# Staff Report

Meeting Date: March 21, 2023

To: Siskiyou County Board of Supervisors

From: Hailey Lang, Planning Director

Subject: Presentation and Discussion on Identified Policy Recommendations

## Background

At the February 21, 2023, Board of Supervisors meeting, staff presented on the Vacation Rental Analysis Report along with the identified policy recommendations in the report. The chair then opened up the public hearing and allowed for the public to present their thoughts on the matter. Members of the public were in support of the Planning Commission’s recommendations, which are to 1) remove the 2.5-acre minimum; 2) Implement a licensing and monitoring program, with inspections to occur every 3-years, for a fee to be determined by the Auditor; 3) Do not support the implementation of a $20 per night flat fee Lodger's Tax that would be paid by Vacation Rental guests to the Vacation Rental owner; and 4) Do not allow for a cap to be set of vacation rental permits to total units for all regions and allow for the market to determine the number of vacation rentals in any given region. The regions being categorized by United States census tract as follows: Dorris/Tulelake, Scott Valley, Yreka, Lake Shastina, Dunsmuir/Mt. Shasta, McCloud, and Happy Camp/Seiad Valley/Klamath River/Hornbrook.

The Board had a lengthy discussion regarding the policy recommendations and provided staff direction with what policy recommendations should be looked into further.

A summary below of the Supervisors’ thoughts on regulation of vacation rentals and housing as a larger issue within the County:

*Supervisor Valenzuela, District 2*

* We need ‘skin in the game’ to fund affordable housing.
* The $20 lodger’s fee is going to exacerbate what we are trying to do with vacation rental regulation, we could potentially have a fee around $5.
* Does not want to allow for vacation rentals in affordable neighborhoods.
* Supports the 2.5-acre minimum countywide and in Mt. Shasta Sphere of Influence (SOI).
* Inspections every 3 years seems adequate, fee could be lowered for properties in ‘good standing’.
* An option to fund affordable housing could be to pull 1% out of TOT.
* Supports the permit cap idea since it’s not a hard number and a moving target.
* We need to create some sort of offset for the housing lost to vacation rentals.

*Supervisor Kobseff, District 3*

* The driving force of vacation rentals is south Siskiyou County.
* Vacation rentals are a commercial endeavor and should be zoned that way.
* The 2.5-acre minimum was due to issues with the Shasta Holiday subdivision.
* RCRC has talked about vacation rentals in length, and this is an issue statewide.
* Lake Siskiyou has about 2,000 acres that can be developed to property owners for vacation rentals, similarly to developments in Bend and Sun River.
* There should be a regional emphasis placed on vacation rentals.
* Not open to Planning Commission’s recommendations.
* We should be looking at rezoning areas or regions to allow for this quasi-commercial use.
* Supports the inspection every 3 years concept.
* We should have permits that run with the property owner and not the land, such as a land-use entitlement.
* There is an issue with ‘out of area’ property owners buying up housing stock for vacation rental use, not primary residents of the county.
* Does not agree with the $20 lodger’s tax concept.
* Does not agree with ‘letting the market decide’, the market is already deciding.
* We need to be aware of the potential issue of an LLC buying up multiple properties and taking away housing for residents, which is going on statewide.

*Supervisor Ogren, District 4*

* Satisfied with Planning Commission’s recommendation.
* Vacation rentals and housing are two separate issues and should be treated as such.
* Siskiyou County is such a large county it’s impossible to do a ‘cookie cutter’ approach for the entire county.
* Vacation rentals are usually better taken care of than long-term rental properties.
* Vacation rental properties are also generational properties and have always been used seasonally.
* It does not make sense to increase fees to further regulate vacation rentals.
* We don’t have to eliminate vacation rentals; we need to deal with housing in a more reasonable manner.

*Supervisor Haupt, District 5*

* Has been encouraging vacation rentals in his district.
* Affordable housing for seasonable workers is the real issue in his district; vacation rentals are generally used for seasonal workers within his district.
* No major issues with Planning Commission’s recommendation.
* Supports exploring to either keep or remove 2.5 acre minimum.

