# Staff Report

Meeting Date: February 21, 2023

To: Siskiyou County Board of Supervisors

From: Hailey Lang, Planning Director

Subject: Presentation of the Vacation Rental Analysis Report and Discussion on Identified Policy Recommendations

## Background

Siskiyou County has experienced an increasing demand for vacation homes, and a growing number of property owners have sought to fulfill this demand by converting structures from primary residences to short-term rentals over the last few years. At the same time, it has become increasingly challenging over this period for people who live and work in Siskiyou County to find and afford housing, particularly people who work in the service and tourism industries. County residents and policy makers have observed that the increase in demand for Vacation Rentals has coincided with limited availability of residential units and very low vacancy rates. This is confirmed by nationwide studies that show that neighborhoods with the greatest concentrations of Vacation Rentals have the most dramatic impacts on housing prices and availability.

*In this report, “Vacation Rentals” are defined as “a single or two-family dwelling which is rented for periods of not more than 30 consecutive days to transient occupants.”* This is consistent with the definition in the Siskiyou County Code (Section 10-6.3602.194).

Beyond the impacts on the housing market, other neighborhood concerns with short-term rentals may include protection of neighborhood character, commercialization of residential districts, security and safety, impacts to neighborhood cohesion due to an increase in the transient population, limited regulation and enforcement to ensure public health and safety, and unfair competition with hotels and bed and breakfasts.

The purpose of this report is to:

1. Analyze the current Vacation Rental market in relation to the overall long-term rental market in Unincorporated Siskiyou County;
2. Review Siskiyou County’s current Vacation Rental ordinance;
3. Review best practices for the regulation of Vacation Rentals; and
4. Recommend revisions to Siskiyou County’s current Vacation Rental ordinance.

Staff intends for this item to be discussed over two meetings. The intent of this first meeting is for staff to provide the Board the Vacation Rental Analysis Report, which was prepared by consultant, Housing Tools, as well as discuss the policy recommendations identified in the report. The intent of the second meeting will be for staff to come back with finalized policy recommendations for the Board to consider and vote on.

## Discussion

Siskiyou County Code regulates the conversion of dwellings to Vacation Rentals. The County Code defines “Vacation rentals” in Section 10-6.3602.194 as “single or two-family dwelling which is rented for periods of not more than 30 consecutive days to transient occupants”. Section 10-6.1502(h) establishes the conditions and standards under which vacation rentals may be allowed. Below is a summary of key provisions of the vacation rentals conditions and standards.

* Parcel must be 2.5 acres or larger (effective as of September 1, 2021).
* Occupancy limited to a maximum of 10 persons.
* Maximum rental period for each occupancy is 30 consecutive days.
* One off-street parking space must be provided, plus one additional space for each bedroom.
* Must be managed by a County resident or a professional management firm located in Siskiyou County, with 24-hour availability.

Vacation rentals must also meet certain code and inspections standards, such as Uniform Housing Code, state and local regulations governing water and sewage disposal, and Health and Building Department inspections. Applicants must apply for a use permit to operate a vacation rental, and the application is reviewed by various County Divisions as well as the Planning Commission.

Informed by a review of best practices and case studies, the following types of potential policies for regulating Vacation Rentals were explored, including an assessment of the pros and cons of each with respect to Siskiyou County’s circumstances:

* Caps on permits, including:
	+ The total number of permits; and
	+ The location of permits, such as areas with high concentrations of Vacation Rentals.
* Tax options that would fund affordable housing production, including:
	+ Dedication of a portion of the Transient Occupancy Tax;[[1]](#footnote-1)
	+ A one-time impact fee charged at the time a use permit is issued; and
	+ A Lodger’s Tax assessed as a per night charge to Vacation Rental guests.[[2]](#footnote-2)

Based on an analysis of rental market data and a review of regulatory best practices, the following policies may be recommended for implementation by Siskiyou County:

1. Remove the requirement that Vacation Rentals must be located on properties that are 2.5 acres or larger in size.
2. Freeze the issuing of new Vacation Rental permits if the number of current Vacation Rental permits is more than two times the estimated number of rental vacancies in Unincorporated Siskiyou County at the end of the previous calendar year.
3. Place a moratorium on issuing new Vacation Rental permits in the Unincorporated areas around Dunsmuir and Mount Shasta, and in McCloud. The market dynamics in this region could be monitored annually to determine whether the moratorium should be lifted.
4. Implement a licensing and monitoring program, funded by an annual fee of around $500 to renew a Vacation Rental license. The monitoring program would include an annual inspection of the property by County staff.
5. Implement a $20 per night flat fee Lodger’s Tax that would be paid by Vacation Rental guests to the Vacation Rental owner. This generated revenue would fund the development of affordable rental housing in the Unincorporated County.

