson Luhr disclosed they had conversations with Cathy Novak regarding the project.

Jacinth presented the staff report.

The Commissioners presented their questions to staff.

Commissioner Lucas opened the Public Comment period.

<https://youtu.be/jz9LNn8XWQY?t=1436>

Cathy Novak, applicant's representative, presented her project report.

Commissioner Lucas closed the Public Comment period.

<https://youtu.be/jz9LNn8XWQY?t=1808>

The Commissioners presented their questions to the applicant.

The Planning Commission decided to review the permit if complaints were received.

D. UNFINISHED BUSINESS

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

<https://youtu.be/jz9LNn8XWQY?t=11116>

Chairperson Luhr spoke of creating more outdoor dining for restaurants in Morro Bay.

Commissioner Lucas commented about the affordable housing project and how it will affect the neighborhood off of Highway 41.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS - NONE

G. ADJOURNMENT

The meeting adjourned at 9:13 p.m. to the next scheduled Planning Commission meeting at the Veteran's Memorial Building, 209 Surf Street, on June 16, 2020 at 6:00 p.m.

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Gerald Luhr, Chairperson

ATTEST:

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Scot Graham, Secretary

AGENDA ITEM:     A-3    

DATE:   AUGUST 18, 2020  

ACTION:     DRAFT    

ACTION MINUTES – MORRO BAY PLANNING COMMISSION  
REGULAR MEETING – JUNE 16, 2020  
HELD VIA TELECONFERENCE – 6:00 PM

PRESENT:	Gerald Luhr Jesse Barron Joe Ingraffia Michael Lucas Susan Stewart	Chairperson Vice-Chairperson Commissioner Commissioner Commissioner
STAFF:	Scot Graham	Community Development Director

ESTABLISH QUORUM AND CALL TO ORDER

PLANNING COMMISSIONER ANNOUNCEMENTS - NONE

PUBLIC COMMENT PERIOD - NONE

**Public Participation:**

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Password: 135692

Or Telephone Attendee: (408) 638-0968 or (669) 900 6833 or (346) 248 7799; Webinar ID: 827 2274 7698; Password: 135692; Press \* 9 to “Raise Hand” for Public Comment

## PRESENTATIONS - NONE

### A. CONSENT CALENDAR

<https://youtu.be/MNamEUsMbUE?t=135>

**A-1** Current and Advanced Planning Processing List  
**Staff Recommendation:** Receive and file.

**A-2** Approval of minutes from the Planning Commission meeting of April 7, 2020.  
**Staff Recommendation:** Approve minutes as submitted.

**MOTION:** Commissioner Lucas moved to approve the Consent Calendar. Commissioner Stewart seconded, and the motion passes 3-0, with Lucas, Stewart, & Luhr voting yes. Commissioner Ingraffia & Vice-Chairperson were unavailable due to technical difficulties.  
<https://youtu.be/MNamEUsMbUE?t=166>

### B. PUBLIC HEARING - NONE

### C. NEW BUSINESS

<https://youtu.be/MNamEUsMbUE?t=220>

**C-1** Annual Water Report and Recommendation for Allocation of Water Equivalency Units (WEU's) for FY 2020-21  
**Staff Recommendation:** Planning Commission review the annual water report and allocation and forward a recommendation to Council to allocate 50 WEU's to residential development and 65 WEU's to commercial development.

Damaris Hanson, City of Morro Bay Environmental Programs Manager presented the staff report.

The Commissioners presented their questions to staff.

Chairperson Luhr opened the Public Comment period.  
<https://youtu.be/MNamEUsMbUE?t=2584>

Betty Winholtz, Morro Bay, voiced her concerns regarding the water issues and how it affects the residents.

Chairperson Luhr closed the Public Comment period.  
<https://youtu.be/MNamEUsMbUE?t=2844>

Discussion between the Commissioners and staff.

**MOTION:** Commissioner Lucas move to approve a recommendation to City Council the allocation of 50 Water Equivalency Units (WEU's) for residential development and 65 WEU's for commercial development for a total of 115 WEU's for fiscal year 2020-21. Commissioner Stewart seconded, and the motion passes 4-0, with Lucas, Stewart, Ingraffia, and Luhr voting yes. Vice-Chairperson Barron could not vote due to technical difficulties.

<https://youtu.be/MNamEUsMbUE?t=3199>

D. UNFINISHED BUSINESS - NONE

E. PLANNING COMMISSIONER COMMENTS/FUTURE AGENDA ITEMS

<https://youtu.be/MNamEUsMbUE?t=3315>

Commissioner Stewart notified the Planning Commission the vacation rental ordinance will be reviewed by the vacation rental committee next week. Stewart asked staff how long a project like Sonic could be active in the permit process. Stewart was concerned about how other future projects would be impacted. Stewart asked staff if this should be agendized or would it be up for a discussion.

Chairperson Luhr asked staff for an update on the roundabout project on Highway 41 and Main Street, and the Cal Trans project to update the chain link fencing along Highway 1 and Main Street.

Graham responded to the Commissioners questions.

F. COMMUNITY DEVELOPMENT DIRECTOR COMMENTS - NONE

<https://youtu.be/MNamEUsMbUE?t=3832>

Graham updated the Commissioners on the vacation rental ordinance and upcoming agenda items.

G. ADJOURNMENT

The meeting adjourned at 7:05 p.m. to the next scheduled Planning Commission meeting via teleconference, on July 7, 2020 at 6:00 p.m.

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Gerald Luhr, Chairperson

ATTEST:

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Scot Graham, Secretary



AGENDA NO: B-1  
MEETING DATE: August 18, 2020

# Staff Report

TO: Planning Commissioners

DATE: August 13, 2020

FROM: Scott Collins, City Manager

**SUBJECT:** An Ordinance of the City of Morro Bay amending the Local Coastal Program adding Chapter 17.41 (Short-Term Vacation Rentals) of Title 17 (Zoning) of the Morro Bay Municipal Code relating to the permitting and operation of short-term vacation rentals and repealing Chapter 5.47 (Short-Term Vacation Rental Permit) of Title 5 (Business Tax Certificates and Regulations).

**RECOMMENDATION:** Planning Commission review the Draft Short-Term Vacation Rental Ordinance, provide input and forward a recommendation for adoption to the City Council.

## **PROJECT DESCRIPTION:**

### **Brief Short-term Vacation Rental Policy History**

The City of Morro Bay established a cap on short-term vacation rentals (STRs) at 250 in residential zones via an urgency ordinance in June 2016. The ordinance was renewed in May 2018 (Morro Bay Municipal Code Chapter 5.47), with the City committing to creating a longer-term ordinance following completion of the General Plan and Local Coastal Program (GP/LCP) update. The Council formed a sub-committee at that time for community outreach and engagement on this important issue. Several town hall meetings were held, and the Planning Commission reviewed different options for a new STR ordinance in May 2018.

### **Background on Existing Short-term Vacation Rentals in Morro Bay**

At this time, the City has issued 250 STR permits in residential zones, per the City's Municipal Code cap on STRs. The City has permitted an additional 13 STRs in commercial zones. There is no cap on commercially zoned STRs. There are 104 applications for STR permits on the waiting list. Community members have expressed concern that the true number of active STRs was much higher than the cap, based upon observations in their neighborhoods and reviewing the multiple number of hosting websites that advertise STRs in Morro Bay.

With that community concern in mind, the City felt it was critical to get an accurate count

Prepared By: \_\_\_\_\_

Department Review: \_\_\_\_\_

of STRs and address illegal activity. The City contracted with Host Compliance to perform audits of STR activity in Morro Bay beginning in late 2019. This on-going service, paid for through annual fees assessed on permitted STRs, scours all STR hosting websites, like AirBnB, identifying active STRs and comparing those against the City's list of permitted STRs. The City issues written warnings to homes that are active on these hosting sites that do not possess STR permits. If STR activity does not cease, code enforcement action is pursued by the City. According to most recent Host Compliance data, there are currently 216 STRs in Morro Bay actively advertising online. Of those 216 active STRs, 144 have STR permits with the City, 38 are under review, and 34 are in non-compliance (meaning they do not have an STR permit). These numbers do fluctuate a bit, but it is typical since the City launched Host Compliance to see less than 250 STRs active in Morro Bay. The active number of STRs was closer to 240 when the City first launched the Host Compliance program.

In a typical, non-COVID-19 year, the City receives about \$600,000 in Transient Occupancy Tax (TOT) revenue from STR operations. That equates to 17% of the total TOT generated in the City. TOT revenue makes up 24% of the City's total General Fund, which funds police and fire operations, parks maintenance, trash and restroom maintenance, code enforcement, administration, and other services.

Currently, as existing STR permits are relinquished, residents on the STR waiting list can proceed forward with STR permits, subject to Chapter 5.47. The City typically sees about 20 STR permits phase out each year. New permits have been added in residential areas, but never exceeding the 250 cap. City Council directed staff at the August 11, 2020 Council meeting to bring back an urgency ordinance or other mechanism in late August to prohibit granting new STR permits until the new STR ordinance is adopted.

### **Formation of a Community Committee**

As the City has experienced delays in processing the GP/LCP update, the City Council directed staff to move the STR ordinance review ahead of the GP/LCP process in the fall of 2019. The City then formed a community committee of Morro Bay residents/business owners to develop recommendations for a new STR ordinance that took into account key issues raised by community members during town hall discussions and surveys on the topic. In many cases those community concerns conflicted with each other. Many residents are concerned about the number of STRs and density, and their impact on neighborhoods and quality of life. Others have expressed the view that STRs represent a way to make a living for the owners (or afford to live in Morro Bay), provide Coastal accommodations and jobs, and support the local economy and City services.

Hovering above the community discussion, is the fact that the California Coastal Commission must review and approve any changes to STR policy, as it is deemed an important coastal accommodation. The Coastal Commission has been more likely to approve STR policies in those communities that have gone through a robust process to find compromise on issues of disagreement.

Therefore, the committee was charged with developing policy recommendations that

balance all of the important community considerations surrounding neighborhood character, quality of life, affordable housing, economics, City revenues and community safety.

With that goal in mind, the City selected a diverse group of community members to serve on the committee, a group that represented the various perspectives on short term vacation rental policy. The City selected 8 community members (and 3 alternates) that created balance between those perspectives, with the following makeup:

- three owners/operators of short-term vacation rentals;
- three community members concerned about the number of STRs in town and their negative impacts on neighborhood character, public safety, and affordable housing;
- one hotelier; and
- one Planning Commissioner.
- one alternate for each of the categories of representatives (with exception of the Planning Commissioner) was also selected to assist in the process in case one of the lead members was unable to attend a meeting.

### **Goals of the Community Committee**

The committee began their work in late October 2019. Their first order of business was establishing goals and values to drive their effort. According to the committee, the draft ordinance that they help develop through the process shall:

1. Be enforceable;
2. Include funds to ensure that it is enforced;
3. Include broad public input;
4. Achieve balance across the various stakeholders in the community;
5. Establish requirements to ensure the safety and wellbeing of residential neighborhoods, as well as the maintenance of a neighborhood's character;
6. Establish requirements that provide for reasonable property rights for all stakeholders;
7. Assist in ensuring economic sustainability and tourism for the City, from both a public and private perspective;
8. Be compatible with the City's zoning code and zoning designations;
9. Be based on data and "best practices";
10. Consider housing affordability during ordinance development; and
11. Be reviewed one year following enactment to determine results and possible changes.

The Committee also agreed to approach the discussion with an open mind and the intent to try and achieve consensus in as many areas of discussion as possible.

