



AGENDA REQUEST FORM
BOARD OF SUPERVISORS
COUNTY OF INYO

For Clerk's Use Only: AGENDA NUMBER

- Consent Departmental Correspondence Action Public Hearing
 Scheduled Time Closed Session Informational

FROM: Inyo County Planning Department

FOR THE BOARD MEETING OF: December 13, 2016

SUBJECT: Short-term vacation rentals in the Inyo County Residential Zoning Districts.

RECOMMENDATION: Receive a presentation from staff regarding options for allowing short-term vacation rentals in Residential Zones and provide input and direction on the future of this use.

SUMMARY DISCUSSION: On October 18, 2016, planning staff reviewed the history and current status of short-term vacation rental uses in the County's residential zones. As it currently stands, these uses are not legal with regard to the County's Zoning Code, and as such, they are considered a zoning violation. This has become more of an issue since the introduction of renting single family homes or rooms out of single family homes, and other even more creative modes of renting properties in single family zoning districts, through on-line services. Many jurisdictions, especially those with high tourist attraction have been, or are currently, working on ways to address this.

Currently, the Inyo County Zoning Ordinance does not directly address short-term vacation rentals and staff has been operating off a 2006 finding by the Board of Supervisors that states it is not an allowed use in the County's residential zones. Arguments can be made for and against the use based on the absence of direct language and in any case, it is in the County's best interest to update the zoning code to reflect whether or not it is allowed.

After the presentation on October 18, 2016, your Board asked that staff return with more information on conditional use permits and how short-term vacation rental overlays could be used to define areas where this use might be allowed. Your Board also requested ideas for public outreach on the issue as well as for the County Assessor to provide information on ways to streamline the assessment for taxing homes being used for short-term vacation rentals.

Zoning Basics

A jurisdiction's zoning ordinance regulates the land uses within it. It assigns each piece of property to a zone that describes the parameters for how the land in it may be used. Zoning classifications, such as "R-1" for single-family residences, provide the means to achieve the goals and policies for land use as set forth in the General Plan and the zoning regulations must be in compliance with it. Typically, zoning ordinances describe the principle permitted, conditional and accessory uses for each of the zoning classifications in the jurisdiction, as well as, the development standards. Each of the zones includes allowable uses and standards such as, minimum lot size, maximum building height, and minimum yard setbacks. In most local ordinances, Inyo County's included, the development of principle permitted uses per the Zoning Code, do not require a public hearing.

Zoning Designations and Short-Term Vacation Rentals

Although the County could update the zoning code for short-term vacation rentals to be an allowed use in all of the residential zones, generally these more controversial uses are best addressed by a process that requires a public hearing and is decided by the body responsible for making zoning decisions, primarily the Planning Commission. This way, the people in the surrounding community or neighborhood can

weigh in on whether they think an application should be approved and can express any concerns they have about it. The application is also reviewed and evaluated by staff and presented to the Planning Commission. The most common way this type of process is conducted is with a conditional use permit.

Conditional use permits must be applied for and currently the County requires a \$1,490 fee deposit. Staff analyzes the proposed use against specific findings' requirements and presents this information and a recommendation to the Planning Commission. The required findings for a conditional use permit are that it:

1. Meets the provisions of the California Environmental Quality Act.
2. Is consistent with the Inyo County General Plan.
3. Is consistent with the Inyo County Zoning Ordinance
4. Is necessary or desirable.
5. Properly relates to other uses and transportation and service facilities in the vicinity.
6. Would not, under all the circumstances of the case, affect adversely the health or safety of persons living or working in the vicinity or be materially detrimental to the public welfare.
7. Is necessary for the operating requirements of the site.

Staff also presents any conditions of approval that are deemed necessary for the use permit. This includes indemnification language for the County and any other requirements specific to the proposed use. In the case of short-term vacation rentals, if specific requirements are not identified in the zoning code, they can be added within the conditional use permit's approval. The Planning Commission considers these findings and conditions and any public comments in making their decision.

In the context of short-term vacation rentals, a wide range of issues could be addressed with built in regulations or added as conditions of approval on a case by case basis. This can include, but is not limited to:

- parking
- noise
- quiet hours
- vehicle trips
- number of days per year a home can be used as a vacation rental
- limit to only rooms out of a house, with property manager/owner present and not the whole house
- owner verifications that building and safety standards are being met
- signage
- limitations on the number of guests allowed per visit
- trash removal
- compliance with all required taxes
- proof of adequate insurance
- home and yard maintenance
- neighborhood disturbance prevention
- requirements for responsible parties to provide contact information for property management issues and complaints

If the County chooses to allow for short-term vacation rentals as a conditional use, it will first need to decide which zoning districts it wishes to allow the use in. A zone text amendment would need to be prepared to add short-term vacation rentals as a conditional use in the chosen zones. Within the zone text

amendment process the County could also decide to add requirements to address issues such as those listed above. This way, these issues potentially would not have to be added as conditions of approval on each proposed short-term vacation rental.

Zoning Overlays

Overlay zones provide an additional layer of standards to the zoning code. They are often set up to protect specific features such as natural and cultural areas, but they can also be used as an addition to the underlying zoning to allow and/or regulate a specific use. In any case, the underlying zoning remains intact. Any standards or protections set forth by an overlay zone must also comply with and not contradict the underlying zoning.