Planning Commission meeting, September 21, 2022

During the September 2022 planning commission meeting, James Coles, Principal at Housing Tools, presented the vacation rental analysis report that his team had prepared. Among the topics discussed included existing conditions of vacation rentals, comparison of vacation rental and rental market prices and availability, the Siskiyou County vacation rental ordinance, permitting, case studies, and policy recommendation options.

The Planning Commission agreed that private property owners should have more flexibility with what they are able to do with their property, including the option to rent out their home for short-term instead of long-term. The Commission had concerns about not allowing property owners to provide short-term rentals, due to a number of issues, such as unable to quickly evict a long-term renter should there be problems with the tenant(s). The Commission also recognized that private property owners are able to make more money with their property renting out short-term vs. long-term, and there are less costs associated with short-term renting since there usually isn’t high maintenance costs.

While the Commission acknowledged that the option of short-term renting should be available to private property owners throughout the County, there is a high concentration of short-term rentals in communities such as McCloud, Mount Shasta, and Weed, which affects the rental market and the availability of housing stock. Additionally, the Commission acknowledged that short-term rentals should be monitored by the County, and annual monitoring of those permitted short-term rentals should take place, in order to ensure health and safety standards, as well as deal with any complaints or violation issues. They were also open to a potential ‘lodger’s tax’ that could be used to offsite the impacts that short-term rentals have on the housing stock within the County.

Planning Commission meeting, October 19, 2022

The Commission had a few requests of Planning staff, including:

* **How many evictions have occurred in recent years?**

The Court has had approximately 1,776 eviction proceedings filed over the last 5 fiscal years.

511        2017-2018

447        2018-2019

282        2019-2020

228        2020-2021

308        2021-2022

* **The TOT generated from vacation rentals.**

For the 2021-2022 tax year, the amount collected for TOT from short-term rentals (vacation rentals) was $386,020.59.

* **The cost of annually monitoring vacation rentals.**

Potential fee: $500 annually

The fee includes the following tasks/activities:

 Annual monitoring (confirming conditions of approval are being met, site inspections to ensure health and safety standards, and confirming all County Code requirements are being met).

 One site visit/inspection (additional inspections would require the applicant to pay an additional fee).

Planning Commission meeting, December 21, 2022

The Commission had an additional request of Planning staff for discussion:

* **The ratio of vacation rental listings by geographic area.**

Housing Tools pulled total units (occupied and vacant) by census tract data from the 2016-2020 US Census American Community Survey. The total unit counts include all of the census tract, including incorporated areas. In order to compare this data to the Short-Term Rental Analysis, Housing Tools aligned the regions in which they categorized the vacation rentals with the census tracts, as shown in the first two rows. There were not any vacation rental listings within CT 3, and CTs 7.01, 7.02, 7.03 were not used because they align with incorporated Yreka where we did not include vacation rentals in the study. Happy Camp/Seiad Valley and Klamath River/Hornbrook regions were combined because they are all within CT 13.

The percentage of vacation rental listings to total units for all regions except McCloud is about 1% or less. For Happy Camp/Seiad Valley/Klamath River/Hornbrook it is just over 1%, but this is a very large area that could not be further divided because it is all within CT 13. The ratio for McCloud is much higher than the rest, at just under 4%.

Planning Commission meeting, January 23, 2023

Furthermore, the Commission requested that staff look at short-term rental caps of other counties in California, particularly counties of similar demographic and population size. Staff found that short-term rental policies vary widely by County and are personalized and tailored to the County’s needs and wants. Due to the wide range of policies, staff extended research into larger California counties. A summary of information on caps from California Counties below:

**Mono County:**

On May 3, 2022, the Mono County Board of Supervisors approved an urgency ordinance temporarily suspending County permitting of new nightly rental operations (rentals less than 30 days, including home exchanges) on all single-family residential units regardless of land use designation. New nightly rental operations (including home exchanges) of multi-family units may continue to be processed as Use Permits, per direction given by the Board of Supervisors. Existing approvals continue to operate under annual renewal procedures.

On June 14, 2022, the Mono County Board of Supervisors extended the moratorium for up to 22 months and 15 days, meaning that the extension will run through April 29, 2024. The Board may rescind the moratorium any time prior to its expiration date and a review will occur on December 13, 2022, or sooner to determine whether it should be continued or terminated.

* Mono County allows for owner-occupied and non-owner-occupied rentals, dependent upon the region.
* Long Valley only allows for owner-occupied rentals and there is no cap.
* Swall Meadows and Mono City do not allow for any rentals.
* Mono Basin, Bridgeport Valley, and Antelope Valley allow for both owner and non-owner-occupied rentals and there is no cap.
* June Lake, the Upper Clark Tract area, allows for only 8 owner-occupied rentals during the summer season.
* June Lake, Petersen and Williams Tracts, do not allow for any rentals.
* June Lake, Hwy 158 Hillside, only allows for owner-occupied rentals and there is no cap.
* June Lake, Highlands, will allow for rentals once a Specific Plan Amendment is approved.