### **Community Committee Process**

Over the span of five months (October – February), the committee met 12 times to discuss various aspects of the short-term vacation rental ordinance. The committee was facilitated by the Council sub-committee (Mayor John Headding and Councilmember Marlys McPherson) and staffed by City Manager Scott Collins, with assistance from Community Development Director Scot Graham.

The committee reviewed input from the community survey (see Exhibit 2) and town halls

as well the existing City STR ordinance, proposed changes by the Planning Commission from 2018, as well as review of STR ordinances from other cities and counties. They also reviewed materials from a variety of perspectives on the vacation rental industry. As the City of Morro Bay is in the Coastal Zone, any change to the STR ordinance requires Coastal Commission approval. So, the committee also reviewed a summary of STR ordinances recently approved by the California Coastal Commission to understand the elements that were important to the Commission.

The committee took up their work in methodical fashion, developing their recommendations aspect by aspect. For each aspect, they reviewed relevant material and engaged in discussion. Following discussion, they formed recommendations through a consensus process for most areas of the ordinance. However, there were several important areas of exception where voting was necessary to come to a decision (those areas are discussed below). It is important to note only committee members, and not the staff and Mayor and Councilmember, created the recommendations. The committee members alone participated in the consensus and voting process.

The committee completed its work in February 2020 and requested that the City Attorney convert their policy recommendations into a draft ordinance. That conversion effort was delayed due to COVID-19. The City Attorney shared the draft ordinance with the committee in late June 2020. The Committee provided input and suggested edits to the draft ordinance, which has now been finalized (see Exhibit 1).

## **Community Committee Recommendations – Draft STR Ordinance**

### **Areas of Committee Consensus on Draft STR Ordinance**

The committee developed consensus on many important aspects of the STR policy. Below is a summary of the draft ordinance sections where consensus was achieved by the committee.

#### Purpose/Goals/Definitions (Preamble, 17.41.010, 17.41.020)

The committee was instrumental in developing the purpose and goals of the new ordinance. That language can be found in the preamble section of the draft ordinance and section 17.41.010 “Purpose”. In short, the group carried forward the goals into the ordinance that they developed during the start of their process. The definitions section (17.41.020) was strengthened by the review of the committee, to ensure terms are clear and consistent throughout the ordinance. An important definition worth identifying here is the difference between “home-sharing rental” and full-home rental.” Home-sharing STRs refer to homes where only a portion of the home is rented and the host remains on site throughout the guest(s) stay. Full-home STRs means the guest(s) enjoys exclusive private use of the home. The committee felt that home-sharing may address potential neighborhood impacts (noise, parking, excessive number of guests, etc.) more effectively than full-home rentals, as guests are more likely to follow the rules with the host on site.

#### 17.41.030 Short-term Vacation Rentals – General

The committee agreed on virtually all components of this section, with exception of

17.41.030.B which prohibits the transferability of permits (discussed further down this report). This section of the draft ordinance:

- Outlines what types of dwellings and in what zones properties can be permitted for STR use;
- Requires that information on permitted STRs be made public, that contact information for each STR permit is easily accessible;
- Requires that STRs must collect and transmit to the proper agencies transient occupancy tax (TOT), Tourism Business Improvement District and Visit SLOCAL assessments;
- Prohibits STRs from being operated in designated affordable housing units or out of mobile home parks;
- Authorizes City Council to develop additional regulations related to STRs as needed, to include topics like training for STR permittees, guidelines for brochures, and additional reporting requirements. This section provides added flexibility to address issues as they arise over time; and
- Finally, the section also requires that STRs must contribute a minimum of \$500 in TOT annually to maintain a valid permit (it takes about 10 to 15 rental days on average to achieve that minimum).

#### 17.41.060 Permit Application and Renewal

This section outlines the permit process, both for new applicants and renewals. It includes standard information for a business operation in Morro Bay. The committee felt strongly about including inspections as part of the application process to ensure STRs are safe. This section also includes permit fees that will be developed via Council resolution. The committee was clear in their deliberations that fees must be set at sufficient level (\$500 - \$750 annually) to cover costs of inspections, Host Compliance audits, and dedicated code enforcement staffing. The group believes that home share should pay a smaller annual fee compared to full home share.

#### 17.41.070 Permit Denial, Suspension, and Revocation

This section outlines the process for denying, suspending and revoking STR permits. The committee felt it was important to have a clear process and guidelines for addressing illegal and irresponsible STR operations.

#### 17.41.080 Appeal

This section outlines the appeal process for City decisions on denying, suspending or revoking STR permits.

#### 17.41.090 Operational Requirements

This section includes critical components related to STR impacts on the quality of life of neighbors. This section:

- Requires a local contact person for each STR, to be available 24/7 to respond to complaints, and initiate corrective action within one hour of being notified;
- Requires that STR guests abide by the City's noise ordinance (reduced noise between 7pm-7am);
- Requires that STR guests acknowledge the rules and do not violate provisions of this ordinance as well as provisions of the code or any state law;

- Requires that STR operators provide guests with good neighbor brochure and information related to the local contact person, the City's hotline number, and the STR house rules;
- Limits parking to onsite parking on the STR property only (no on-street parking);
- Limits STR occupancy to 2 guests per bedroom, plus 2 more (children under the age of 3 do not count toward the maximum number of guests);
- Requires that STR primary renter must be 21 or older;
- Requires that STR operators must post their permit in a prominent location within the rental and post a visible sign with the STR permit number and 24-hour contact information; and
- Requires that STR's are subject to solid waste management requirements to not leave their trash/recycling/green waste containers curbside earlier than the pickup day or any later than one day after pickup, and use concierge trash service, if necessary.

#### 17.41.100 Advertising

This short section requires that STR operators must include their City permit number when advertising their STR online. It further reinforces the fact that it is illegal to advertise an unpermitted STR.

#### 17.41.110 Penalty and Enforcement

This section outlines the mechanism the City can use to penalize illegal and irresponsible STR operations. There is built in flexibility to address flagrant violations or repeat violations. Council will adopt fines related to violations via Council resolution, according to the draft ordinance. The committee believes it is imperative to set steep fines to disincentivize illegal STRs or irresponsible behavior in permitted STRs. According to the committee, the fine structure must be set higher than the cost of doing business for irresponsible/illegal STRs.

### **Areas of Committee Disagreement on Draft Ordinance, which Required Votes**

While the committee found consensus on most issues, they required a vote on the following important matters:

#### Transferability of permits (17.41.030B)

The committee, by a vote of 6 – 2, voted that STR permits are non-transferable and are unique to the specific property and property owner. In essence, STR permits do not transfer with the sale of a property, and that they also cannot be passed from one family member to another. Some members felt that permits should be transferable in certain scenarios, though the predominant vote was to provide no exemptions to this rule. Currently, STR permits are transferable upon sale of a home that currently poses an STR permit. The committee by in large felt that the permit is not an entitlement. Further, by eliminating this transferability it provides opportunities for other Morro Bay homeowners to receive an STR permit as homes with STR permits are sold and permits are relinquished. The key issue of contention for the committee was the ability for family members (parents) to transfer an existing STR permit to another family member as part of inheritance. While certainly understanding the sentiment of passing an

investment on to the next generation, the majority voted that this transferability should not be granted as part of the new STR ordinance.

#### Total number (cap) of STRs (17.41.040A)

The committee, by a vote of 5-3, voted there should be no cap on STRs in commercial zones. With regard to cap on STRs in residential zones, four members of the committee voted to retain the existing cap of 250 STRs in residential zones, while three members voted for a cap of 120, and one member voted for a cap of 150. 250 was placed in the draft STR ordinance as it received the highest number of votes, though it did not achieve a majority. Several members expressed that 250 is too many STRs for a community of Morro Bay's population, which aligns with the sentiment expressed in the community survey results.

One key area of discussion among the committee was the "use it or lose it" concept for STRs. Historically, there have been on average 50 or more STRs that reported minimal to no Transient Occupancy Tax (TOT) to the City. Many of those underutilized STRs phased out and relinquished their permits, but others retained their permits despite little use. The group deduced from the data that the total number of consistent operators is likely between 175 to 200. Thus, some argued that the cap could be ratcheted down to a lower number right now, by eliminating those that aren't using their license. Other committee members felt that the cap could be reduced within a year after the new ordinance goes into effect. After a year, they argued, the City would have a better idea of the real number of consistent STR operations. Ultimately, the group did not reach consensus on this item.

With regard to commercial zones, some members expressed that Morro Bay commercial zones take on a residential/neighborhood characteristic with single family homes mixed in with commercial activity. Under this premise, they felt that STRs could be disruptive to residents in these mixed areas just as STRs are disruptive to neighbors in residential zones. Thus, they argued, commercial and residential should be mixed together in terms of the overall cap on STRs. However, the majority disagreed, arguing that hotels are located in these same commercial zones. They felt that residents in those mixed areas are accustomed to commercial activity. At present, there are 13 STRs permitted in the commercial zones.

#### Density of STRs (17.41.040B – 17.41.040D)

The Committee, by a vote of 5-3, voted to require buffers between permitted STRs along the following lines (17.41.040D):

"Single family dwelling short-term vacation rentals in residential zones must be separated by no fewer than three lots without short-term vacation rentals. A single family dwelling short-term vacation rental may not abut another such short-term vacation rental in front, behind, or kitty corner from each other, including across a street or alley. This limitation applies whether the single family dwelling is used as a full-home rental or a home-share rental. Abutting or intervening lots with multi-family dwellings are also subject to this spacing limitation."

The goal of this section of the ordinance is finding balance between neighborhood

compatibility/quality of life for residents and providing sufficient opportunity for short-term vacation rentals in the City. It was a hard discussion as it touches upon this tension so directly. Several members of the committee felt that there should be greater spacing between homes than what is outlined above, so as to lessen the overall density of STRs in impacted areas (such as the Beach Track). Those impacted areas do have a high percentage of STRs, with many blocks containing multiple active STRs. That means more people coming and going, parking and noise issues, and sense of loss of neighborhood character and cohesiveness. In essence, greater density of STRs creates quality of life issues, according to this perspective, for home owners, long-term renters and neighborhoods in those impacted areas.

The committee reviewed several alternatives before voting on this approach to density. The discussion began with a look at previously discussed models. That model is defined as setting buffers between STRs from the exterior property line and drawing a radius of a certain distance. The Planning Commission considered 200 and 250 foot buffers during their discussion in 2018. At that time, they believed 250 buffers would create ample space between STRs, and recommended using that methodology in a new ordinance.

The committee began with that model for discussion. The City generated an interactive online GIS map with STR permitted homes and overlaid with different buffer scenarios. This live action tool was incredibly helpful in not only demonstrating existing density issues, but showing how different density control methodologies would impact existing STRs.

