



SUMMARY REPORT

Agenda Date: 4/30/2024

To: Sonoma County Board of Supervisors

Department or Agency Name(s): Permit and Resource Management Department

Staff Name and Phone Number: Doug Bush (707) 565-5276

Vote Requirement: Majority

Supervisorial District(s): Countywide

Title:

2:15 P.M. Vacation Rental Program Status Update and Introduction of Ordinance Amending Civil Penalties

Recommended Action:

Hold a public hearing to:

- A) Receive an informational update on the implementation of the Vacation Rental Program, and
- B) Adopt a Resolution introducing, reading the title of, and waiving further reading of an Ordinance amending Sonoma County Code Section 1-7.1 to modify civil penalties for unpermitted and unlicensed Vacation Rentals and find the ordinance does not constitute a project under CEQA or is otherwise exempt under Guidelines Section 15061(b)(3).

Executive Summary:

The Board of Supervisors adopted Ordinances 6423 and 6427 in 2023, updating the Vacation Rental Program and establishing the county’s first vacation rental license program. Permit Sonoma is returning to provide a status update on program implementation regarding exclusion and cap zones, license issuance, Vacation Rental regulation in the Coastal Zone, and information regarding enforcement. Permit Sonoma is also introducing an ordinance for the Board’s consideration to establish a range of civil penalties for unpermitted or unlicensed Vacation Rentals based on the facts of the case instead of a set civil penalty.

Discussion:

Background

Date Adopted	Ordinance	Summary
11/9/2010	5908	Established first Vacation Rental Ordinance with requirement to sunset Vacation Rentals in the Land Intensive Agriculture Zoning District.
4/15/2014	6063	Established limited time extension for Vacation Rentals in the Land Intensive Agricultural Zoning District as an economic stimulus measure.

3/15/2016	6145	Updated Vacation Rental regulations and performance standards, special use standards for hosted rentals and bed and breakfast inns and created the Vacation Rental Exclusion ("X") Combining District.
8/2/2022	6386	Vacation Rental Zoning Code Amendment to enhance clarity and accommodate a new Vacation Rental (business) license requirement.
4/24/2023	6423	Applied the X Zone to certain parcels in the 1 <sup>st</sup> , 4 <sup>th</sup> , and 5 <sup>th</sup> Supervisorial Districts.
4/24/2023	6427	Revised Vacation Rental performance standards and required Vacation Rental licenses.
9/26/2023	N/A	Vacation Rental regulations were adopted for the Coastal Zone.
4/30/2024	N/A	The Board considers revising civil penalties for unpermitted Vacation Rentals

Ordinance 6386 was adopted on August 2, 2022, implementing updates to the Vacation Rental Ordinance, including:

- Prohibiting new Vacation Rentals in R-1 zoned (low-density residential) areas,
- Allowing for caps to be placed on Vacation Rentals in areas of concentration, and
- Simplifying the zoning ordinance to accommodate a Vacation Rental License ordinance.

On August 2, 2022, the Board of Supervisors directed Permit Sonoma to identify areas where higher than average concentration of Vacation Rentals may impact public safety, neighborhood character, or preservation of housing stock. On March 16, 2023, the Planning Commission held a public meeting, considered areas identified for applying the X Vacation Rental Exclusion and Cap Combining District, and recommended that the Board of Supervisors apply the X Vacation Rental Exclusion and Cap Combining District to specific areas. On April 24, 2023, the Board of Supervisors adopted Ordinance 6423, amending and applying the "X Vacation Rental Exclusion and Cap Combining District" to certain parcels in the 1<sup>st</sup>, 4<sup>th</sup>, and 5<sup>th</sup> Supervisorial Districts to limit or prohibit Vacation Rentals.

On April 24, 2023, the Board of Supervisors adopted Ordinance 6427, which refined Vacation Rental performance standards and required licenses for existing and proposed Vacation Rentals to help address health, safety, and quality of life issues. Performance standards include:

- Maximum occupancy is determined by the number of bedrooms, and in no circumstance may a rental exceed 12 guests.
- New noise limits for daytime and nighttime, all outdoor amplified music prohibited.

- Stricter parking requirements.
- Neighbor notification when licenses are issued or renewed.
- Written evacuation instructions for guests.
- Prohibition on outdoor burning and requiring defensible space maintenance.

The ordinance also addressed enforcement and complaint processes:

- Penalties increased for violations and property manager response times must be faster.
- Property managers must resolve issues within one hour, or 30 minutes during quiet hours (10 p.m. to 7 a.m.).
- Permit Sonoma continues to run a 24/7 hotline for Vacation Rental complaints to improve enforcement: (707) 875-6619.

**Implementation Summary**

Cap and Exclusion Zone Status

There are over 25 areas subject to Vacation Rental exclusion zoning, as well as 11 areas subject to cap limits. Since the County added new cap areas in 2023, several residents have contacted Permit Sonoma to ask how their neighborhood can also be rezoned to prohibit or limit Vacation Rentals.

