

**CITY OF ARCATA  
ECONOMIC DEVELOPMENT COMMITTEE MINUTES**

**Council Chamber  
736 F Street, Arcata**

**August 07, 2018  
Tuesday, 5:00 PM**

**ROLL CALL.**

PRESENT: Hart, Preston, Reinman (5:00 PM - 5:30 PM), Shahin, Woodward, Wruck

ABSENT: Lieberman

**II. ORAL COMMUNICATIONS.**

None

**II. APPROVAL OF MINUTES.**

**A. Economic Development Committee - Regular - July 3, 2018**

On a Motion by Woodward, Second by Shahin, the Minutes of July 3, 2018, were approved as submitted by a 4-0-2 Voice Vote. Reinman and Hart Recused, Lieberman Resigned prior to meeting.

**V. BUSINESS/ACTION ITEMS.**

**A. Vacation Rental Ordinance. ACTION. Provide recommendation to Community Development Department Staff on vacation rental ordinance.**

On a Motion by Hart, Second by Woodward, and on a 5-0-1 Voice Vote the Committee adopted the following discussion items and recommendations. Reinman Recused, Lieberman Resigned prior to meeting.

NOTE: By order of the Chair, this item was moved to the last Action item to allow Member Reinman to participate in Business item B. prior to recusing himself from this item

Goals:

- Encourage long-term rentals and avoid depleting housing stock.
- Avoid complex or overly burdensome regulations.

Background data:

- Total of 7,886 total housing units in Arcata.
- Total housing vacancy rate is 3.4%.
- +/- 100 Vacation Rentals currently in compliance.
- About 1.26% of total housing stock taken by Vacation Rentals.
- Public comment indicates about an additional 25 Vacation Rentals operate out of compliance.

Committee Background Discussion Topics:

- Considered a business license and remittance of Transient Occupancy Tax (TOT) only for owner-occupied Vacation Rentals (including accessory dwelling units) and all Vacation Rentals under 30 days per year.
- Considered the number of days a property is either offered as a Vacation Rental or the actual number of days a property is occupied as a Vacation Rental.

- Considered a two tier process for vacation rentals: 1) Occasional Vacation Rental - properties used predominantly as long term rentals (>30 days); 2) Primary Vacation Rental - properties used predominantly as short term rentals (<30 days).
- Considered a threshold for the number of days (30, 60, or 90) a vacation rental property is considered an Occasional Vacation Rental.
- Considered if new regulatory standards are required, i.e. will the supply and demand of a free market dictate the number of Vacation Rentals?
- Considered how a cap on the number of Vacation Rentals should be established. Is it based on existing conditions, expected market growth, or a percentage of housing units.
- Considered if Occasional Vacation Rentals would require full license and subject to the cap.
- Considered whether a Minor Use Permit should be required for Vacation Rentals.
- Considered a cap of 100 Vacation Rentals that are offered more than 30 days per calendar year.
- Considered whether the number of Vacation Rentals by an individual should be, i.e. no more than one license/permit per person.
- Considered possible incentives for compliance or penalties for non-compliance.
- Considered whether existing Vacation Rentals should be “grandpersoned” and not require license/permit.
- Discussed benefits the Vacation Rental industry provides for the community - jobs, tourism dollars.
- Considered the costs associated with Vacation Rental operations, i.e. products, supplies, decor, management, marketing, and insurance.
- Considered impacts of Vacation Rentals on the housing market by removing much-needed housing from the market.
- Considered benefits of Vacation Rental standards such as supporting housing goals of providing housing for all sectors of the community; provide parity between lodging industries; minimize neighborhood impacts, provide ancillary income to property owners, and provide economic development opportunities.

Committee Recommendations:

- 1) Require property owners obtain a Vacation Rental License to operate a Vacation Rental offered for more than 30 days per calendar year.
- 2) Require property owners obtain a Business License and remit Transient Occupancy Taxes for Vacation Rentals offered 30 days or less per calendar year.
- 3) The Vacation Rental License (License) shall require compliance with the following standards:
  - a. Payment of Transient Occupancy Tax;
  - b. Current Business License;
  - c. Compliance with Zoning and Building Codes;
  - d. 24 hour contact information visible from public rights of way;
  - e. Prompt response to tenant generated nuisances.

- 4) Limit the number of Licenses to 125 per calendar year.
- 5) Existing property owners with Vacation Rentals shall be offered priority licensing.
- 6) Minimum License fee \$220.00 (Zoning Clearance fee).
- 7) Annual renewals required.
  - a. Existing Vacation Rentals Licensees in compliance with standards shall have an early renewal period.
  - b. Licenses for non-compliant or inactive Vacation Rentals shall be terminated.
  - c. Licenses issued on three year cycle rotation. Licensing fees are not prorated over the three year cycle.

**B. Study Session with City Council - July 30, 2018, 6:00 PM in City Council Chamber**

The Committee discussed the July 30, 2018, Study Session with the City of Arcata City Council.

**V. CORRESPONDENCE, COMMITTEE, AND STAFF COMMUNICATIONS.**

The Committee directed staff to place the following items on the September 4, 2018, regular meeting agenda:

1) Municipal Internet; 2) Cannabis Innovation Zone business update; and Strategic Infill Redevelopment Plan update.

**VI. ADJOURNMENT.**

Chair Craig Wruck adjourned the meeting at 6:50 PM.

Submitted by: Joe Mateer, Senior Planner