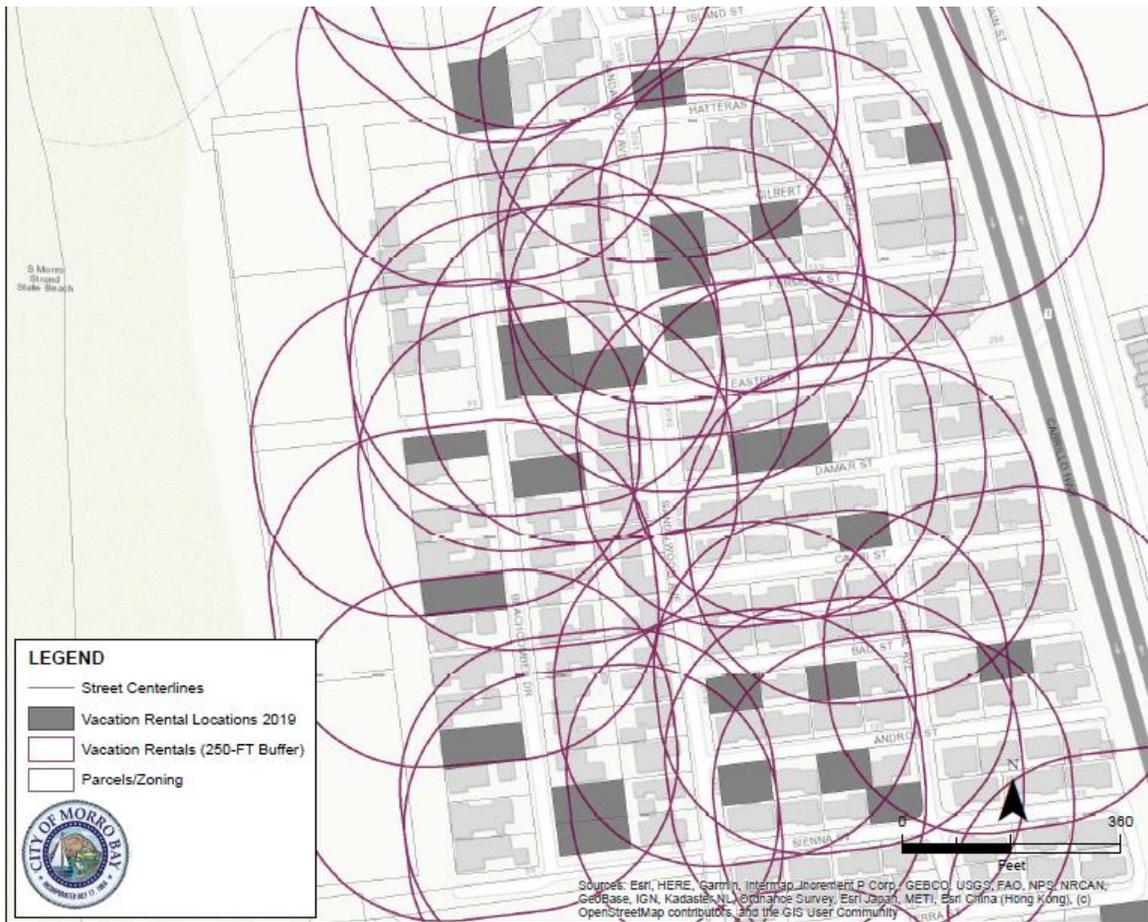
The map demonstrated some issues with using a generic radius buffer. For one, Morro Bay neighborhoods differ dramatically across town. Some have very narrow streets and smaller plots, while others have wider streets and lots. Thus, a one size fits all approach could have drastically different outcomes regarding STRs from one neighborhood to the next.

Below is a map of a portion of the Beach Track area overlaid with permitted STRs (data from late 2019). On this map, there are 44 permitted STRs.

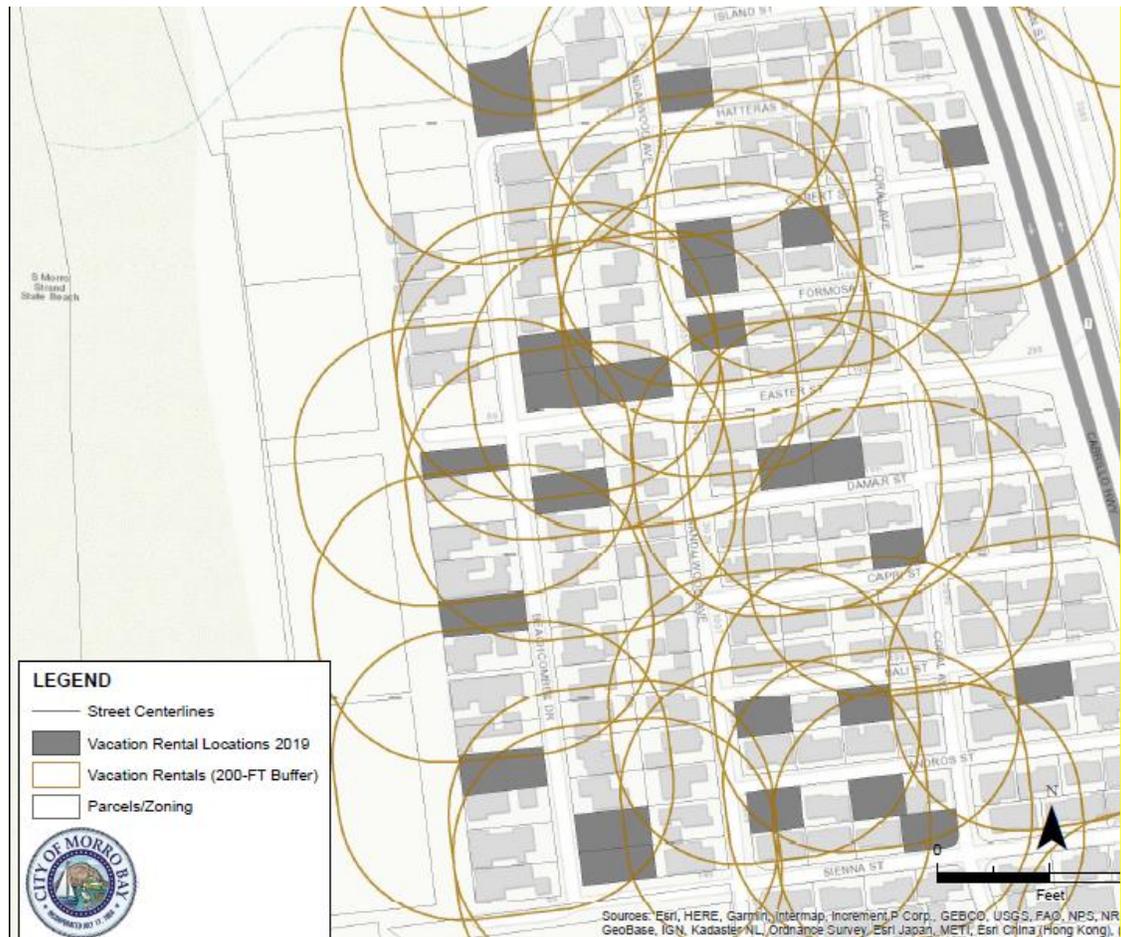
## City of Morro Bay Current Vacation Rentals (2019) (Sienna to Orcas)



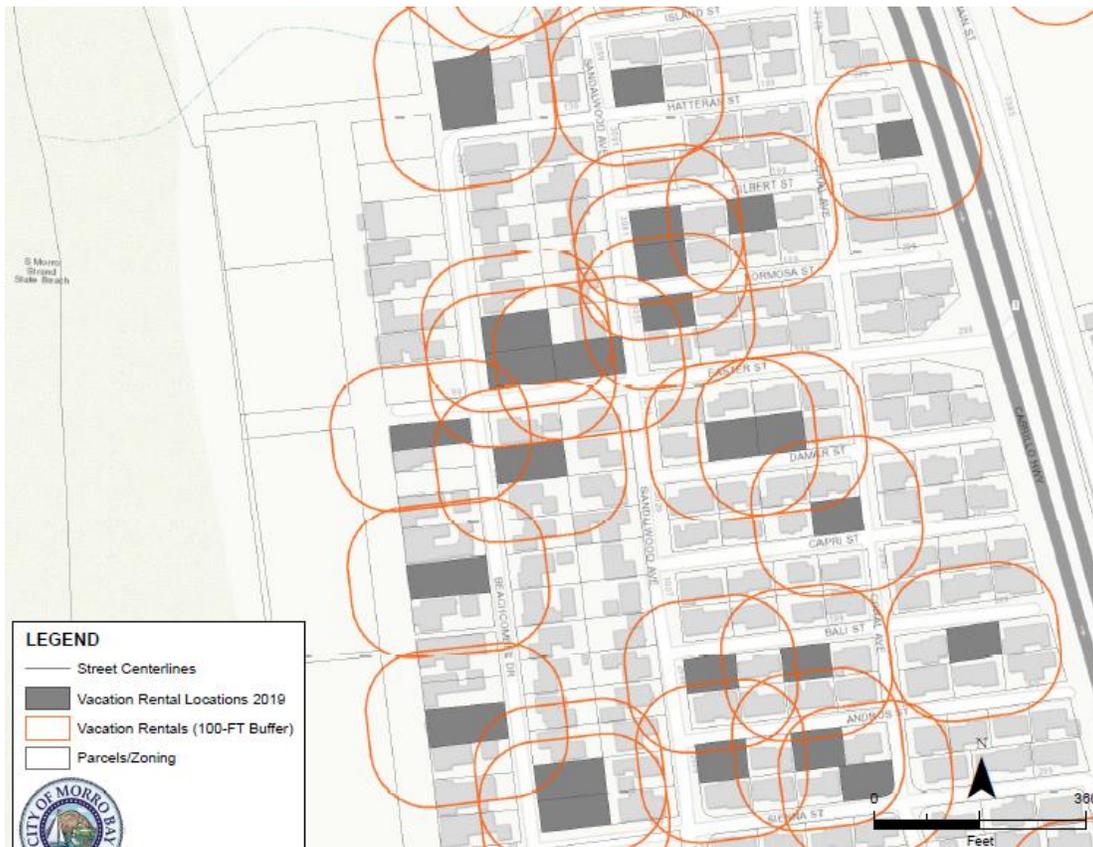
Using 250 foot buffer on a smaller section of that area, the observer can see that there are many conflicts between existing STRs. When analyzing the Beach Track area, out of the 44 STRs, potentially 25 – 30 + would be eliminated due to conflicts. When looking at the entire City, out of the 250 permitted STRs, there would be potential to eliminate 80 – 100+ STR permits. Of course, it is all dependent upon the lottery system used. Addressing all of those conflicts would require a complex lottery process.