**Policy Recommendations**

Due to the fact that Siskiyou County is a large county and there are varying interests and factors that affect different regions, staff is recommending splitting the county into geographic ‘zones’. The zones are as follows:

* Dunsmuir/Mount Shasta: The Dunsmuir/Mt. Shasta region includes Unincorporated areas surrounding Dunsmuir, Azalea, Unincorporated areas surrounding Mt. Shasta, and Upton along the I-5 corridor.
* McCloud: The McCloud region includes areas in and around McCloud.
* Scott Valley: The Scott Valley region includes Callahan, Scott Valley, Unincorporated areas surrounding Etna, Greenview, and Unincorporated areas surrounding Fort Jones along State Highway 3.
* Happy Camp/Seiad Valley/Klamath River/Hornbrook: The Happy Camp/Seiad Valley region includes the areas in and around Happy Camp and Seiad Valley along State Highway 96. The Klamath River/North Yreka region includes Klamath River and surrounding areas, and Hornbrook
* Weed/Lake Shastina: The Weed/Lake Shastina region includes the areas of unincorporated Weed and also the community of Lake Shastina.
* Yreka: The Yreka region includes unincorporated Yreka.
* Butte Valley: The Butte Valley Region includes the areas of unincorporated Dorris, Tulelake, and communities near Highway 97.

By splitting the County into zones, each zone could be tailored to meet specific needs of the region. For example, the needs of McCloud are much different than the needs of Scott Valley. Based on the feedback from the Board, the zones and their respective policies could look something like this:

District 1: Butte Valley (currently has 2 permitted vacation rentals in the region)

Butte Valley has not seen an increase in permitted vacation rentals. The region could benefit from a relaxed regulation of rentals due to a low number of vacation rentals in the area. This region is largely an agricultural community with no other major industries occurring. A laxer regulation would allow for additional economic benefit for residents within this region. The vacancy rate is only .15%.

* Remove the 2.5-acre parcel size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Do not set a cap on permitted vacation rentals based on vacancy rate.

District 1: McCloud (currently has 44 permitted vacation rentals in the region)

McCloud is a popular hub for vacation rentals within the County, which is likely due to the proximity of outdoor recreation activities and locations as well as proximity to Mount Shasta Ski Park. McCloud’s vacancy rate is at 4%, which is the highest of any region. Due to loss of housing stock with vacation rentals, the region could potentially benefit from tailored regulation due to its unique characteristics and needs compared to other regions, such as Butte Valley. McCloud accounts for approximately 29% of all vacation rental listings.

* Remove the 2.5-acre size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Set a cap on permitted vacation rentals based on vacancy rate.

District 2: Dunsmuir/Mount Shasta (currently has 72 permitted vacation rentals in the region).

Similarly, to McCloud, Dunsmuir and Mount Shasta is a popular hub for vacation rentals within the County, due to the proximity of outdoor recreation activities. The vacancy rate of this region is 1%. The Dunsmuir/Mount Shasta region accounts for 48% of all vacation rental listings.

* Maintain the 2.5-acre size minimum, including within the Mount Shasta Sphere of Influence (SOI).
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Set a cap on permitted vacation rentals based on vacancy rate.

District 3: Weed/Lake Shastina (currently has 5 permitted vacation rentals in the region)

The Weed and Lake Shastina region has a smaller number of permitted vacation rentals, but is still close to the same attractions as the McCloud and Dunsmuir/Mount Shasta regions. The vacancy rate of Weed/Lake Shasta is only at 0.29%.

* Maintain the 2.5-acre size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Set a cap on permitted vacation rentals based on vacancy rate.

District 4: Yreka (currently has 5 permitted vacation rentals in the region)

The Yreka region surrounds the City of Yreka, the largest city in the County and the County seat. Due it’s population, there are a number of services and industries within the city. Although there are more services than in any other regions in the County, there are very little permitted vacation rentals in this region. This is probably in part because most of the housing is utilized for workers within the County due to the proximity of jobs.

