



AGENCY: City of Fort Bragg  
MEETING DATE: January 8, 2024  
DEPARTMENT: Police Department  
PRESENTED BY: Valerie Stump  
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## AGENDA ITEM SUMMARY

### **TITLE:**

Receive Report on Expanding Short-Term Vacation Rental Use to Additional Commercial Zones

### **ISSUE:**

A series of meetings in 2015 with Community Development Committee, Planning Commission, and City Council led to staff establishing regulations for short-term vacation rentals. Those regulations were adopted in 2017 under Ordinance 930-2017, which approved several amendments to the Inland Land Use and Development Code (ILUDC).

The current regulations for short-term vacation rentals in ILUDC 18.42.190 only allow for rentals in the Central Business District (CBD). At the Community Development Committee (CDC) meeting on March 29, 2023, discussion indicated interest in potentially expanding the short-term vacation rental use to the General Commercial (CG) and Highway Visitor Commercial (CH) Zones.

Furthermore, the Code Enforcement Team has encountered some obstacles in enforcing these standards and is requesting clearer regulations that streamline the enforcement process and allow for appropriate inspections prior to occupancy of the short-term vacation rentals.

### **ANALYSIS:**

Adopted regulations in ILUDC 18.42.190 pertinent to our discussion are:

- Vacation rentals are only allowed in the CBD;
- Vacation rentals are only allowed on mixed use properties, above commercial uses on the second or third floors;
- Vacation rentals require an approved Minor Use Permit and an approved Business License;
- City-wide, the maximum quantity of vacation rental units shall be determined by Council resolution;
- Maximum quantity of vacation rental units allowable per property shall be determined by Council resolution.
- A permit shall be revoked for a variety of reasons such as failure to maintain a business license, failure to pay transient occupancy tax (TOT) for more than three months, abandonment of the use for a period of twelve months, or three or more code enforcement cases processed against the property within a two-year period.

At the CDC meeting, committee members were clear to staff that the interest was in researching an expansion of the short-term rental use to other commercial zones outside of

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the Central Business District; they felt all the other regulations in ILUDC 18.42.190 should stay the same.

Until the Fort Bragg Coastal Land Use and Development Code (CLUDC) is updated, the proposed expansion would only occur in the ILUDC. Expanding into the General Commercial and Highway Visitor Commercial zones would require updates to the Land Use Tables in ILUDC 18.22.030, the Vacation Rental Unit standards in 18.42.190, and to the definition of "Vacation Rental Unit" in ILUDC 18.100.020.

The original intent of allowing vacation rentals in the Central Business District was to draw tourists into the downtown by having them stay in residential units above the commercial businesses. However, since adoption in 2017, the total number of permitted vacation rentals has never totaled more than four at one time. Presently, there are only two vacation rentals operating with the appropriate permits. The majority of the short-term vacation rentals listed on AirBnB and VRBO are operating outside of the Fort Bragg jurisdiction. Other listings within the City limits are actually listings for properties under the use of Bed and Breakfast Inn or Hotel/Motel.

The number of permitted vacation rental units allowed at one time is established by Council resolution; however, no resolution was ever adopted by Council after the regulations were adopted in 2017. During discussions in 2015, the recommendation was to limit the number to ten permitted vacation rentals at a time. City staff has abided by that guidance. If the use is expanded to CG and CH zones then the total number of permitted units may increase, and City staff would maintain a waitlist for new permits.

Per ILUDC 18.42.190, the number of units per property must also be established by Council resolution. In the original discussions, no number was specified or suggested. If the use is extended to these other two commercial zones, there are several undeveloped properties in these zones where multi-unit structures could be built. For this reason, establishing a limit of short-term rentals per property is critical.

Finally, Code Enforcement is requesting that Council consider updates to current regulations to provide a more structured process to enforcement. Currently, there are a total of seven properties operating an unpermitted short-term vacation rental. Of the seven, four are in the inland portion of Fort Bragg jurisdiction. Two are operating in commercial zones outside of the CBD, and two are operating in residential zones.

The current regulations indicate that a permit can be revoked if three or more code enforcement cases are processed against the property. The addition of an enforcement section to indicate how the Code Enforcement team can enforce the standards will make the process easier and consistent. A draft of the section language is attached to this staff report.

**FISCAL IMPACT:**

Allowing short-term vacation rentals in the CG and CH zones will allow property owners an opportunity to earn income in a different way. It may encourage more tourists who prefer

this type of lodging to stay within the City limits. This would generate more TOT for the City and potentially create more jobs for our locals such as maintenance work and cleaning services. The two permitted short-term vacation rentals generated \$25,566 in the last year. If we expand the use to these other commercial zones and reach the limit of ten vacation rentals in operation, there is an earning potential of approximately \$100,000 more in TOT.

Conversely, allowing this use could potentially negatively impact long-term housing stock in our commercial areas. Property owners may be more apt to apply for vacation rental status and evict their long-term renters. Housing is a precious commodity in our jurisdiction, and we would be creating a pathway to eliminate potential housing to our locals.

**CONSISTENCY:**

The proposed change would be in conflict with our Inland General Plan, Program H-5.2.1 Discourage Vacation Rentals, which states, “Continue to prohibit vacation rentals in all zoning districts except for the CBD.” For this reason, the Housing Element of the General Plan would need to be amended to allow this expansion.

The proposed change is consistent with a policy established in the Land Use Element of the Inland General Plan:

Policy LU-3.6 Mixed Uses: Encourage the adaptive re-use and more complete utilization of buildings in the Central Business District and other commercial districts.

Expansion into the CH zone is consistent with the General Plan’s specified intent for the zone, as it states “Typical uses allowed in this designation include motels and other lodging enterprises, restaurants, and retail outlets.”

**RECOMMENDED ACTION:**

Direct Staff to proceed with ordinance and General Plan amendments for the expansion of the short-term vacation rental use into the General Commercial and Highway Visitor Commercial Zones; and, provide direction and approve Staff to present the resolution to adopt the number of vacation rental units allowed in the jurisdiction and the number allowed per property.

**ALTERNATIVE ACTION(S):**

1. No action.
2. Continue action on the matter and request additional information and/or analysis to help inform the Council’s decision.
3. Approve Staff to proceed with the amendment to ILUDC 18.42.190 to add the Enforcement section.
4. Provide direction and approve Staff to present the resolution to adopt the number of vacation rental units allowed in the jurisdiction and the number allowed per property.

**ATTACHMENTS:**

1. Land Use Map
2. Inland Land Use Code 18.42.190 Vacation Rental Unit
3. Draft Enforcement Section to 18.42.190