All cap areas, with the exception of Rio Dell, currently exceed the 5% concentration allowed by zoning, due to pre-existing Vacation Rentals. No new Vacation Rentals will be approved in these areas unless sufficient capacity becomes available. The number of Vacation Rentals will decrease over time, as changes in ownership phase out non-transferrable permits, or as operators voluntarily request to terminate their permit. Applicants for new Vacation Rentals in these areas are now put on a waiting list, with no guarantee of future permit issuance.

<b>Cap Area</b>	<b>Cap</b>	<b>Current Concentration</b>
Austin Creek	5%	14%
Hacienda	5%	8%
Monte Rio	5%	13%
Northwood	5%	15%
Rio Dell	5%	4%
Summerhome Park	5%	8%
Terraces and Villa Grande	5%	13%
Hughes Chicken Colony	5%	17%
Fitch Mountain	5%	8%
Norton Rd	5%	15%
Chiquita Rd	5%	17%

Permit Sonoma provides a standard application process for requesting rezoning which requires findings to be made consistent with Chapter 26, Article 79 of County Code (Vacation Rental Exclusion Combining District). Since the update to cap zones in 2023, Permit Sonoma has received inquiries on the process to rezone additional areas. The County has provided guidance on the existing application process to apply for rezoning and discussed how the current General Plan Update creates significant opportunities to discuss and consider how Vacation Rentals fit into the community’s vision for future land use.

Licensing

In 2023, the County created a new Vacation Rental licensing program. All Vacation Rental operators outside the Coastal Zone are required to obtain a license in addition to other permitting requirements (e.g. Transient Occupancy Tax Registration, Zoning Permit, Property Manager Certification). While the zoning permit is active until the property changes ownership, the license must be renewed every year.

The program involves licensing nearly 2,000 Vacation Rentals in the inland areas in addition to permits in the coastal zone, described below. Permit Sonoma has received nearly 500 license applications out of approximately 2,000 that are required for current operators. Permit Sonoma has sent monthly email and mailed notices to operators and worked with local industry groups to emphasize the licensing requirement and coming deadline. Permit Sonoma is pursuing other outreach methods throughout April to provide additional notice of the upcoming deadline. Permit Sonoma anticipates a significant rush of applications before the June deadline and has requested that applications for new licenses be submitted on or before April 15, 2024, to ensure timely processing by the June deadline. All operators must have a license to continue operating after June 15, 2024, and those who continue operating without a license will be subject to enforcement.

Coastal Zone

The Board of Supervisors held a public hearing on September 26, 2023, to adopt an ordinance amending Chapter 26C of County Code to regulate Vacation Rentals in the Coastal Zone, and authorizing submittal of Local Coastal Program amendments to the California Coastal Commission for certification. The Coastal Commission unanimously certified these coastal regulations on April 11, 2024.

Vacation Rentals in the Coastal Zone are now subject to the same permit requirements and performance standards that apply to the rest of the unincorporated county. New operators in the Coastal Zone must obtain a zoning permit and license, while operators who have been paying Transient Occupancy Tax prior to the effective date of the coastal ordinance are exempt from the zoning permit requirement. All current Vacation Rental operators will be provided notice of these requirements and must secure a license within one year of Coastal Commission certification.

Enforcement

The Vacation Rental complaint hotline is available 24 hours a day, seven days a week, and may be reached at 707-875-6619. The following summarizes the complaint types reported by callers between January 1, and March 19, 2024, as compared to all of 2023:

<b>Complaint Type</b>	<b>Count (2024)</b>	<b>Count (2023)</b>
Noise	50	42

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General Inquiries	29	18
Unauthorized Short Term Rental	26	12
Trash	17	16
Other Complaints	9	7
Parking	6	4
Disturbance or Trespassing	3	1
<b>Total Calls</b>	<b>140</b>	<b>100</b>

As of March 2024, the number of verified unpermitted Vacation Rentals is on pace to be significantly less than prior years:

<b>Unpermitted Vacation Rentals</b>	<b>Total</b>
Unpermitted VR 2018	29
Unpermitted VR 2019	38
Unpermitted VR 2020	74
Unpermitted VR 2021	85
Unpermitted VR 2022	138
Unpermitted VR 2023	104
Unpermitted VR 2024	4
<b>Total</b>	<b>472</b>

If someone experiences problems with a nearby Vacation Rental property, they are advised not to put themselves in harm's way when making a complaint and to call 911 in case of emergency. The complaint process is highlighted on Permit Sonoma's website, as summarized below:

1. Call the Property Manager

Call the Vacation Rental's property manager informing them of the problem. The property manager's contact information is mailed to all property owners within 300 feet of the Vacation Rental every year as part of the Vacation Rental license renewal process. This information can also be found online.

2. Response Time

Wait for a response from the property manager. The property manager is responsible for contacting the renters to correct the problem within 1 hour or within 30 minutes during quiet hours. Quiet hours are from 9:00 PM to 7:00 AM.

3. Submit a Complaint by Phone

The Vacation Rental Complaint Hotline is available 24 hours a day, seven days a week. If you do not hear back from the property manager or the issue is not resolved during the required response time frame, submit a complaint by calling the Vacation Rental Hotline at (707) 875-6619.

