

ORDINANCE NO. \_\_\_\_\_

**AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF REDWOOD CITY ADDING SECTION 31.3 TO ARTICLE 31 OF THE REDWOOD CITY ZONING ORDINANCE REGARDING REGULATIONS RELATING TO SHORT-TERM RENTALS AS AN INCIDENTAL USE TO SPECIFIED RESIDENTIAL USES**

**WHEREAS**, the proposed Zoning Ordinance Amendment (the “Zoning Ordinance Amendment”) would add Section 31.3 to Article 31 of the Redwood City Zoning Ordinance in order to codify short-term rentals as an incidental use to specified residential uses and to establish rules and standards for such incidental use; and

**WHEREAS**, on November 21, 2017, the Planning Commission held a duly-noticed public hearing on the proposed Zoning Ordinance Amendment and recommended changes, namely removing the requirement for a business license and allowing short-term rentals in accessory dwelling units; and

**WHEREAS**, on January 8, 2018, the City Council held a duly-noticed public hearing on the proposed Zoning Ordinance Amendment and on said date the public hearing was opened, held and closed; and

**WHEREAS**, at the public hearing the City Council considered the whole of the record including, but not limited to, any written and oral public comments, staff reports and staff presentations.

**NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF REDWOOD CITY DOES HEREBY ORDAIN AS FOLLOWS:**

**Section 1.** The foregoing recitals are true and correct, are hereby incorporated herein by this reference as if fully set forth in their entirety, and constitute findings in this matter.

**Section 2.** The City Council hereby finds that the proposed Zoning Ordinance Amendment is in the public interest and consistent with the Redwood City General Plan as described in the staff report.

**Section 3.** This proposed Zoning Ordinance Amendment has been reviewed with respect to applicability of the California Environmental Quality Act ("CEQA") and the State CEQA Guidelines (California Code of Regulations, Title 14, Sections 15000 et seq.). Passage of the Zoning Ordinance Amendment is not considered a project under Section 15378 as the activity will not result in a direct or reasonably foreseeable indirect physical change in the environment. Alternatively, the Zoning Ordinance Amendment is exempt from CEQA as it can be seen with certainty that there is no possibility for causing a

significant effect on the environment (Section 15061(b)(3)) as described in the staff report. Pursuant to CEQA Guidelines Section 15091(e), the documents and other materials that constitute the record of proceedings upon which the City Council has based its decision are located in and may be obtained from the Office of the City Clerk at 1017 Middlefield Road, Redwood City, California. The City Clerk is the custodian of records for all matters before the City.

**Section 4.** If any section, subsection, clause or phrase of this Zoning Ordinance Amendment is for any reason held to be invalid, such decision shall not affect the validity of the remaining portion or sections of the Zoning Ordinance Amendment. The City Council of the City of Redwood City hereby declares that it would have adopted the Zoning Ordinance Amendment and each section, subsection, sentence, clause or phrase thereof irrespective of the fact that any one or more sections, subsections, sentences, clauses or phrases be declared unconstitutional.

**Section 5.** The City Council of the City of Redwood City adopts the following amendment to Article 31 of the Redwood City Zoning Ordinance by adding a new Section 31.3 as shown in Exhibit A, which is attached hereto and incorporated herein by reference. Wording in brackets ([example]) is informational only and is not to be included in the published ordinance. (Exhibit A)

**Section 6.** This Ordinance shall go into effect 30 days following its adoption.

\* \* \*

## Exhibit A

[Section 31.3 is hereby added to the Redwood City Zoning Ordinance as follows:]

### **“31.3 – Short-Term Rental Use Incidental to a Primary Residence**

A. Purpose. The purpose of this section is to:

1. Allow limited short-term rental uses while preventing the loss of housing stock;
2. Preserve residential character and establish operating standards to reduce potential noise, parking, traffic, property maintenance and safety impacts on adjacent neighbors; and
3. Provide a registration process for the City to track and enforce these requirements as needed and ensure appropriate collection of transient occupancy taxes.