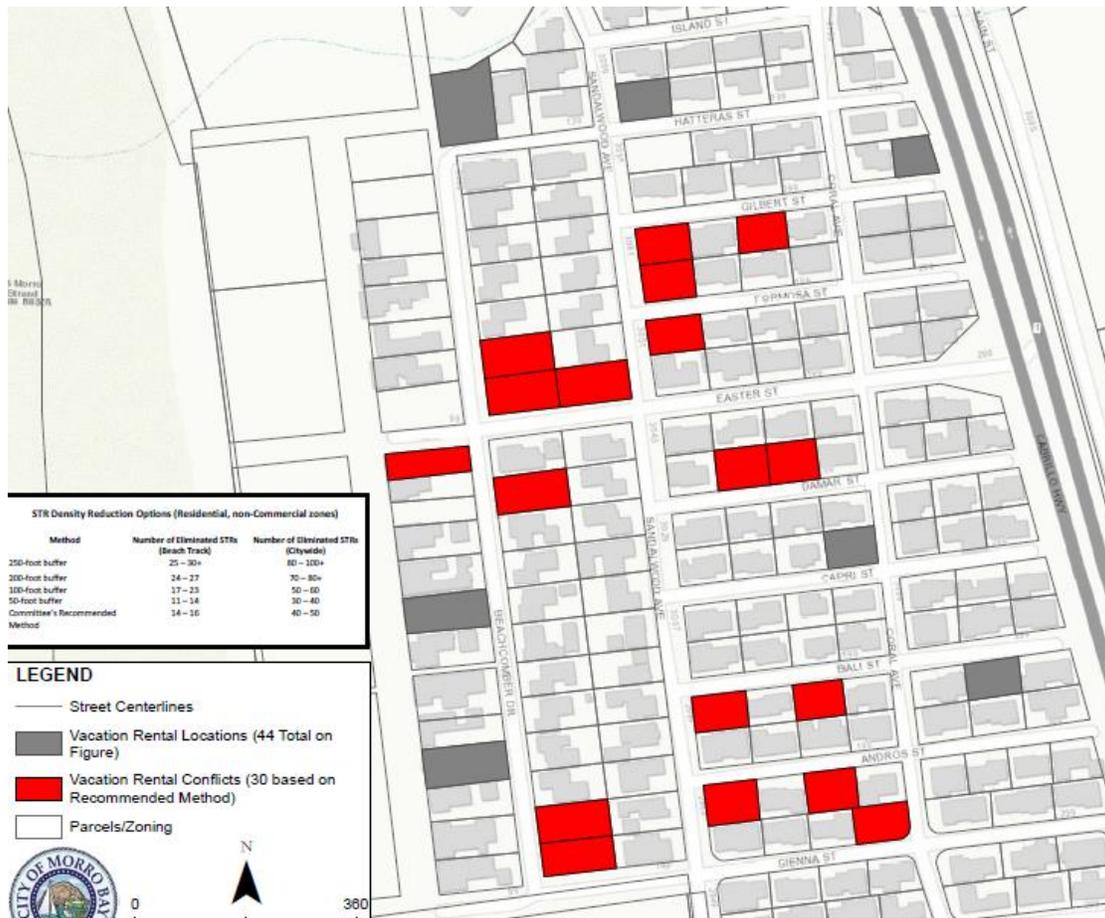
Using 200 foot buffer on that same smaller section area, there is a small reduction in the number of conflicts between existing STRs. When analyzing the Beach Track area, out of the 44 STRs, potentially 24 - 27 would be eliminated due to conflicts. When looking at the entire City, out of the 250 permitted STRs, there would be potential to eliminate 70 – 80+ STR permits. Of course, it is all dependent upon the lottery system used. Addressing all of those conflicts would require a complex lottery process.



Using 100 foot buffer on that same smaller section area, there is a marked reduction in the number of conflicts between existing STRs. When analyzing the Beach Track area, out of the 44 STRs, potentially 17 - 23 would be eliminated due to conflicts. When looking at the entire City, out of the 250 permitted STRs, there would be potential to eliminate 50 – 60 STR permits. Of course, it is all dependent upon the lottery system used. Addressing all of those conflicts would require a complex lottery process. In summary, the linear foot buffer system succeeds at eliminating crowding of STRs into any one location, but in the process eliminates a lot of STRs in the process. The goal of the committee is to achieve balance on all the competing priorities, and this model seemed to show that balance couldn't be achieved.



Based on this analysis above, the group then looked at what would happen using a different method altogether. Instead of using buffers by linear foot, the group looked at using a set number of properties between STRs as a way to reduce density. This would have a similar effect of reducing the number of instances where homes are surrounded by STRs, without eliminating a significant number of STRs in the process. It is important to note that, in theory, there could be the potential if STRs are aligned just so in a neighborhood that a home could be in close proximity to several STRs (not on all sides of the property line, but close nonetheless). However, there are no circumstances with existing permitted STRs where that would take place. According to review of that same Beach track area, would eliminate 14 – 16 STRs, and would eliminate 40 – 50 STRs citywide.



**Table of Options**

<b>STR Density Reduction Options (Residential, non-Commercial zones)</b>		
<b>Method</b>	<b>Number of Eliminated STRs (Beach Track)</b>	<b>Number of Eliminated STRs (Citywide)</b>
250-foot buffer	25 – 30+	80 – 100+
200-foot buffer	24 – 27	70 – 80+
100-foot buffer	17 – 23	50 – 60
50-foot buffer	11 – 14	30 – 40
Committee's Recommended Method	14 – 16	40 – 50

**Note: full size maps of the areas excerpted in the figures above are attached to the staff report as Exhibit 3.**

**Grandfathering non-conforming STRs (17.41.050)**

The committee did not reach consensus on how to phase out non-conforming STRs. The draft ordinance stipulates the following with regard to non-conforming STRs:

“Short-term vacation rentals must comply with all the requirements of this Ordinance, provided that the density limitations shall not apply to existing and validly permitted short-term rentals for three years after the effective date of this Ordinance. If the need arises, short-term vacation rentals permitted at the time of this Ordinance’s effective date shall be brought into compliance with the density limitations pursuant to a lottery system that shall be promulgated in the implementing regulations. Any short-term vacation rentals that will not be able to maintain a permit following the lottery procedure will have one year from the date of expiration of their permit following the conclusion of the lottery.”

In short, the draft ordinance provides for three years for non-conforming STRs to phase out, before a lottery system would be used if needed. The main issue of non-conformance would be related to the density consideration. As noted above, approximately 40 - 50 existing STRs could be phased out due to density conflicts with neighboring STRs (based upon the committee’s recommended density methodology). Following the lottery, the permittee(s) who lose their permit in that process has one year before their permit ends and they must cease all STR activity. We call this the 3 + 1 model for simplicity sake.

Three committee members voted for the draft ordinance option (3 + 1), one member voted for an additional year to come into compliance (4 + 1), whereas two voted for one less year to come into compliance (2 + 1), one voted for 18 total months to come into compliance, and one member voted that all existing STRs should be fully grandfathered in regardless of non-conformance. As expressed by the votes, some felt that the City should use less time phasing out non-compliant STRs. Others felt more time is required as STR owners have invested significant money into their rentals and losing their permit would represent a loss of income to support those investments and their livelihood.

#### Accessory Dwelling Units (17.41.050C)

By a vote of 5 – 3, the committee voted to allow those accessory dwelling units that currently have STR permits to retain their permits, and prohibit STRs for any other accessory dwelling units moving forward. Several members felt that ADU’s should not be used as STR’s, even those that already have permits. The main consideration with ADUs is that they are considered by many as “affordable housing.” More folks are building ADUs statewide to address the on-going housing shortage/crisis in California. Thus, several members of the committee argue, this new inventory of housing should be barred from short-term rentals as they remove a supply of more affordable long-term housing in the City.

The issue is largely moot at this point, however, given recent changes at the state level regarding ADUs. According to California Assembly Bill (AB) 68, which went into effect in January 2020, ADUs are prohibited for being used as STRs. The purpose of AB 68 was, in part, to strengthen the requirement that ADUs be used for rental terms of at least 30 days by requiring that local governments mandate 30-day minimum rentals for ADU’s. This section of the draft ordinance will need to be revised to reflect the changes in law through AB 68. At present, it is unknown how many, if any, ADUs are permitted for STR activity in Morro Bay. More research is required.

### **Planning Commission and TBID Advisory Board review**

The Planning Commission will review the draft STR ordinance on August 20 and the TBID will review it on August 20, 2020. The Planning Commission may require multiple meetings as they provide guidance to Council on zoning issues and those can be quite complicated. The Planning Commission is required to make recommendations on the ordinance to the City Council.

### **City Council Review**

City Council will review the recommendations moved forward by the Planning Commission and TBID, as well as the work completed by the STR committee, likely sometime in September or October 2020 (depending upon when the advisory committees complete their review and provide recommendations).

### **California Coastal Commission Review**

An STR ordinance will become part of the City's Local Coastal Program (Implementation Plan) once adopted by City Council but cannot take effect until the Coastal Commission reviews and approves it. The City's STR committee reviewed several STR ordinances from California coastal cities that have recently received approval from the Coastal Commission to help guide their recommendations. We are hopeful that Coastal Commission will approve a new STR ordinance for Morro Bay, given the amount of effort and thought that our committee put into the recommendations, as well as the work the advisory committees and Council will put into the final document.

### **ENVIRONMENTAL DETERMINATION**

The Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, sections: 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); 15060(c)(3) (the activity is not a project as defined in Section 15378); and 15061(b)(3) (the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment). The proposed ordinance maintains the status quo and prevents directly related changes in the environment. Because there is no possibility that this ordinance may have a significant adverse effect on the environment, the adoption of this ordinance is exempt from CEQA.

### **PUBLIC NOTICE:**

Notice of this item was published in the San Luis Obispo Tribune newspaper on August 7, 2020 and other interested parties were notified of this evening's public hearing and invited to voice any concerns on this application.

### **CONCLUSION:**

Development of a Short-Term rental ordinance has been a topic of concern in the community and a goal of the City Council for several years. Due to delays experienced with draft zoning code, Council directed staff to move forward with the STR ordinance outside of the zoning code update process. The City formed a multifaceted community group to develop recommendations for a new STR Ordinance and those efforts resulted

in the draft ordinance before the Planning Commission at tonight's meeting.

Staff Recommends the Planning Commission review the draft ordinance, provide comment/input and recommend approval of the Ordinance to City Council.

**Thank you!**

On behalf of the Mayor, City Council and City staff, I would like to thank the STR committee members for the care and significant number of hours they spent developing the draft STR ordinance. They worked very hard to develop a balanced ordinance that meets community goals.

**EXHIBITS:**

- A. Draft Short-Term Vacation Rental Ordinance**
- B. STR Survey**
- C. Buffer Maps**
- D. Public comment Letters**

# EXHIBIT A

## **DRAFT** ORDINANCE NO. \_\_\_\_\_

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF MORRO BAY REPEALING CHAPTER 5.47 (SHORT-TERM VACATION RENTAL PERMIT) OF TITLE 5 (BUSINESS TAX CERTIFICATES AND REGULATIONS), AND ADDING CHAPTER 17.41 (SHORT-TERM VACATION RENTALS) OF TITLE 17 (ZONING) OF THE MORRO BAY MUNICIPAL CODE RELATING TO THE PERMITTING AND OPERATION OF SHORT-TERM VACATION RENTALS

WHEREAS, the City of Morro Bay is a unique community that takes pride in its community character.

WHEREAS, a central and significant goal for the City is preservation of its housing stock for residents and preserving the quality and character of residential neighborhoods.

WHEREAS, the City is a popular tourist destination and derives part of its revenue and prestige from this.

WHEREAS, the City Council of the City of Morro Bay finds that it is important that visitors to the City feel welcome and have access to a range of accommodations.

WHEREAS, the City Council finds that the proliferation of short-term vacation rentals has the potential for negative impacts on the community associated with noise, parking, and traffic impacts.

WHEREAS, while the City Council recognizes that short-term vacation rentals can be conducted in harmony with surrounding uses, those activities must be regulated to ensure that these activities do not threaten the residential character of the neighborhoods where they are operating, or otherwise harm the public health, safety, or general welfare.

WHEREAS, by the adoption of this Ordinance, the City Council wishes to strike the appropriate balance between welcoming visitors and maintaining the neighborhood character of the City.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF MORRO BAY DOES ORDAIN AS FOLLOWS:**

**SECTION 1.** The City Council of the City of Morro Bay finds:

A. The above referenced recitals are true and correct and material to the adoption of this Ordinance, and are incorporated herein by reference.

# EXHIBIT A

B. The proposed Zoning Ordinance Amendments will not be injurious or detrimental to the health, safety, comfort, general welfare or well-being of the persons residing or working in the neighborhood.cd

C. The Local Coastal Plan Implementation Program Amendments are intended to further the goals of the California Coastal Act, as set forth in Section 30001.5 of the Public Resources Code, to:

1. Protect, maintain, and where feasible, enhance and restore the overall quality of the coastal zone environment and its natural and artificial resources.

