



City of Sebastopol Planning Department

Date: September 24, 2024
To: Planning Commission
From: Nzuzi Mahungu, Planning Technician
Subject: Nonhosted Vacation Rental Ordinance Report

Introduction:

The Planning Commission has discussed updating the City's current Vacation Rental Ordinance to better fit the needs of the community. This report is meant to give a more in-depth analysis of non-hosted rentals in Sebastopol and how other municipalities are enforcing non-hosted short-term rentals in their jurisdiction.

Short-term vacation rentals (STR) are typically defined as the rental of a home or accessory building for less than 30 days. Hosted rentals are when the host lives and sleeps in the dwelling unit or on the same parcel as the dwelling unit during the rental period. Non-hosted rentals are when the host does not live or sleep on the parcel during the rental period. In Sebastopol, accessory dwelling units (ADUs/JADUs) can also be used for both types of short-term rentals within the parameters of the ordinance.

A hosted rental is subject to an Administrative Permit Review and is evaluated by Planning Staff for approximately \$480.00. A nonhosted rental for homes and ADUs (built after July 1st, 2017) are subject to apply for a Use Permit and appear before the Planning Commission along with a \$3,000.00 deposit fee. City Staff send out public notices to adjacent neighbors for both types of short-term rentals and provide information on how to contact the applicant in case issues arise.

Background:

There are currently 37 approved vacation rentals in the City of Sebastopol. 34 are hosted rentals, and 3 are non-hosted rentals. In 2024, 2 non-hosted rentals were approved with another Use permit that is tentatively scheduled for the Planning Commission's October meeting which could bring the total to 4 non-hosted rentals in town. As of September 2024, there are approximately 22 approved active listings on hosting websites.

Parking and noise complaints are some of the reasons locals have protested short-term rentals in town. These neighborhood impacts can have a negative effect on the quality of life of those who reside nearby to short-term rentals and have been addressed in part through Sebastopol's Vacation Rental Ordinance and Noise Control Ordinance ^[1]. However, for many the main concern is the impact on available affordable housing and how non-hosted rentals not only remove viable options from the buyer's market but can also reduce long-term rental housing opportunities. In high-demand cities, many recent studies have found evidence that the proliferation of STR has contributed to a decline in the housing stock available for long term occupation and to an increase in rental prices ^[2]. The monthly or yearly income that can be generated by renting 'short-term' rather than 'long-term' can be three to four times higher, according to multiple interviewees in the case-study cities. It has been estimated that in New



York City, owners of frequently rented entire-home Airbnb listings earn 200% or more above the median long-term rent for the neighborhood.^[3]

The City of Sebastopol has been successful in putting safeguards in place to prevent businesses from coming in and purchasing properties for short-term renting through the permitting process and its Planning Commission. However, current regulations do not prohibit homeowners in town from obtaining a Use permit that would allow them to turn their homes into a nonhosted short-term rental. Of the two nonhosted short-term Use permits that were approved in 2024, both property owners stated that while they still lived in their home's majority of the time, frequent traveling left their properties unoccupied for various amounts of time. It was also mentioned that the extra income from hosting a short-term rental would help them financially while also not leaving the homes empty in their absence. It is also important to note that while there are some clear financial benefits for residents, there are also no measures in place to ensure that Sebastopol property owners are living in their homes for the majority of the year. "There have been studies done that show people are specifically buying a second home or a third home, and they may go there seasonally or they may go for a few days every couple of months. But their primary purpose with it is to rent it out as a short-term rental. Maybe they'll plan to move there years from now, but it's primarily an investment property. They're specifically looking for where the market will go up in value, and at the same time, driving up the market."^[4] It may be important to weigh in on extra income for a few individuals versus losing potential housing for those who are interested in living in Sebastopol full-time. "In 2018, the city of Irvine, CA, enacted a complete ban on short-term rentals in residential zones to encourage affordable housing. Siebert finds that this short-term rental ordinance led to a 2.7% decrease in long-term rental prices on average. The short-term rental ban led to a reduction in \$72 million in annual total rental spending, or \$1,212 in average savings, on rent for Irvine residents per year."^[5]

County-wide Regulations:

Santa Rosa

The City of Santa Rosa is not accepting new applications for Non-Hosted STRS and have them capped at 182. Existing non-hosted rentals may be renewed, however their city website stated that non-hosted short-term rentals allowed citywide will decrease through attrition when existing rentals are vacated, revoked, or when properties are sold or transferred. Santa Rosa will also not be accepting any new applications even if they drop below the 182 cap, nor do they issue permits for ADUs or JADUs. For hosted rentals they require applicants to provide an affidavit verifying that the property is their principal residence.