The Vacation Rental Hotline is managed by Granicus, a third-party contractor hired by Permit Sonoma, and Permit Sonoma's Code Enforcement Division.

### Outreach

Staff has conducted multiple outreach events to help educate members of the public, and existing and prospective Vacation Rental operators on the County's Vacation Rental program, recent changes, and new requirements. These events included workshops in Monte Rio, Forestville, Guerneville, as well as presentations to the North Sonoma Valley Municipal Advisory Council, and private Vacation Rental groups.

Permit Sonoma continues to make extensive updates to the Vacation Rental website, working with local Vacation Rental operators to improve accessibility and utility of online resources, and refine application materials to improve clarity. Permit Sonoma has also developed a [mapping tool](https://sonomacounty.maps.arcgis.com/apps/webappviewer/index.html?id=12e72df6ffbf4f56946ff9986b1bb515) <https://sonomacounty.maps.arcgis.com/apps/webappviewer/index.html?id=12e72df6ffbf4f56946ff9986b1bb515> that includes commonly requested information such as:

- Locations where Vacation Rentals are allowed/prohibited.
- Locations of existing Vacation Rentals, and new applications.
- Property manager name and contact information for each Vacation Rental.
- Cap and exclusion areas, and their current concentration of Vacation Rentals.

### **Introduction of Ordinance to Update Civil Penalties**

Sonoma County requires Vacation Rentals to obtain a land use permit under Sonoma County Code Section 26-28-160 and a Vacation Rental license under Sonoma County Code Chapter 4 Article VIII. County regulations are critical to ensuring that Vacation Rentals operate in a manner that does not create a nuisance and maintains public health, safety, and welfare.

Vacation Rentals operating without required permits or licenses are subject to a penalty of 10 times the normal application fees. The Board directed staff to return with an amendment to County Code Section 1-7.1 to modify civil penalties for such rentals to provide a range of potential penalties. Modifying the penalty to instead allow a range from 3 to 10 times the application fee, would allow staff to consider the relevant facts of the violation and assess the penalty accordingly. The penalties would range from approximately \$1787 to \$5956 for unlicensed vacation rentals, and \$4,245 to \$14,150 for operations without a zoning permit or license.

The Code Enforcement Division of Permit Sonoma develops internal protocols to apply penalties consistently and equitably by taking factors into consideration such as the operator's awareness of County requirements and history of past violations. When an operator receives a notice of violation, they may appeal the determination - typically within 10 days of the notice of violation. The appeal is then considered at an abatement hearing before a Hearing Officer consistent with abatement procedures specified in Sec. 1-7.3 of County Code."

The ordinance would come back to the Board on consent for final adoption on May 14, 2024.

**Strategic Plan:**

N/A

**Racial Equity:**

**Was this item identified as an opportunity to apply the Racial Equity Toolkit?**

Yes

The Racial Equity Toolkit was not applied to this project however it is recognized that the proposed ordinance represents an opportunity to advance equity. The proposed ordinance would replace a prescriptive civil penalty with a penalty that allows the County to use its discretion to potentially apply a lesser penalty if the unique circumstances of the case justify it. This change will provide greater flexibility to potentially apply lesser penalties and allows the County to take into consideration factors such as the property owner’s ability to pay.

The purpose of the ordinance is to allow for greater flexibility in the application of civil penalties, without allowing any greater penalty than is currently allowed by code. The Code Enforcement Division of Permit Sonoma utilizes consistent methodology for determining penalties, to support their equitable application.

The County will continue to keep record of Vacation Rental violations, noting the civil penalties that have been applied and the process or criteria used to determine the appropriate penalty.

While data connecting vacation rental policy to housing availability and affordability is limited, projects such as the General Plan and future Housing Element Update may create opportunities to collect new data and explore the relationship between vacation rentals, housing and equity.

**Prior Board Actions:**

April 24, 2023. Ordinance 6427. An ordinance creating a Vacation Rental License Program and amending Section 1-7.1 to establish civil penalties for Vacation Rental violations.

April 24, 2023. Ordinance 6423. An ordinance amending and applying the “X Vacation Rental Exclusion and Cap Combining District” to certain parcels in the 1<sup>st</sup>, 4<sup>th</sup>, and 5<sup>th</sup> supervisorial districts to limit or prohibit Vacation Rentals.

**FISCAL SUMMARY**

**Narrative Explanation of Fiscal Impacts:**

The current civil penalty ordinance would yield a flat penalty fee of approximately \$14,150 for Vacation Rentals operating without required permits. The range of penalties allowed under the draft ordinance would be approximately \$4,245 to \$14,150.

**Narrative Explanation of Staffing Impacts (If Required):**

N/A

**Attachments:**

Att 1. Resolution Introducing Vacation Rental Penalty Ordinance

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Att 2. Vacation Rental Penalty Ordinance

Att 3. Staff PowerPoint

**Related Items “On File” with the Clerk of the Board:**

N/A