2. Assure orderly, balanced utilization and conservation of coastal zone resources taking into account the social and economic needs of the people of the state.

3. Maximize public access to and along the coast and maximize public recreational opportunities in the coastal zone consistent with sound resources conservation principles and constitutionally protected rights of private property owners.

4. Assure priority for coastal-dependent and coastal-related development over other development on the coast.

5. Encourage state and local initiatives and cooperation in preparing procedures to implement coordinated planning and development for mutually beneficial uses, including educational uses, in the coastal zone.

D. Pursuant to Morro Bay Municipal Code Section 17.64.080, no amendment to the Zoning Ordinance shall be legally effective in the coastal zone until the amendment is certified by the Coastal Commission. If the Coastal Commission certifies this Ordinance conditioned on substantive changes being made, then the Council will introduce and adopt another ordinance to incorporate those substantive changes. If the Coastal Commission certifies this Ordinance conditioned on non-substantive changes being made to this Ordinance, then the City Clerk is authorized to amend this Ordinance to reflect those non-substantive changes.

**SECTION 2.** Chapter 5.47 (Short-term vacation rental Permit) of Title 5 (Business Tax Certificates and Regulations) of the Morro Bay Municipal Code is hereby repealed in its entirety.

**SECTION 3.** Chapter 17.41 (Short-term vacation rentals) of Title 17 (Zoning) is added to the Morro Bay Municipal Code, as follows:

# EXHIBIT A

## **17.41 Short-term Vacation Rentals**

### **17.41.010 Purpose**

The purpose of this chapter is to establish a set of regulations applicable to short-term vacation rentals. In the adoption of these standards the City Council finds that short-term vacation rentals support the City's significant tourism industry, but also have the potential to be incompatible with surrounding residential uses, especially when several are concentrated in the same area, as they can have a deleterious effect on the adjacent full-time residents, and may alter the character of the neighborhoods within which they are located. To that end, the City Council with this Ordinance is adopting density limitations in residential zones, a permit scheme, and operational standards that strike the balance between these interests.

### **17.41.020 Definitions**

The terms used in this chapter shall have the following meanings, unless the context clearly indicates otherwise.

"Affordable housing unit" means no more than 30% of the monthly household income for rent and utilities for individuals and families of moderate, low, very low, or extremely low incomes, as defined by State law.

"Accessory dwelling unit" shall have the same meaning as the term is defined in Section 65852.2 of the Government Code.

"Bedroom" means any habitable space in a dwelling unit other than a kitchen or living room that is intended for or capable of being used for sleeping, is at least 70 square feet in area, meets all requirements of the California Residential Code, and has a window or opening that can be used for emergency egress.

"Booking transaction" means any reservation or payment service provided by a company that facilitates a short-term vacation rental transaction between a prospective visitor and a host.

"City Manager," as the term is defined in Chapter 2.12 of this Code, shall include his/her designee.

"Dwelling" has the same meaning the term is defined in the Zoning Ordinance.

"Finance Director," as the term defined in Section 2.16.090 of this Code, shall include his/her designee.

# EXHIBIT A

“Full-home rental” means a short-term vacation rental of no more than 30 consecutive days of a home, in whole or in part, for exclusive transient use. The guest enjoys the exclusive private use of the dwelling, and the host is not present.

“Guest” means a person who rents a short-term vacation rental.

“Guest house” has the same meaning as the term is defined in the Zoning Ordinance.

“Host” means the owner or his/her authorized agent, of a short-term vacation rental, who is responsible for its operation. A host can include the property owner, a tenant, or a management company.

“Home-sharing rental” means a short-term vacation rental within a dwelling that is the host’s primary residence, and where the host is on site throughout the guest’s stay. Home-sharing rentals include detached accessory dwelling units, and any unit in a multifamily dwelling of no more than four units, where the host lives in the primary residence or in one of the units.

“Hosting platform” means a company that participates in the short-term vacation rental business by collecting or receiving a fee, directly or indirectly through an agent or intermediary, for conducting a booking transaction using any medium of facilitation.

“Junior accessory dwelling unit” shall have the same meaning as the term is defined in Section 65852.22 of the Government Code.

“Local contact person” means an individual who is personally available by telephone on a 24-hour basis and who maintains the ability to initiate corrective action within one hour of being notified of a concern or complaint and who has authority to address violations of this Ordinance or any disturbance or problem at a short-term vacation rental.

“Lot” shall have the same meaning as the term is defined in the Zoning Ordinance.

“Multi-family dwelling” means a residential development with two or more attached dwellings, such as apartment or condominium buildings, duplexes, triplexes, fourplexes, and townhouses. Any Zoning Ordinance definition of “multi-family dwelling” that may be inconsistent with this definition shall govern.

“Primary residence” means the usual place of return for housing of an owner or long-term resident as documented by at least two of the following: motor vehicle registration, driver’s license,

# EXHIBIT A

California state identification card, voter registration, income tax return, or property tax bill. A person can only have one primary residence.

“Property owner” or “owner” means the person or entity holding single or unified beneficial title to a property.

“Short-term vacation rental” means a single family dwelling, multi-family unit, bedroom of a primary residence, accessory dwelling unit, or junior accessory dwelling unit, which is rented to a guest for compensation for the purpose of lodging for a period of thirty (30) or fewer consecutive days. “Short-term vacation rental” encompasses home-sharing and full-home rentals. “For compensation” includes, but is not limited to, rental of the property for any form of monetary or non-monetary consideration, including but not limited to money, goods, or services, as well as in-kind exchanges of goods, services, or premises.

“Single family dwelling” means a dwelling unit that is designed for occupancy by one household with private yards on all sides. This classification includes individual manufactured housing units. Any Zoning Ordinance definition of “single family dwelling” that may be inconsistent with this definition shall govern.

## **17.41.030 Short-term Vacation Rentals — General**

- A. Short-term vacation rentals may only be operated pursuant to a current and valid short-term vacation rental permit from the City of Morro Bay, as well as a current and valid City business license, in accordance with all the requirements of this chapter. Permits shall be obtained by the property owner. Permits shall be valid for no more than 12 months, unless renewed.
- B. Permits are non-transferable and are unique to the specific property and property owner. A permit for a property shall not be valid for a successor owner or host.
- C. Short-term vacation rentals are permitted in residential, mixed use, and commercial zones only. Short-term vacation rentals in residential zones shall be subject to the density limitations of Section 17.41.040, below.
- D. Short-term vacation rentals shall not be operated in vehicles or in non-habitable or illegally constructed structures, such as sheds, unconverted garages, cars, vans, or trucks,

# EXHIBIT A

- unpermitted attached or detached accessory dwelling units, unpermitted rooms or patios, etc.
- E. Short-term vacation rentals shall not be operated from dwellings that are designated as affordable housing units, or out of mobile home parks.
  - F. Short-term vacation rentals may not be operated from boats in the harbor, or from recreational vehicles unless permitted through the Conditional Use Permit process.
  - G. Operation of short-term vacation rentals in housing developments shall be permitted to the extent they are permitted by the development's CC&Rs. All provisions of this chapter shall apply. In case of conflict between this chapter and the development's CC&Rs, the more restrictive provisions shall apply. The City shall not be responsible for enforcing CC&R provisions relating to short-term vacation rentals.
  - H. The City shall provide public information regarding validly permitted short-term vacation rentals.
  - I. The provisions of this chapter shall apply to both home-sharing and full-home short-term vacation rentals, unless otherwise indicated.
  - J. The host has the responsibility to ensure that the short-term vacation rental and its guests comply with all the provisions of this Ordinance. The City must have current contact information for both the local contact person and the host, if they are different. Any change in contact information must be provided to the City forthwith.
  - K. Transient occupancy tax, Morro Bay Tourism Business Improvement District assessments and San Luis Obispo County Tourism Marketing District (SLOCTMD) assessment shall be collected on short-term vacation rentals in accordance with Chapters 3.24 (Transient Occupancy Tax) and 3.60 (Tourism Business Improvement District Law) of the Morro Bay Municipal Code. Short-term vacation rentals must contribute a minimum of \$500 of TOT annually to maintain a valid permit.
  - L. The City Council may by resolution promulgate additional regulations relating to the operation of permitted short-term vacation rentals, including but not limited to, a training program for current and potential hosts, content guidelines for an informational brochure to be provided to guests (Good Neighbor Brochure), and additional reporting requirements.

# EXHIBIT A

## **17.41.040 Short-term Vacation Rentals — Density Limitations**

- A. The maximum allowable number of short-term vacation rentals in residential zones is 250, subject to Section 17.41.050 (Nonconforming short-term vacation rentals). No new permit applications for short-term vacation rentals in a residential zone will be accepted until the number of active permits drops below 250. No maximum number of short-term vacation rentals applies to the commercial and mixed-use zones.
- B. Property owners who wish to apply for short-term vacation rental permits for property in a residential zone shall be issued permits on a first-come, first-served basis, provided the proposed short-term vacation rentals do not violate the density limitations herein. Applicants who are not eligible for a permit due to these density limitations shall be placed on a chronologically maintained waiting list.
- C. Multi-family developments in residential zones. No more than 12.5% (1/8<sup>th</sup>) of the total number of units in a multi-family dwelling in a residential zone can be operated as a short-term vacation rental. Multi-family dwellings of fewer than 8 units shall have no more than one unit operating as a short-term vacation rental. Any residentially zoned lot with a single family dwelling and a multi-family dwelling shall also be subject to these density limitations.
- D. Single-family dwellings in residential zones.
  - 1. Single family dwelling short-term vacation rentals in residential zones must be separated by no fewer than three lots without short-term vacation rentals. A single family dwelling short-term vacation rental may not abut another such short-term vacation rental in front, behind, or kitty corner from each other, including across a street or alley. This limitation applies whether the single family dwelling is used as a full-home rental or a home-share rental. Abutting or intervening lots with multi-family dwellings are also subject to this spacing limitation.
  - 2. Only one short-term vacation rental shall be permitted on any property with a single-family dwelling.

## **17.41.050 Nonconforming Short-Term Vacation Rentals**

# EXHIBIT A

- A. Short-term vacation rentals lawfully permitted by the City prior to the effective date of this ordinance, and in good standing with the City on the effective date of this ordinance, shall be considered legal nonconforming uses provided they obtain a new short-term vacation rental permit pursuant to this Ordinance within 1 year of its effective date. The permit application in conformance with this chapter should be filed in lieu of a renewal application.
- B. Short-term vacation rentals must comply with all the requirements of this Ordinance, provided that the density limitations shall not apply to existing and validly permitted short-term rentals for three years after the effective date of this Ordinance. If the need arises, short-term vacation rentals permitted at the time of this Ordinance's effective date shall be brought into compliance with the density limitations pursuant to a lottery system that shall be promulgated in the implementing regulations. Any short-term vacation rentals that will not be able to maintain a permit following the lottery procedure will have one year from the date of expiration of their permit following the conclusion of the lottery.
- C. Accessory dwelling units and junior accessory dwelling units.
  - 1. Accessory dwelling units and junior accessory dwelling units for which entitlements are obtained after the effective date of this ordinance shall not be used as short-term vacation rentals.
  - 2. A permit for an accessory dwelling unit or a junior accessory dwelling unit that expires or is revoked may not be renewed or reapplied for.
  - 3. Starting with their next permit renewal following the effective date of this Ordinance, accessory dwelling units and junior accessory dwelling units may maintain currently valid short-term vacation rental permits for three years. Thereafter, Subsection (C)(1) of this section shall apply.

