

TOWN OF LOS ALTOS HILLS
Staff Report to the Planning Commission

AUGUST 3, 2017

SUBJECT: INTRODUCTION OF AN AMENDMENT TO CHAPTER 10 OF THE MUNICIPAL CODE (ZONING) TO ADOPT SHORT TERM RENTAL REGULATIONS WITHIN RESIDENTIAL ZONES. FILE # 117-17-MISC

FROM: Marni Moseley, AICP, Senior Planner *MM*

APPROVED: Suzanne Avila, Planning Director *SA*

RECOMMENDATION: That the Planning Commission:

Review the draft short-term rental ordinance (Attachment 1), accept public comment, and forward a recommendation to the City Council.

BACKGROUND:

The City Council discussed concerns regarding short term rentals and whether to pursue collection of Transient Oriented Tax (TOT) on July 20, 2016 and October 20, 2016. A Town Hall/Special City Council meeting was held on March 23, 2017 to discuss and take comments from the public on the issue. A follow up to this meeting was provided at the April 20, 2017 City Council meeting where the Council directed staff to draft an ordinance to regulate short term rentals in Town. Sample ordinances and staff feedback have been provided to both the Planning Commission and the City Council in recent months. Staff has drafted an ordinance to best encompass the feedback received so far.

DISCUSSION:

Based on the limited feedback that staff has received on this matter, the draft ordinance was prepared to address regulation of short-term rentals and enforcement of this the ordinance. Some areas that the Commission may want to discuss are:

- **Length of permit term and renewal requirements:** the ordinance includes a one-time permit application and the requirement for an annual business license to maintain current contact information. Any change to the permit conditions would require a new permit review.
- **Maximum number of rental nights:** the draft ordinance does not currently include a maximum number of nights. The enforcement of a restriction like this could be problematic due to the difficulty of verifying where short term rentals exist and how many nights they are being rented. Most rentals are listed on multiple rental sites and when a unit is listed as unavailable it does not necessarily mean the unit is rented. The requirement of the owner/host to reside on-site throughout the rental period is expected to discourage the commercial motel type uses.

- **Director approval:** the draft ordinance appoints the Planning Director as the approving body. This would make the decision of the Planning Director appealable to the Planning Commission. The Commission should provide direction on the approval process and whether that should include a noticed public hearing or a courtesy notice to adjacent neighbors. The more complicated the review process the higher the application fees would need to be to cover the associated costs of review.
- **Penalties and/or fines for non-compliance:** If additional fines or enforcement measures for repetitive nuisance violations are necessary they should be included in the ordinance.

ATTACHMENTS:

1. Draft short-term rental ordinance

ORDINANCE _____

AN ORDINANCE OF THE TOWN OF LOS ALTOS HILLS AMENDING SECTION 10-1.702 AND ADDING SECTIONS 10-1.1202 THROUGH 10-1.1208 TO THE LOS ALTOS HILLS MUNICIPAL CODE PERTAINING TO SHORT-TERM RENTAL REGULATIONS WITHIN RESIDENTIAL ZONES

WHEREAS, the City Council of the Town of Los Altos Hills (“Town”) wishes to amend the Municipal Code with regard to regulation of short-term rentals in Town and establish regulatory and enforcement guidelines.

NOW, THEREFORE, the City Council of the Town of Los Altos Hills does **ORDAIN** as follows:

Section 1. AMENDMENTS

The following sections are hereby added to Title 10, Chapter 1 (“Zoning”) of the Los Altos Hills Municipal Code to read as follows. Sections and subsections that are not amended by this ordinance are not included below, and shall remain in full force and effect.

Article 7. Accessory uses and structures permitted (R-A). is hereby amended:

10-1.702 Accessory uses and structures permitted (R-A).

.....

- (r) One short-term rental unit operated pursuant to a valid short-term rental permit and maintained pursuant to the requirements of Article 12 of this chapter.

.....

Article 12. Short-term Rental of Residential Property is hereby added:

10-1.1201 Purpose and intent.

The purpose of this chapter is to establish regulations governing the short-term rental of residential property within the Town of Los Altos Hills. The establishment of these regulations will provide for additional residential options while ensuring that short-term rental activities do not become a nuisance or a threat to public health, safety, or welfare due to excessive noise, disorderly conduct, overcrowding, traffic congestion, illegal parking, refuse accumulation, and other effects related to short-term rentals.

10-1.1202 Definitions.

For purposes of this chapter, the following definitions apply:

(a) “Host” means the person, as identified on an application for a short-term rental permit submitted pursuant to this chapter, responsible for the application, operation, and maintenance of the short-term rental unit and related occupant activities.