B. Definitions. For purposes of this section, the following definitions shall apply:

1. *Adjacent properties.* The dwelling units located next to the dwelling unit in which the short-term rental is located.
2. *Host.* Any person who is the owner of record of residential real property or any person who is a lessee of residential real property pursuant to a written agreement for the lease of such real property, who offers a dwelling unit, or portion thereof, for short-term rental either through a hosting platform or individually as an operator.
3. *Hosting platform.* A means through which a host may offer a dwelling unit, or portion thereof, for short-term rental. A hosting platform includes, but is not limited to, an internet-based platform that allows a host to advertise and potentially arrange for temporary occupation of the dwelling unit, or portion thereof, through a publicly searchable website, whether the short-term renter pays rent directly to the host or to the hosting platform.
4. *Primary residence.* A primary residence is a dwelling unit where a person has been physically present and that the person regards as home. A person may only have one primary residence at any given time. Evidence of a person’s primary residence includes, but is not limited to, documentation from income tax statements or a

driver's license. If a property has multiple dwelling units, including an accessory dwelling unit or apartment complex, each dwelling unit and accessory dwelling unit shall be considered a separate residence subject to the primary residence requirement.

5. *Short-term rental.* The use or possession of or the right to use or possess any room or rooms, or portions thereof in any dwelling unit for residing, sleeping or lodging purposes for less than 30 consecutive calendar days, counting portions of days as full calendar days.

6. *Short-term renter.* A person who exercises occupancy or is entitled to occupancy by reason of concession, permit, right of access, license or other agreement for a period of less than 30 consecutive calendar days, counting portions of calendar days as full calendar days.

C. Permitted Use. Short-term rental uses shall be permitted in any primary residence subject to the requirements of this section, including compliance with the operating standards, registration, Transient Occupancy Tax payments, and recordkeeping obligations. Except as provided for in this section, all other short-term rental uses shall be prohibited.

D. Operating standards. The following operating standards shall apply to short-term rentals:

1. Legal Dwelling. Short-term rentals may only occur within legal dwelling units.

2. Limitation on Listings. Short-term rentals shall not have more than 2 listings for the same primary residence on the same days.

3. Annual Limit. A primary residence may be occupied as a short-term rental for no more than 120 days per calendar year where no host is present. There shall be no limit on the number of days a primary residence may be occupied as a short-term rental where the host is present. For purposes of this Section 31.3, a host is considered present when they are on the premises at all times between the hours of 10:00 p.m. and 6:00 a.m.

4. Local Contact Person. Hosts shall identify to all guests and all occupants of adjacent properties a local contact person to be available 24 hours per day, 7 days per week during the term of any unhosted stay. The designated local contact person shall:

a. Respond within 60 minutes to complaints regarding the condition or operation of the dwelling unit or the conduct of guests; and

- b. Take remedial action to resolve such complaints.
5. Parking. No additional parking shall be required for short-term rentals. Existing on-site parking spaces shall be made available to short-term renters.
6. Special Event. Weddings, corporate events, commercial functions, and any other similar events 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.

E. Registration and Annual Renewal.

1. Application. Prior to advertising or making available the primary residence for renting, hosts shall register their primary residence as a short-term rental with the City. This registration shall be submitted on a form prepared by the City and shall include the name and contact information of the host, the address of the primary residence being used for short-term rental, the contact information for the local contact person, an acknowledgement of compliance with the requirements of the City's Zoning Ordinance, Municipal Codes, applicable health and safety standards, and other information as requested.
2. Fee. The registration form shall be accompanied by a filing fee in an amount established by resolution of the City Council and updated from time to time.
3. Application Completeness. The submitted information shall be used to determine whether to register the short-term rental. The host will be notified if an application is incomplete. If the host fails to timely submit the required information or fees necessary to complete the application, the application shall expire and be deemed withdrawn.
4. Decision. The City Manager or his/her designee shall be responsible for deciding short-term rental registration applications. After an application is deemed complete, registration shall be approved where:
  - a. The host demonstrates the ability to meet the requirements of this chapter,
  - b. The subject primary residence is not the subject of an active compliance order or administrative citation from the City in the past 12 months, and
  - c. A short-term rental registration for the primary residence has not been denied or revoked in the prior 24-month period.
5. Validity. An approved registration shall be valid and payable on a fiscal year basis. An approved registration shall be personal to the host and shall automatically expire upon sale or transfer of the dwelling unit. No registration may be assigned, transferred, or loaned to any other person.