## **17.41.060 Permit Application and Renewal**

- A. A completed application for a short-term vacation rental permit shall be submitted by the property owner to the Finance Director on a form provided by the City, and shall include the following information:

# EXHIBIT A

1. Name, address, and current contact information of the property owner/applicant. Any change in this information must be provided to the City forthwith. The application must be signed under penalty of perjury by the property owner. A permit application may not be submitted or signed by a property management company or other commercial agent.
2. If different from the property owner, name and address of the host, including current contact information.
3. Address and description of the property that will be used as a short-term vacation rental. The description shall include number of rooms, maximum guest occupancy, amenities, and available parking for guests.
4. Whether the short-term vacation rental will be operated as a home-sharing or full-home rental.
5. The house rules for the short-term vacation rental and any other information that will be provided to the guest.
6. Proof that the property owner has insured the property as a short-term vacation rental.
7. Hosting platforms that will advertise the property.
8. A copy of any valid and current short-term vacation rental permit held by the applicant for any other property in the City.
9. Information on any short-term vacation rental permits that have been suspended or revoked as to the host or the property owner anywhere in the State of California, or as to the property, within the previous two years, and the reasons therefor.
10. If the property owner has been asked or been compelled to no longer advertise with a hosting platform within the previous two years, and the reasons therefor.

## B. Inspection.

1. A completed application shall include a completed inspection report. The report shall include:
  - a. Number of exits

# EXHIBIT A

- b. Conformance with application information
  - c. Sufficient off-street parking
  - d. Signage, per requirements
  - e. A Good Neighbor Brochure
  - f. Compliance with any other applicable code requirement
2. Short-term vacation rentals shall be inspected as part of the initial application, and every 4 years thereafter at the time of renewal. Each renewal application when a City inspection is not required will include a self-inspection form to be filled out and signed under penalty of perjury by the property owner.
  3. Properties may be additionally inspected to ensure that any violations are timely corrected.
- C. Any change in the information in the application, whether the change occurs while the application is pending, or at any time after the permit issues, must be provided to the City forthwith.
- D. The City shall review the application for completeness. If the application is incomplete, the City shall inform the applicant in writing within 30 days of receipt of the application, articulating the necessary additional information for completeness. An application that is found to be incomplete upon a second submission shall be deemed abandoned.
- E. The City shall deny, conditionally approve, or approve an application within 45 days of receipt of a completed application. Conditions imposed shall be aimed at ensuring that the short-term vacation rental does not create a disturbance in the neighborhood, and is not operated in a manner that will undermine the character of its neighborhood.
- F. Renewals.
1. Permit renewals shall be submitted 60 days prior to permit expiration on a form provided by the City and signed by the property owner. Renewal forms must detail any changes in the short-term vacation rental (bedrooms, ownership, number of guests, parking, etc.), and shall otherwise certify that other than what is listed as a change, the information in the original application remains the same.

# EXHIBIT A

2. Permit renewals that are not timely submitted per Subsection F.1. may experience a delay in reissuance. In the event a permit expires before the renewal permit is issued because of a delay in renewal submittal, the permit shall be deemed suspended until the renewal issues, and the short-term vacation rental may not be rented as such.
  3. Any permit whose renewal application is submitted after the permit's expiration shall be deemed abandoned. Reapplication shall only be accepted in full compliance with all the provisions of this chapter, including the density limitations.
- G. Permit applications and renewals shall be subject to permit fees in accordance with the City's Master Fee Schedule. Permit fees shall include, but not be limited to, the reasonable cost of processing the application and inspection fees, as applicable.

## **17.41.070 Permit Denial, Suspension, and Revocation**

A short-term vacation rental permit may be denied, suspended, or revoked based on the following grounds:

- A. A material misrepresentation on the application or renewal materials.
- B. The dwelling that is the subject of the application or permit is not in full compliance with all applicable local, state, and federal regulations.
- C. The host has violated, or has permitted his/her guest to violate, the terms of the hosting platform, and as a result the hosting platform has withdrawn its permission to advertise on that platform.
- D. The host has violated, or has permitted his/her guest to violate, any of the operational requirements in Section 17.41.090. A host is presumptively permitting violations of the applicable regulations under the following circumstances:
  1. If the violation consists of conduct by the guest that is disturbing the peace and quiet of the neighbors, or that constitutes an immediate threat to the health and safety, and the host does not initiate corrective action within one hour of being notified of the disturbance;
  2. If the noticed violation is not corrected before the next guest arrives at the property.

# EXHIBIT A

- E. The property owner has had a short-term vacation rental permit revoked or suspended in the preceding two years.
- F. Grounds for suspension. The City may initiate suspension proceedings for minor violations of this chapter, or of any applicable code, that are not timely corrected. Additional guidance on the grounds for suspension may be provided in the implementing regulations. A permit may be suspended for up to 180 days.
- G. Grounds for revocation. The City may initiate revocation proceedings for repeated or serious violations of this chapter or of any applicable code. Serious violations include any condition that is a threat to the guest's, the neighbors', or the public's health, safety, and welfare; conditions that constitute a public nuisance. Additional guidance may be provided in the implementing regulations.
- H. A notice of intent to suspend or revoke, and the reasons therefore, shall be provided to the permit holder. The permit holder shall have 15 days to submit relevant evidence for the City Manager's consideration. The City Manager shall issue a written decision articulating the grounds therefor within an additional 15 days, taking into consideration any relevant evidence submitted by the permit holder.
- I. Any property owner whose permit is revoked may not reapply for a short-term vacation rental for the property for which the permit was revoked, or for any other property, for two years following the date of revocation. Revocation of a permit shall not affect any other current and valid short-term rental vacation permits by that property owner.

## **17.41.080 Appeal of Permit Denial, Suspension, or Revocation**

Any person whose permit application was denied, or whose permit was suspended or revoked, may appeal the decision as follows.

- A. An appeal must be submitted in writing to the City Manager within 15 days of the date of the decision. The appeal must articulate the reasons therefor, and shall be accompanied by an appeal fee in accordance with the City's Master Fee Schedule.
- B. The City Manager shall schedule an appeal hearing within 30 days of receipt of the appeal before an independent hearing officer, at which hearing the host will have an opportunity

# EXHIBIT A

to be heard and to present evidence. Compensation for the independent hearing officer shall not be determined by the outcome of any appeal.

- C. The host shall be provided with notice of the hearing no later than 10 days prior to the hearing. The hearing may be postponed for good cause.
- D. The hearing officer shall not be bound by the formal rules of evidence. The hearing officer may consider all relevant evidence, and may exclude repetitive or irrelevant evidence.
- E. The hearing officer shall provide a written decision within 10 days of the hearing, and shall articulate the reasons therefor. The decision of the hearing officer shall be final. The hearing officer's decision may be challenged pursuant to Sections 1094.5 and 1094.6 of the Code of Civil Procedure, which shall be referenced in the written decision.

## **17.41.090 Operational Requirements**

Short-term vacation rentals must comply with the following requirements.

- A. A copy of the short-term vacation rental permit must be posted in a prominent location within the short-term vacation rental.
- B. The host shall use reasonably prudent business practices to ensure that the short-term vacation rental is used in a manner that complies with all applicable laws, rules, and regulations pertaining to its use and occupancy.
- C. **Parking.**
  - 1. Short-term vacation rentals must provide sufficient onsite parking spaces for their guests; no offsite or other street parking is allowed.
  - 2. Onsite parking should be only in legal spaces required for the applicable housing type.
- D. Short-term vacation rental operators must notify guests of the City's licensing requirement. The permit number must be included in the hosting platform advertisement.
- E. No one under the age of 21 years shall be permitted as the primary renter of a short-term vacation rental.

# EXHIBIT A

- F. The host shall use reasonably prudent business practices to ensure that short-term vacation rental guests do not violate the provisions of this ordinance, or violate provisions of the code or any state law, such as but not limited to, regulations pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol, or the use of illegal drugs.
- G. Occupancy for each full-home rental shall be limited to two individuals per bedroom, plus two; occupancy for home-share rentals shall be limited to two individuals per bedroom. Children under 3 years of age are excluded from the occupancy limits but children three and older are included.
- H. The City's current noise ordinance requires reduced noise between 7:00 p.m. and 7:00 a.m.; "noise" is defined as sounds that are audible within 50 feet of the source of the sound. Guests must comply with all noise restrictions.
- I. While a short-term vacation rental unit is rented, a local contact person shall be available 24 hours per day, 7 days per week, to respond to complaints or notification of violations, and if appropriate initiate corrective action regarding the conduct of the occupants or their guests, or the condition or operation, of the short-term vacation rental, within one hour of being notified.
- J. The host shall:
  - 1. Prior to occupancy:
    - a. Obtain the contact information of the guest.
    - b. Require the guest to execute a written acknowledgment that he or she is legally responsible for compliance by all occupants of the short-term vacation rental with all applicable laws, rules, and regulations pertaining to the use and occupancy of the short-term vacation rental.
  - 2. Maintain the information required in item 1, above, for a period of two years, and make such information available upon request to any officer of the City responsible for the enforcement of any provision of this Ordinance or any other applicable local, state, or federal regulations.

# EXHIBIT A

3. Provide guests with the Good Neighbor Brochure, the name and number of the local contact person where problems can be reported, the City's hotline number, and the short-term vacation rental's house rules.
- K. A sign shall be posted in a location visible from the public right-of-way that contains the following information:
1. Identification as a short-term vacation rental, including the permit number.
  2. 24-hour contact information in case of problems or complaints, in conformance with Subsection I, above.
- L. Short-term vacation rentals shall be subject to the provisions of Chapter 8.16 (Solid Waste Management); in addition, short-term vacation rentals shall not leave their solid waste containers curbside any earlier than the day before pickup, or any later than one day after pickup. If this requirement cannot be met, the host must provide for concierge trash service, if this service is available at the property.

## **17.41.100 Advertising**

- A. All short-term vacation rental advertisements shall include the permit number.
- B. Advertising of unpermitted short-term vacation rentals is prohibited.

## **17.41.110 Penalty and Enforcement**

- A. Violations of this chapter are deemed a public nuisance, and may be abated as such. Each day a violation continues is deemed a new violation.
- B. Violations of this chapter may be punishable as infractions or misdemeanors, pursuant to Chapter 1.16 of this code.
- C. Violations of this chapter may be punishable thorough administrative fines, in accordance with Chapter 1.03, as may be set by City Council resolution.
- D. The owner of any illegally operated short-term vacation rental that is on the wait-list for a permit is presumed to have actual knowledge of the permit requirement. The owner and the short-term vacation rental shall be removed from the permit waiting list, and the host may not reapply for a short-term vacation rental permit for any property for two years. Any

# EXHIBIT A

application for the same property shall also be barred for two years, irrespective of ownership.

SECTION 4. CEQA Findings. The Ordinance is not subject to the California Environmental Quality Act (CEQA) pursuant to the CEQA Guidelines, California Code of Regulations, Title 14, Chapter 3, sections: 15060(c)(2) (the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment); 15060(c)(3) (the activity is not a project as defined in Section 15378); and 15061(b)(3) (the activity is covered by the common sense exemption that CEQA applies only to projects which have the potential for causing a significant effect on the environment). The proposed ordinance maintains the status quo and prevents directly related changes in the environment. Because there is no possibility that this ordinance may have a significant adverse effect on the environment, the adoption of this ordinance is exempt from CEQA.