**Nevada County**

Nevada County prohibits short-term rentals within Accessory Dwelling Units (ADUs), with the following exceptions:

* Short-term rentals (less than 30-days) are allowed on properties that qualify for agritourism activities as allowed by Land Use and Development Code Section L-II 3.3 and verified by the County Agricultural Commissioner.
* Short-term rentals (less than 30-days) are allowed on properties that are within the Soda Springs Rural Center as defined of the County General Plan Land Use Maps.
* Renting an ADU within the Truckee Sphere of Influence for either a short- or long-term basis are subject to the same rental standards as established in the Town of Truckee Zoning Ordinance.

**Alpine County**

Alpine County does not allow for short-term rentals on the East Slope of Alpine region (Markleeville, Woodfords, and Mesa Vista). Short-term rentals are allowed in Kirkwood and Bear Valley regions, and there are no caps.

**Inyo County**

Inyo County only allows for short-term rentals on properties zoned open space (OS); rural residential (RR); rural residential Starlite; one-family residential (R1); single residence mobile home combined (RMH), and multiple residential two-units (R2) subject to the following requirements and limitations:

* Only 2 hosted rentals per parcel permitted, except in R2 zone (shall only be permitted in a dwelling unit that is concurrently occupied by a primary resident).

**Placer County**

* Effective March 31, 2022, the total number of residential short-term rental unit permits issued shall be capped at 3,900 (“overall cap inventory”). Hotels, motels, condo-hotels and timeshares are not subject to this ordinance and therefore not subject to this cap.
* Owner-occupied property with a STR unit in good standing and a current TOT certificate is exempt from the cap.
* Tahoe Area: The new ordinance would cap the number of short-term rentals in eastern Placer County, permitting about 25% of current housing stock on Tahoe’s North Shore and West Shore, from Kings Beach to Homewood, and Olympic Valley and Northstar, to operate as short-term rental.

**Sonoma County**

* Sonoma County recently amended their vacation rental ordinance to establish a 5% cap for areas of concentration.

**Monterey County**

* Monterey County recently updated their ordinance to place a cap on the number of permitted commercial short-term rentals (Airbnb) to 6% of single-family dwellings.

**Sierra County**

By unanimous decision, Sierra County will have an updated short-term rental housing ordinance at the start of the new year. The countywide law, which excludes the City of Loyalton, will require property owners to have owned the proposed rental home for two years before getting a short-term rental permit. The purpose of this is to free up available housing for locals and new hires and not act as a deterrent to establishing permanent residents throughout the county.

* Permits will carry a term of 3 years, expiring on December 31st of that 3rd year.

**El Dorado County**

* There is a 900-permit cap in the Tahoe area.

Staff researched zoning ordinances in Modoc, Trinity, Mariposa, Plumas, Colusa, Del Norte, Glenn, Lassen, Amador, Calaveras, Tuolumne, Tehama, San Benito, Lake, Yuba, Mendocino, Sutter, Humboldt, and Shasta counties and did not find any cap restrictions to their short-term rentals.

## 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

There have been three public comments that were submitted to the Planning Commission for their review. The public comments received thus far are included in this staff report package. As a general summary, the comments received have been in opposition mostly to the $20 lodger’s tax fee and the $500 monitoring fee.

## Attachments

1. Vacation Rental Analysis Report
2. Vacation Rental Ratio Table
3. Public Comments
4. Planning Commission January 2023 Signed Resolution
1. It was enquired at the September Planning Commission meeting if the TOT tax required a vote. State law does require that the tax must be submitted to the voters. If the TOT will address general government purposes, then it must be approved by a majority of the voters. If the TOT will be imposed for specific purposes, including being imposed for specific purposes but placed into a general fund, the proposed TOT must be approved by a 2/3rds vote. See Cal. Const. Art. XIIIC § 1. [↑](#footnote-ref-1)
2. Whether the “Lodger’s Tax” is actually a fee or a tax would determine whether it needed to go to the voters. Under Cal. Const. Art. XIIIC, §1(e), a levy or charge is not a tax if it falls within one of the seven listed exceptions. One exception, for instance, is a charge imposed for the “reasonable regulatory costs to a local government for issuing licenses and permits, performing investigations, inspections, and audits… and the administrative enforcement and adjudication thereof.” If in fact the Lodger’s Tax is to be used for the development of affordable rental housing, then it is likely a tax and subject to approval by election. [↑](#footnote-ref-2)