* Remove the 2.5-acre parcel size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Do not set a cap on permitted vacation rentals based on vacancy rate.

District 5: Happy Camp/Seiad Valley/Klamath River/Hornbrook (currently has 15 permitted vacation rentals in the region)

The Happy Camp, Seiad Valley, Klamath River, and north Yreka region is largely sparsely populated and low-income with many older residents. Given the fact that this region is not a hotspot for vacation rentals, it may make sense to relax the regulation of vacation rentals, to provide residents with more economic opportunity. The vacancy rate for this region is 1.03%.

* Remove the 2.5-acre parcel size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Do not set a cap on permitted vacation rentals based on vacancy rate.

District 5: Scott Valley (currently has 13 permitted vacation rentals in the region)

The Scott Valley region is primarily an agricultural community with access to outdoor recreation. The vacancy rate is 0.49% Scott Valley could potentially benefit from relaxed regulation of vacation rentals.

* Remove the 2.5-acre parcel size minimum.
* Obtain a Conditional Use Permit (CUP) to an Activity/Operational Permit.
* Inspect vacation rentals on a 3-year basis by a fee to be determined by the Auditor.
* Do not set a cap on permitted vacation rentals based on vacancy rate.

In summary, the regions and their personalized policy recommendations are as follows:

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| **Policy Matrix: Vacation Rental Policy Recommendations** |
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| *Region* | *2.5-acre minimum* | *CUP or Activity Permit* | *Inspection* | *Must live in home for 2 years* | *Cap on Permits\** |  |
| Butte Valley | No | Activity Permit | Every 3 years | - | No |  |
| McCloud | No | Activity Permit | Every 3 years | - | 10% |  |
| Dunsmuir/Mount Shasta | Yes | Activity Permit | Every 3 years | - | 5% |  |
| Weed/Lake Shastina | Yes | Activity Permit | Every 3 years | - | 5% |  |
| Yreka | No | Activity Permit | Every 3 years | - | No |  |
| Happy Camp/Seiad Valley Klamath River/North Yreka | No | Activity Permit | Every 3 years | - | No |  |
| Scott Valley | No | Activity Permit | Every 3 years | - | No |  |

\*Vacancy rate caps will be reviewed every 5 years

Additionally, the County could potentially split up the regions into two zones: 1) North County, which includes Butte Valley, Yreka, Happy Camp/Seiad Valley, Klamath River/Hornbrook, and Scott Valley; and 2) South County, which includes McCloud, Dunsmuir/Mount Shasta, and Weed/Lake Shastina.

One concern communicated from the Board, specifically for South County, is that many ‘out of area’ residents are purchasing homes as investment properties and then renting the homes out as vacation rentals. One option to ensure that primary residents capitalize on vacation rental opportunities is to require that a property owner live in the home for two years prior to renting it out as a vacation rental, which is reflected in the matrix above.

It was also the request of the Board to obtain the calls from the Sheriff’s Department related to vacation rental complaints. Staff has submitted a Public Records Act (PRA) request to the Sheriff’s Department and is awaiting results from that request.

## Environmental Review

The policy recommendations are exempt from the California Environmental Quality Act (“CEQA”) pursuant to Section 15061(b)(3) because it can be seen with certainty that there is no possibility of a significant effect on the environment from policy considerations only, where no action will be taken at this time and where it can be seen with certainty that there is no possibility that the activity in question may have a significant effect on the environment, the activity is not subject to CEQA. In addition, staff further finds that these recommendations are categorically exempt from further review under CEQA Class 8 Categorical Exemption, 14 CCR § 15308, (regulatory activity to assure protection of the environment).

## Public Comment

Since the February 21, 2023, meeting, no additional public comment has been received.

## Attachments

1. BOS Staff Report Package February 21, 2023