SECTION 5. Severability. If any section, subsection, phrase, or clause of this ordinance or any part thereof is for any reason held to be unconstitutional or otherwise unenforceable, such decision shall not affect the validity of the remaining portions of this ordinance or any part thereof. The City Council hereby declares that it would have passed this ordinance and each section, subsection, phrase or clause thereof irrespective of the fact that any one or more sections, subsections, phrases, or clauses be declared unconstitutional or otherwise unenforceable.

SECTION 6. Effective Date. This Ordinance shall take effect 30 days after its adoption.

SECTION 7. Certification. The City Clerk shall certify as to the passage and adoption of this Ordinance and shall cause the same to be posted as the designated locations in the City of Morro Bay.

INTRODUCED at a regular meeting of the City Council held on the XXX day of XXX 2020, by motion of Councilmember XXX and seconded by Councilmember XXX.

PASSED AND ADOPTED BY THE COUNCIL OF THE CITY OF MORRO BAY this \_\_\_\_th Day of \_\_\_\_ 2020, by the following roll call vote:

AYES: NOES:  
ABSTAIN:  
ABSENT:

\_\_\_\_\_  
JOHN HEADDING, MAYOR

ATTEST:



# EXHIBIT B

## Community Survey Results, from December 2019 (Polco)

Which of the following provisions would you like to see in a new Short-Term Vacation Rental ordinance (check as many options as you prefer):



The current STR ordinance requires a sign (typically 8" x11") posted on the premises with contact information and a maximum response time of 4 hours. Which do you prefer:



Which of the following best describes you:



Some people suggest that Short-term Vacation Rentals (STVR) where the owners are present on the property (hosted STVRs) should have fewer restrictions than STRs that are managed by an off-site company or individual. Which do you prefer:



# EXHIBIT B

**Morro Bay's current Short-Term Vacation Rental (STR) ordinance says that a maximum number (cap) of 250 STRs are allowed in residential neighborhoods. Which do you prefer:**



**The Morro Bay Planning Commission recommends a requirement that there be a buffer of 250 feet between Short-Term Vacation Rentals (STRs) in residential neighborhoods. Which do you prefer:**



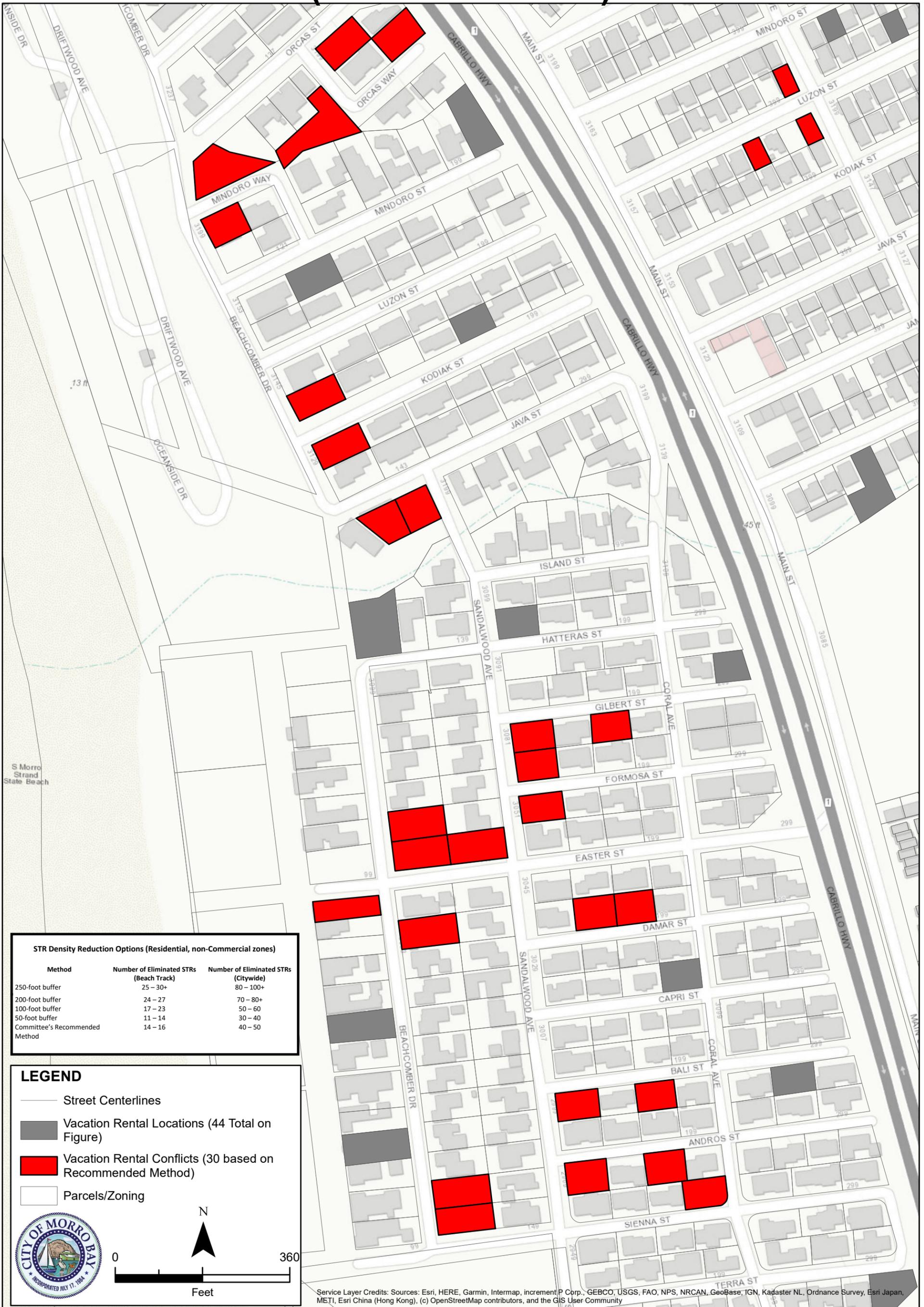
# City of Morro Bay Radius Map for Current Vacation Rentals (2019) 200-FT Buffer (Sienna to Orcas)



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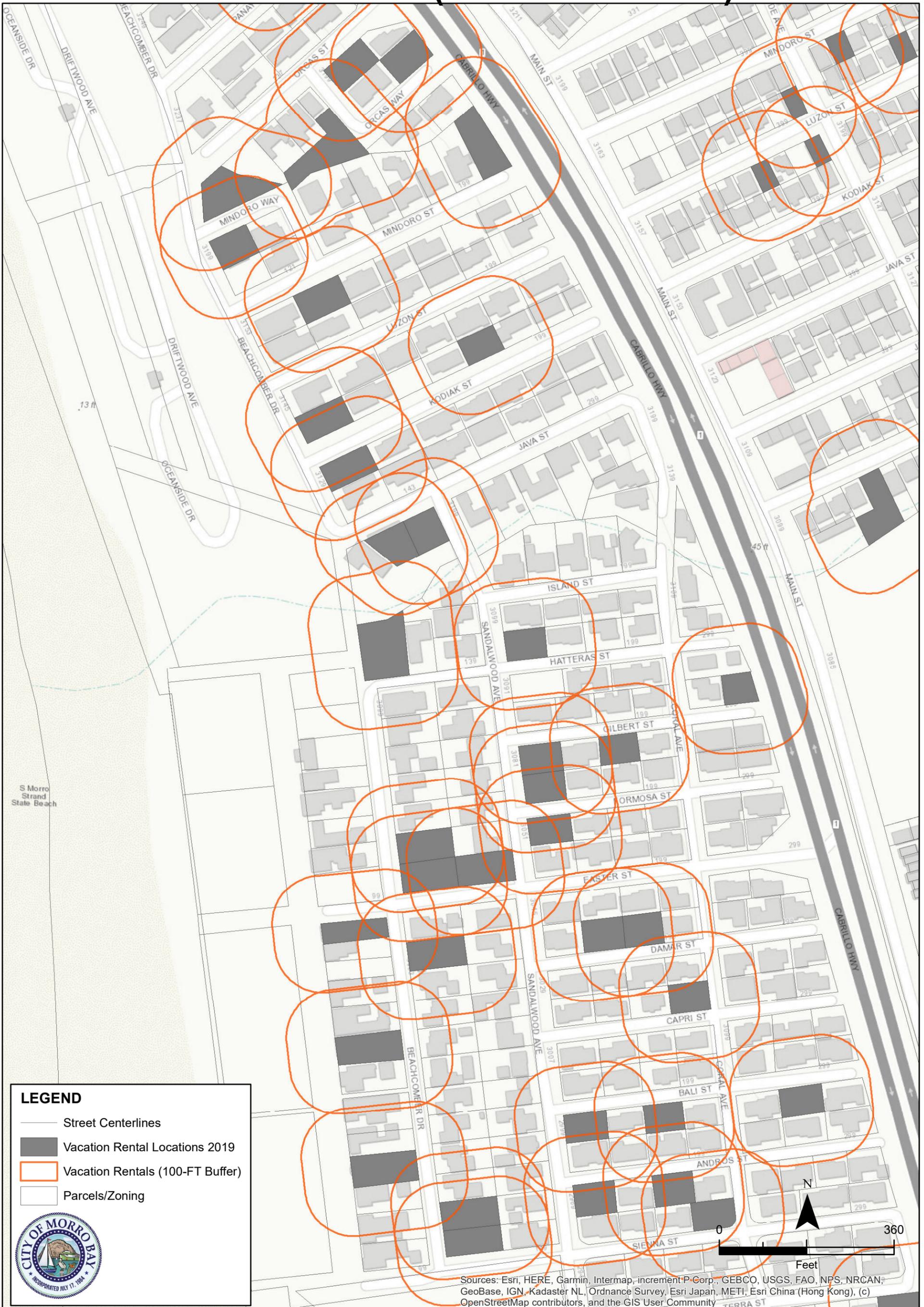


# City of Morro Bay Current Vacation Rentals (2019) (Sienna to Orcas)



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# City of Morro Bay Radius Map for Current Vacation Rentals (2019) 100-FT Buffer (Sienna to Orcas)



W:\GIS\CityofMorroBay\Planning\Projects\Vacation Rentals\Sienna\B-VacationRentals-Sienna-Orcas-100FT-Buffer.mxd

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

# City of Morro Bay Current Vacation Rentals (2019) (Sienna to Orcas)



W:\GIS\CityofMorroBay\Planning\Projects\Vacation Rentals\Sienna\B-VacationRentals-Sienna-Orcas.mxd

Sources: Esri, HERE, Garmin, Intermap, increment P Corp., GEBCO, USGS, FAO, NPS, NRCAN, GeoBase, IGN, Kadaster NL, Ordnance Survey, Esri Japan, METI, Esri China (Hong Kong), (c) OpenStreetMap contributors, and the GIS User Community

# EXHIBIT D

**Scot Graham**

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**From:** Judi Brown [REDACTED]  
**Sent:** Monday, August 10, 2020 7:22 PM  
**To:** Scot Graham; Jeffrey Heller; Scott Collins  
**Subject:** Vacation Rental Zoning Request

Dear Mr. Graham,

I am a long-time resident since 1983. I have owned my property since 1997 and have watched our town change dramatically over the decades.