Sonoma

The City of Sonoma has adopted regulations prohibiting new vacation rentals entirely with an exception for vacation rentals involving the adaptive re-use of a historical structure. Existing vacation rentals are allowed to continue granted they meet their current operating standards. Their ordinance also provides an option for an annual inspection fee to ensure operational requirements are met.

Cotati

The City of Cotati does not allow traditional short-term rentals and only has the option to apply for a bed & breakfast in some residential zones. The B&Bs are limited to five guest rooms,

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meals and beverages must be provided for registered guests only, with separate guest kitchens not allowed.

Petaluma

The City of Petaluma only allows nonhosted rentals for no more than 90 days during any calendar year. Accessory dwelling units built after 2017 are not permitted to be used as a short-term vacation rental.

Windsor

In the town of Windsor an ordinance was passed in March 2023 stating that all non-hosted short-term rentals are prohibited from operating in residential districts. All nonhosted rentals issued before March shall be terminated on July 1st, 2025.

Conclusion:

As time goes on, multiple cities are cracking down on short-term rentals in an effort to improve the affordable housing supply in local markets. We are seeing new ordinances being passed in nearby jurisdictions, some with heavier restrictions than others. The goal of this report is to initiate a conversation about short-term rental regulations and enforcement that City of Sebastopol may be interested in. At a previous Planning Commission meeting a few of the commissioners expressed uncertainty on allowing new non-hosted rentals as they have just approved two new permits, and the city doesn't have any standards in place to limit or provide direction on how to ensure the city is not inundated with non-hosted rentals. In 2019 the City adopted a policy that did not allow non-hosted rentals due to the impacts of the permanent housing stock, that restriction has since been removed but city staff still reviews this as part of the application process. Planning staff are the ones tasked with enforcement of these vacation rentals from making sure they are in compliance and have the appropriate permits to enforcement letters to listings that are not following the rules. The city does have a contract with Harmari who helps with tracking of these rentals located within city limits and the Planning Department is working on bolstering that contract for the consultant to assist with vacation rental enforcement.

Recommendation:

For the Planning Commission to receive the report and provide recommendations.

Attachments:

Map of Listings
Vacation Rental Ordinance



Sources:

<https://sebastopol.municipal.codes/SMC/17.260.060> (Vacation Rental Ordinance) [1]

<https://sebastopol.municipal.codes/SMC/8.25> (Noise Control Ordinance) [1]

[The Airbnb effect – Part 2: How do short term vacation rentals impact housing markets? \(rics.org\)](https://www.rics.org) [2]

[Platform Failures : How Short-Term Rental Platforms like Airbnb fail to cooperate with cities – The Left](#) [3]

[How Short-Term Rentals Affect Communities with Loose Restrictions — Shelterforce Shelterforce](#) [4]

[Short-Term Rentals Make Housing Less Affordable - Research at Purdue](#) [5]

Municipal Codes:

Santa rosa <https://www.srcity.org/3643/Apply-for-or-Renew-a-Short-Term-Rental-P>

Sonoma <https://sonoma.municipal.codes/SMC/19.50.110>

Petaluma <https://petaluma.municipal.codes/ZoningOrds/7.110>

Cotati <https://www.codepublishing.com/CA/Cotati/#!/Cotati17/Cotati1742.html#17.42.050>

Windsor

https://library.municode.com/ca/windsor/codes/code_of_ordinances?nodid=TITIIPUWE_CH3_SHRMRE_3-23-130SHRMRELISTSTREDI



Additional Links:

[Research: When Airbnb Listings in a City Increase, So Do Rent Prices \(hbr.org\)](#)

[Sebastopol Housing Market: House Prices & Trends | Redfin](#)

[Sebastopol, California Housing Market Report August 2024 - RocketHomes](#)

[Sebastopol, CA - Profile data - Census Reporter](#)

https://ec.europa.eu/growth/single-market/services/collaborative-economy_en

[What Does Banning Short-Term Rentals Really Accomplish? | Insights@Questrom \(bu.edu\)](#)

<https://mrsc.org/stay-informed/mrsc-insight/december-2021/affordable-housing-and-the-impact-of-short-term-re>