There are a couple of ways that an overlay zone could be used by the County to regulate short-term vacation rentals. Either way would require a text amendment to the County Zoning Ordinance to include the allowance of the use and establish regulations for the use. A map amendment would also be required to illustrate where the overlay zones are. One way to implement this would be to determine where the County would allow short-term vacation rentals and show these areas on a map. This would require extensive public outreach to determine the areas to apply the overlay and ideally would require agreement from all of the property owners within a proposed overlay. These areas could be identified by starting with requests from people or groups who wish to establish them on their property or groups of properties. Once the overlay zones are determined and adopted, short-term vacation rental use would be allowed within them. The overlay areas should also include regulations that could include those relating to the issues listed above.

Another way to implement short-term vacation rental overlays would be to establish regulations for the use and then require anyone who wishes to have the overlay on their property apply for an overlay. This could be set up to allow applications for overlays on a parcel by parcel basis or require that they be done in groups, blocks or neighborhoods, etc.

Either method of applying overlay zones would require a text amendment to include short-term rental overlays and regulations for the use, along with map amendments identifying where the overlays are located. This process would also require a public hearing with the Planning Commission and two public hearings with the Board of Supervisors, which would provide several opportunities for public input on where they can be located and what will be allowed within them. With either method the County could also limit or require a minimum number of parcels included within each overlay.

Another way the County could allow and regulate short-term vacation rentals in residential zones, would be to require both an overlay zone and a use permit approval. The overlay zones could be developed as described above. Once a property is included within an overlay the owner could apply for a use permit to operate a short-term vacation rental within it. Having provisions for both the overlay and use permit would provide for more scrutiny on this use and allow for more public input.

Potential Health and Safety Issues

Although, County Environmental Health and Public Works staffs have indicated they currently have no issues with short-term vacation rentals with regard to the health and safety regulations they are responsible for overseeing, your Board may decide to included language that requires applicants for

short-term vacation rental uses provide verification that their properties meet building safety and health requirements.

Tax Issues – Inyo County Treasurer Tax Collector

If your Board decides to pursue allowing short-term rentals within the unincorporated areas of Inyo County the Tax Collector Treasurer will need to update the County's tax ordinance as it is quite old (1965) and currently does not address or allow for short-term vacation rentals. This limits the ability of the tax collector to recover penalties from people who are not reporting or paying taxes on this use.

Tax Issues – Inyo County Assessor

Short-term vacation rental appraisals will create some additional work for the assessor. The assessor estimates that these appraisals can take up to an hour. The assessor currently enrolls these properties when it is discovered someone is operating a vacation rental business out of their home. As a matter of practice, the assessor sends a questionnaire to the property owner requesting information that is used to determine what parts of the house and what items in the house are used for the business. If the questionnaire is not sent back, the assessor has to use his judgement to determine a value. Ideally, a site visit would occur and an assessment would be made. There is always the potential for an audit, but more commonly an estimate of value would be determined without one. The assessor determines the value of the house and uses it with the value of the personal property involved to arrive at a total value. Once this value is determined it is forwarded to the auditor-controller where the tax rate is applied. Mono County, for example, uses a value range of \$0-\$350,000 to derive a dollar amount of \$3,500 to be added to the appraised value of the home. This equates to \$35 in property tax. If Inyo County could follow this practice, then property taxes of \$35 would be a practical estimate of the amount that can be collected from short-term vacation rental businesses. It should also be noted, especially to anyone interested in pursuing this as a home business, that taxes to special districts can also go up as the house stops being considered as residential use and becomes a commercial use property for taxing purposes. The Southern Inyo Hospital and Fire Districts are a good example of this and the amount added by these districts can be significant.

Public Outreach

If your Board chooses to pursue allowing short-term vacation rentals in the County's residential zones, a series of public workshops should be held to gauge the overall public interest in or objections to the use. Workshops can be held in Bishop, Independence and Tecopa to provide good coverage of comments and opinions across the County.

ALTERNATIVES:

1. Your Board could decide to leave the County's short-term vacation rentals status quo. This would mean that these uses would continue in the County illegally and could potentially cause more Zoning Violation cases. It should be noted that if your Board decides to leave short-term rentals an illegal use, it would be beneficial to update the Code to clearly reflect this.
2. Allow short-term rentals in any residential district, but only as a conditional use. Conditional use permits require a noticed Planning Commission hearing, allowing for neighbors to comment. It would also require compliance with the California Environmental Quality Act. Within the

Conditional Use Permit conditions of approval could be required for various issues specific to the neighborhood such as for noise and parking.

3. Create an overlay district that could be applied to appropriate individual parcels, neighborhoods, or other parcel groupings to allow short-term rentals in that district.
4. Create an overlay district that could be applied to appropriate individual neighborhoods to allow short-term rentals in that district and also require a use permit.

NEXT STEPS: Staff will use the Boards direction to continue work on the issue of short-term vacation rentals in the County's residential zoning districts.

OTHER AGENCY INVOLVEMENT: Inyo County Tax Collector Treasurer, Inyo County Assessor, Inyo County Environmental Health and Public Works Departments and the County Sheriff.

FINANCING: General fund resources are utilized to review and update the County's Zoning Code.

<u>APPROVALS</u>	
COUNTY COUNSEL:	AGREEMENTS, CONTRACTS AND ORDINANCES AND CLOSED SESSION AND RELATED ITEMS <i>(Must be reviewed and approved by county counsel prior to submission to the board clerk.)</i>
AUDITOR/CONTROLLER:	ACCOUNTING/FINANCE AND RELATED ITEMS <i>(Must be reviewed and approved by the auditor-controller prior to submission to the board clerk.)</i>
PERSONNEL DIRECTOR:	PERSONNEL AND RELATED ITEMS <i>(Must be reviewed and approved by the director of personnel services prior to submission to the board clerk.)</i>

DEPARTMENT HEAD SIGNATURE:
(Not to be signed until all approvals are received)

_____ Date: _____