(b) “To reside on-site” means that the property being used for short-term rentals is the host’s primary residence and the host uses the property for purposes of eating, sleeping, and other daily living activities during the time periods that short-term renters occupy the rental premises.

(c) “Short-term rental” means to provide transient lodging use in exchange for compensation in any dwelling unit, in whole or in part, on residential property for a period of thirty (30) consecutive calendar days or less.

10-1.1203 Short-term rentals prohibited.

No person shall use or maintain, nor shall any person authorize, aid, facilitate or advertise the use of, any residential property on any parcel for short-term rental without a short-term rental permit approved pursuant to this chapter.

10-1.1204 General requirements.

Short-term rentals permitted on residential property shall be subject to following restrictions and requirements:

(a) A valid short-term rental permit must in effect as approved by the Town of Los Altos Hills for the residential property upon which the short-term rental unit is located and operated.

(b) The host applicant must maintain a valid business license pursuant to the requirements of Title 3, Chapter 1 (“Business Licenses”) of the Municipal Code, with current contact information.

(c) A maximum of one (1) short term rental unit is permitted per residential property.

(d) A maximum of two (2) adult renters per bedroom are permitted for overnight stays. This limit does not include minor children who are accompanied by an adult.

(e) Rental to unaccompanied minor(s) under the age of eighteen (18) is prohibited.

(f) The host shall reside on-site throughout the renter’s stay. Renters may stay in an accessory dwelling unit on the residential property if the host resides in the primary dwelling unit and vice versa.

(g) The host shall comply with all conditions imposed upon and associated with the short-term rental permit, and shall comply with all applicable local, state, and federal laws, including but not limited to state and local health, safety, fire, and building codes.

(h) The host must provide all renters with facilities for sleeping, bathing, and toileting within a permanent dwelling that is suitable for human occupancy. Rental of sleeping space in or on balconies, porches, tents, sheds, vehicles, garages or outdoor areas is prohibited.

(i) Short-term rentals shall not be used for parties, large gatherings, and/or any other similar events having the potential to cause traffic, parking, noise or other problems in the neighborhood.

(j) The host is responsible for ensuring the property does not become a nuisance due to any short-term rental occupant activities. Upon receiving notification that occupants or tenants of his or her short-term rental unit have created unreasonable noise or disturbances, engaged in disorderly conduct or committed violations of the Municipal Code or applicable law pertaining to noise, disorderly conduct, overcrowding, the consumption of alcohol or the use of illegal drugs, the host shall respond in a reasonably timely manner and use his or her best efforts to prevent the recurrence of such conduct by the occupants and to take corrective action to address any violation.

(k) Sufficient parking must be provided on-site for use by short-term rental occupants. The number of spaces may be in proportion to the maximum number of renters permitted and will be determined at the time of permit review. No overnight street parking is permitted pursuant to Municipal Code section 4-3.1006.

10-1.1205 Approval required.

No short-term permit shall be approved by the Planning Director without full compliance with the provisions of this chapter.

(a) The application for approval of a short-term rental shall include the following:

(1) Name, address and contact information of the owner of the residential property where the short-term rental unit will be operated. In the event that the applicant is not the legal owner of the property, the application must contain the signature of the property owner consenting to the use of the property for short-term rentals.

(2) Existing site plan and floor plan documenting the area for short term rental use, rental parking spaces, and host accommodations.

(3) Any additional information or supporting materials to describe existing property conditions and the proposed operations as required by the Planning Director.

(4) The host or owner of the residential property shall post "house rules" within each guest bedroom. The house policies shall be included on any online rental sites where the short-term rental unit is advertised and shall be included in the rental agreement, which must be signed by the renter and shall be enforced by the host or the owner. The house policies at a minimum shall include the following provisions:

- i. Quiet hours shall be maintained from 10 p.m. to 7 a.m., during which noise within or outside the short-term rental dwelling shall not disturb anyone on a neighboring property.

- ii. Amplified sound that is audible beyond the property boundaries of the short-term rental dwelling is prohibited.
- iii. Except as permitted by the Planning Director, vehicles shall be parked in the designated on-site parking area and shall not be parked on the street overnight.
- iv. Parties or group gatherings which exceed the maximum number of allowed guests and/or which have the potential to cause traffic, parking, noise or other problems in the neighborhood are prohibited from occurring at the short-term rental property, as a component of short-term rental activities.

Any additions or modifications to the house rules above must be approved by the Planning Director in advance of adoption and posted within the short-term rental unit/room in addition to any online rental sites where the short-term rental is advertised.

(b) The Planning Director shall not approve the short-term rental application unless he or she finds that such use of the residential property is in compliance with the requirements of this chapter and other applicable law.