6. Annual Renewal. A registration may be renewed annually upon payment of registration renewal fees and all required transient occupancy tax remittance associated with the short-term rental. The host shall submit such information concerning the short-term rental activity as may be required to enable the tax collector to verify the amount of tax paid. Failure to renew prior to the expiration date will result in expiration of the registration.
7. Requirements Not Exclusive. The issuance of a short-term rental registration shall not relieve any person of the obligation to comply with all other provisions of this code applicable to the use and occupancy of the property.
8. Administrative Policy. The City Manager or his/her designee shall have the authority to develop administrative policies to implement the intent of this Chapter.

F. Transient Occupancy Tax (TOT). Transient occupancy taxes must be collected for short-term rentals and paid to the City pursuant to Chapter 32, Article IV of the Redwood City Code. Collection of transient occupancy taxes for short-term rentals shall be the responsibility of the host. The hosting platform shall collect TOT when they have signed a voluntary collection agreement (or equivalent) with the City.

G. Enforcement.

1. Revocation of Registration. A short-term rental registration issued under the provisions of this Section may be revoked by the Zoning Administrator after notice and hearing as provided for in this Section, for any of the following reasons:
  - a. Fraud, misrepresentation, or false statements contained in the application;
  - b. Fraud, misrepresentation, or false statements made in the course of carrying on a short-term rental as regulated by this Section;
  - c. Any violation of any provision of this Section or of any provision of this code;  
or
  - d. Any violation of any provision of federal, state or local laws.
2. Revocation Hearing. Before revoking a short-term rental registration, the Zoning Administrator shall give the responsible host notice in writing of the proposed revocation and of the grounds thereunder, and also of the time and place at which the host will be given a reasonable opportunity to show cause why the registration should not be revoked. The notice may be served personally upon the host or may be mailed to the host at the last known address or at any address shown upon the application at least 10 days prior to the date of the hearing. Upon conclusion of the hearing the Zoning Administrator may, for the grounds set forth herein, revoke the registration.

3. Appeal from Denial or Revocation of Registration. Any host whose application has been denied or registration has been revoked shall have the right to an administrative appeal before the City Manager or a designated hearing officer. An appeal shall be filed in writing on a form provided by the City stating the grounds therefor within 10 days of the decision. The City Manager or designated hearing officer shall hold a hearing thereon within a reasonable time and the decision shall be final.
  4. Waiting Period. Any host whose registration has been denied or revoked shall be ineligible from applying for a new registration for a 24-month period.
  5. Records of Compliance. The host shall retain records documenting the compliance with these requirements for a period of three (3) years after each period of short-term rental, including but not limited to records showing payment of transient occupancy taxes by a hosting platform on behalf of a host. Upon reasonable notice, the host shall provide any such documentation to City upon request for the purpose of inspection or audit to the City Manager or his/her designee.
  6. Violations. Penalties as provided for in Article 50 (Enforcement) may be imposed for failure to comply with the provisions of this Section.
- H. Amnesty Period for Short-Term Rentals. Notwithstanding any other provision of law, short-term rentals operating on or before the enactment of this ordinance shall be considered existing, unpermitted uses. An amnesty period of one year after the effective date of this ordinance is being offered to allow these existing, unpermitted uses to be legalized by conforming to the requirements of this Section, including compliance with operating standards, registration, and recordkeeping obligations. Transient Occupancy Tax payments continue to be required at all times for short-term rentals and must be collected and paid during the amnesty period. Applications to bring an existing, unpermitted short-term rental use into compliance shall be made on or before one year after the effective date of this ordinance. Existing short-term rental uses that do not conform to the requirements of this section shall cease operation within one year of the effective date of this ordinance and shall be prohibited from resuming unless and until the use conforms to the requirements of this Section.