For the foreseeable future, Morro Bay will be dealing with the fallout from COVID. Because there are no longer geographical constraints now jobs and schools are online, it is a very real and frightening possibility that VRs will continue to be churned year-round bringing increased COVID exposure as well as typical horrendous and dangerous behavior to long-established residential neighborhoods.

I vote NOOOO vacation rentals be allowed to operate in residential neighborhoods. It is too much to ask of neighbors surrounding these covid nests to tolerate, especially year round as we seem to be headed. VRs should be located in business districts, not residential neighborhoods (even multi-use neighborhoods where residences are still present).

That said, I would like to encourage unlimited homestays in residential neighborhoods where the property owner is present and will supervise guests. All guest and owner parking would need to remain on property; no street parking.

Making these revisions will satisfy the Coastal Commission's requirement for affordable coastal access while not placing undue burden on long term residential neighborhoods.

The process of bringing an appropriate vacation rental ordinance to Morro Bay has become way too protracted and it's time to bring forth effective planning. There is an urgency now due to COVID that was not present before. You and your staff should use all means possible to expedite the process, streamline the ordinance, and bring it to the Planning Commission and the City Council as soon as possible.

It's also important with an election pending in November that these issues be brought forward now so they can be a part of the discussion among the candidates, with the expectation that a new council would take action as early as possible in the new term. Please delay no longer Mr. Graham; this ordinance is critical to the health, safety, and welfare of our Morro Bay citizens.

Sincerely,

Judi Brown  
[REDACTED]

# EXHIBIT D

**Scot Graham**

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**From:** [REDACTED]  
**Sent:** Thursday, August 13, 2020 1:29 PM  
**To:** Scot Graham  
**Subject:** VR Ordinance

Scott Graham,

I would like to voice my opinion on the short-term vacation rental ordinance. My husband and I are residents and homeowners in Morro Bay with two small children. We would like the opportunity to operate a short-term vacation rental legally on our property but have been unable to do so as there is a limit on permits.

Our property has two homes and is zoned as multifamily residential; we would like to occupy one of our houses while managing the other as a VR. We have designated parking on our property and would be on site to supervise our guests and ensure that they are not disrupting our neighbors. There are no other VRs in our vicinity that I am aware of. We would love to host visitors and travelers to our town and community with this type of rental but have not had the opportunity due to homeowners that do not even reside in Morro Bay taking up many current permits.

It is my opinion that the city should open up the number of permits available for homestays where the property owner is present. This opportunity would not only bring in revenue for the community, it would help ensure that families like mine can continue to afford to live here. Please continue to keep in mind both the hopes of our town's residents and our future visitors along with the times that we are currently living in when making a final decision on this ordinance.

Could you also please inform me on how we can get on the current permit waitlist?

Thank you,

Sara & Simon Hakker

# EXHIBIT D

Dear Planning Commission Members:

City staff, officials and committee members are to be commended for the data collection, outreach, and consensus-building that was organized in order to draft a policy by which to manage vacation rentals. The process outlines the factors which shaped the draft ordinance, and it promotes broad community support.

Three items that did not garner clear consensus with the Vacation Rental Committee representatives call for clarifying language: 1) The cap on total number of STR's, 2) the timeline for bringing current STR's into compliance, and 3) density limitations. As community members we would like to offer suggestions.

1). Regarding the cap on total number of STR's allowed in residential areas, 250 does not reflect community representation. The choice of 250 because that number received four votes is arbitrary and capricious. Four votes were also proffered in opposition to that top number. A more reasoned approach would be to address the committee in total and reach a limit that represents their intent, i.e., greater separation. Fewer than the limit of 250, such as 180, is more desirable.

2). With reference to density, three lots separating STR's is, again, arbitrary and inconsistent. To promote more uniform separation, please consider separation that includes a standard distance. Our desire would be to use the greater of two distances: "...separation by three lots or by a radius of 250 feet, whichever is greater."

3). The timeline of three years for initiating compliance is extremely long. Conditions for compliance mandates are included by way of a lottery process and a one-year grace period. Since the conditions for compliance exist now, as measured by community demand, please enact an ordinance that meets this demand, as this ordinance does, and initiate it immediately upon enactment. STR owners will still have at least one full year to adjust their property use.

You have overseen a long and arduous process to get this near the finish line. Please make a few necessary adjustments to see this process to completion. Thank you.

Sincerely,

Robert and Carol Swain

# EXHIBIT D

**Scot Graham**

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**From:** Ric Deschler [REDACTED]  
**Sent:** Wednesday, August 12, 2020 5:34 PM  
**To:** Scot Graham  
**Subject:** Additional STR item comment

Dear Members of the Planning Commission:

I have one additional comment concerning the SRT ordinance.

You are going to hear a lot of sob stories from vacation rental owners about their financial burdens. It is imperative that you place the concerns of the people that would love to be able to have just a primary residence over those of people that have two, three or more homes. Keep residential neighborhoods for residents, not commercial investments.

Thank you,

Ric Deschler  
Morro Bay

# EXHIBIT D

August 12, 2020 Vacation Rental Ordinance

Dear Members of the Planning Commission:

When a person moves into a residential neighborhood, they neither expect nor want to be in a commercial tourist area. That is why separate zones were formed in the first place.

I have several issues with the staff report and recommended ordinance. It's clear that these recommendations are only about increasing TOT and not about the welfare of the community.

Transferability of permits - I agree that permits should not be transferable. Also, a person or entity on the property title should not be allowed to hold more than one permit. I would include that permits may not be issued and renewed for more than 5 years.

Density of STRs - I disagree with the proposed miniscule buffer between STRs. The current proposal in Los Osos is 500 feet and ours should be no less. I understand why they often comment "We don't want our community to end up being like Morro Bay".

Total number (cap) of STRs - Four votes for 150 units or less and four votes for 250 units should not conclude that 250 units is the way to go. That exhibits very poor reasoning and is far from a consensus. It clearly indicates that the panel was far apart on this issue with three votes wanting as low as 120. The total number should include both commercial and residential zones. That would easily satisfy the Coastal Commission's concerns.

An even better solution would be to only have STRs in commercial zones and only Home-Stays in residential zones.

Grandfathering non-conforming STRs – Existing permits should be phased out in 2-3 years. The city is not responsible for the financial investment decisions of individuals. I have made both good and bad financial decisions in real estate and it is not up to the city to solve my issues. *The city's responsibility is to the welfare of the total community.* STR property owners would still have the option to recover their investments by traditional renting of their homes to residents. There is no loss of property rights by not letting them turn a residence into a commercial enterprise. After all, we are talking about already designated residential zones.

Accessory Dwelling Units – All existing STR ADUs should also be phased out.

I have lived in Morro Bay about 46 years. I have been a renter, home owner, and a landlord. I live across the street from a STR that has been there about 9 years. For the 20 years prior to that it had been lived in by the original builder then other permanent residents. I miss that neighborhood continuity.

## EXHIBIT D

STRs diminish our residential housing stock significantly. This is doubly true when they are located in residential neighborhoods. We have adequate visitor serving opportunities to satisfy the Coastal Commission for a range of affordability with our motel and hotels, campgrounds, RV parks, and vacation rentals that are located in visitor serving zoned parts of the city.

Housing stock is critical and in very short supply in Morro Bay. STRs reduce the potential for full-time residents. Residents contribute significantly to the economy of Morro Bay. They utilize the shops and services of our local businesses daily throughout the year, not just sporadically like the STR users. Vacation rental businesses take the neighbor out of the neighborhood.

This ending statement by the Coastal Commission in their letter of 12/6/16 to Community Development Directors about STRs sums up a critical component. "Thus, in our view it is not an 'all or none' proposition. Rather, the Commission's obligation is to work with local governments to accommodate vacation rentals *in a way that respects local context.*" (emphasis added)  
That is what these proposals do.

Thank you for your time and I hope you will stand strong to focus on the needs and character of our community for our local residents.

Ric Deschler

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Morro Bay

# EXHIBIT D

**Scot Graham**

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**From:** Dana Swanson  
**Sent:** Wednesday, August 12, 2020 12:00 PM  
**To:** Scot Graham  
**Subject:** FW: Vacation rentals

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

From: Pat Reed [REDACTED]  
Sent: Wednesday, August 12, 2020 11:44 AM  
To: Susan Stewart <sstewart@morrobayca.gov>  
Cc: Jesse Barron <jbarron@morrobayca.gov>; Joseph Ingraffia <jingraffia@morrobayca.gov>; Michael Lucas <mlucas@morrobayca.gov>; Dana Swanson <dswanson@morrobayca.gov>  
Subject: Vacation rentals

Dear Planning Commission Members,

Having written many letters to both the city council and the planning commission over several years on the subject of vacation rentals, we are happy to see that there is a proposed ordinance before the planning commission. That said, and having been an alternate member of the ad hoc committee, there are two issues that were never completely agreed upon, and that in our opinion need to be changed.

The total cap on rentals, currently set at 250, is well beyond what a city the size of Morro Bay should have. As I remember the views of the ad hoc committee varied widely from 125 to 300. Throw out the high number of 300, and the low number of 125, the number of licenses should really be about 175, although a compromise of 200 would be acceptable.

The other issue is spacing, and given the complexity as specified in the proposed ordinance it would be a nightmare to administer, with the streets in Morro Bay curving and crossing other streets at angles. The better method is by radius spacing between vacation rentals of 200 feet, although 250 feet would definitely be our preference.

Our only other major argument is with the length of time it will take to reduce the current overloading of some neighborhoods. The ordinance states 3 years, but surely what needs to be accomplished could be done in 2 years from the date of enactment.

Please give your consideration to these proposals, and the many others that you will receive from the citizens of Morro Bay, keeping in mind that we are residents who live here year around. Thank you.

Sincerely,

Pat and Jim Reed  
[REDACTED]  
Morro Bay.

Sent from my iPad

## EXHIBIT D

Dear Commissioners,

As a community representative member of the ad hoc STRV committee, I am proud of much of the work that we achieved through consensus and compromise. However, I believe we were less than successful in some areas and I am asking that you as a member of the Planning Commission consider correcting these deficits.

With respect to the total number of vacation rentals there was strong disagreement concerning total capitation. A vote by less than majority decided on a residential cap of 250. This number would result in an immediate increase in the number of rentals being added from the those on the waiting list. I believe our citizens will be disappointed to find even more vacation rental businesses in their bedroom neighborhoods.

I ask you to consider reducing this total cap to 200, which is a number more representative of a compromise of the opposing viewpoints. Even this number is higher than most coastal California cities of our size.

The next item I ask for your consideration and review, is the spacing between vacation rentals. The committee and resultant ordinance in section 17.41.040 D cites a separation of three lots. It does not specify if these lots are on the same street, the street behind, or three lots front to back. Unless better defined, this method of spacing determination could lead to vacation rentals being as close as fifty feet. Please see the attached drawing.

I ask you to consider maintaining the present suggested spacing of 200-250 feet between vacation rentals. I believe this would be much easier for the city to determine and execute.

My last area of concern is for our citizens who are individually affected, by having two or three vacation rentals contiguous to their property. These citizens have had the quality of their home life significantly impacted in some cases.

The plan to correct this situation as outlined in the ordinance, will take up to four years before a nonconforming vacation rental is forced stop operation. I ask you to consider reducing this time period by some degree.

With our pandemic and its resultant affect on community gatherings, I fear that the feelings and opinions of of community members may be neglected. I believe it is our responsibility to act in their behalf.

Thank you for your consideration of my concerns and your continuing commitment to our city and its citizens.

Sincerely,

Patrick J Vaughan