(c) Any person whose application for a short-term rental permit approval has been denied by the Planning Director may appeal to the Planning Commission in writing pursuant to Section 10-1.1002 of the Municipal Code.

10-1.1206 Renewals

(a) At least thirty (30) days prior to the expiration of a current short-term rental permit, the permit holder shall submit a short-term rental permit renewal application and pay applicable fees.

(b) The Planning Department shall review the renewal application as follows:

(1) Confirm the applicant's business license is current and in compliance with the requirements under Title 3, Chapter 1 ("Business Licenses") of the Municipal Code;

(2) Review any complaints regarding nuisance or disturbance made against the short-term rental unit or occupant activities filed over the past year;

(3) Confirm compliance with the requirements of this chapter and any applicable local and state laws.

(c) The Planning Director may approve renewals for short-term rental permits that are in good standing and in compliance with the requirements of this chapter. The Planning Director may also deny the renewal if the applicant has violated any provision of this chapter.

(d) Any person whose application for a short-term rental permit renewal has been denied by the Planning Director may appeal to the Planning Commission in writing pursuant to Section 10-1.1002 of the Municipal Code.

10-1.1207 Revocation or modification of permit.

The permit of short-term rental may be revoked or modified by the Planning Director as follows:

(a) Notice and Hearing. A Notice of Intent to Revoke or Modify shall be delivered to the host at the address specified on the approval application. The notice shall state the reasons for the intended revocation or modification and shall designate a time and place for an administrative hearing. The administrative hearing shall be conducted by the Planning Director no sooner than the sixth business day following the delivery date of the notice. The host shall be given the opportunity to present written and oral evidence at the hearing. Failure to appear at the hearing shall constitute a waiver of any objections to the proposed revocation or modification. At least thirty (30) days prior to the expiration of a current short-term rental permit, the permit holder shall submit a short-term rental permit renewal application and pay applicable fees.

(b) Modification. Following the hearing, the Planning Director may modify the conditions of approval if the Director finds that additions or modifications to the conditions of approval required for the current permit will correct the violation that form the basis for the modification.

(c) Revocation. Following the hearing, the Planning Director may revoke the permit if one or more of the following findings can be made:

(1) The approval was obtained by fraud;

(2) The short-term rental activity conducted pursuant to the current permit has been or is being conducted in violation of any provision of this chapter;

(3) There has been a violation of any of the terms, conditions and restrictions on the use of the dwelling unit for short-term rental use;

(4) The short-term rental activity constitutes a public nuisance.

(d) Notice of Decision. A written notice of the Director's decision shall be prepared and delivered to the host at the address specified on the application for approval. If the approval is revoked, the notice shall contain a statement directing the host to immediately cease using the property for short-term rental, and that failure to cease such use may be subject to further legal action or enforcement.

(e) Appeal. The decision of the Planning Director may be appeal to the Planning Commission in writing pursuant to Section 10-1.1002 of the Municipal Code.

10-1.1208 Fees.

The City Council may establish and set by resolution all fees and charges as may be necessary to effectuate the purpose of this chapter.

10-1.1209 Violations a public nuisance—Penalties, nuisance abatement, and other remedies.

Any short-term rental operated, conducted, or maintained contrary to the provisions of this chapter shall be, and the same is hereby declared to be, unlawful and a public nuisance

which the City may seek to abate, remove, and enjoin in any manner provided by law. Such remedies shall be in addition to any other remedies available to the City under this chapter or applicable local or state law.

SECTION II. SEVERABILITY.

If any provision of this ordinance or the application thereof to any person or circumstance is held invalid or unconstitutional, the remainder of this ordinance, including the application of such part or provision to other persons or circumstances shall not be affected thereby and shall continue in full force and effect. To this end, provisions of this ordinance are severable. The City Council of the Town of Los Altos Hills hereby declares that it would have passed each section, subsection, subdivision, paragraph, sentence, clause, or phrase hereof irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses, or phrases be held unconstitutional, invalid, or unenforceable.

SECTION IV. EFFECTIVE DATE AND PUBLICATION.

This ordinance shall take effect thirty (30) days after adoption. Within fifteen days after the passage of this ordinance the City Clerk shall cause this ordinance or a summary thereof to be published once, with the names of those City Councilmembers voting for or against it in a newspaper of general circulation in the Town of Los Altos Hills, as required by law.

INTRODUCED:

PASSED:

AYES:

NOES:

ABSTENTIONS:

ABSENT:

BY: _____
Mayor

ATTEST:

City Clerk

APPROVED AS TO FORM:

City Attorney

2840788.1

