

Dear Council Members,

I have read the various documents concerning the updated housing element. I'd like to bring forth three topics: the need for low/moderate family housing, the need for a very clear policy for short-term rentals, the need for a usage survey of existing ADUs and the need for easy tracking of permits for vacation rentals.

The housing element is a guide for development to make sure that cities and regions have enough housing to meet demographic needs; key factors are no net loss of housing and filling gaps in housing types.

The City's Plan: ADUs instead of Housing Development

Instead of committing to building housing across housing types to meet the demand, the City has a strategy of using ADU credits - 60 in total to meet the RHNA goals.

This strategy adds small units to existing properties. These units are built without impact fees. These units are not appropriate for families as they are typically under 1200 feet.

There is a demonstrated need for low/moderate income family housing, which ADUs do not address.

ADUs do not require parking spots, which in a car dependent area like Sebastopol are necessary. People who work in the trades, parents, people who commute for their work all need cars.

Build Low and Moderate Income Family Housing Instead of ADU Credits

City should make a commitment to building low/moderate income family housing.

1. The housing element documents point out a need for Low and Moderate Housing units. They also point to a need for family housing. I would encourage the Council and the City of Sebastopol to look for and support projects that build Low and Moderate Family Units instead of ADUs, which are not large enough for families;
2. I would encourage the City to revisit some of the affordable housing developers to see if there are any funds available to build 30 units of low/moderate family housing within City Limits instead of 30 ADUs. When I was on the planning commission, I organized the developer presentations found on pages 2 and 3 of the report with the hope the City would strengthen its relationship to developers with the goal of building affordable family housing ;
3. Family housing should have 3-4 bedrooms to accommodate parents and children;
4. Family housing is crucial to the County and the City so that more young families can join our community and our schools;
5. Given current interest rates, there might be incentives for low-income housing developers which have alternative means of funding to pursue family housing projects within the City;
6. Sebastopol has many large infill sites currently owned by religious organizations, perhaps there could be some synergy between the religious organizations and the affordable housing developers. In addition, the State legislator is trying to make development of affordable housing more streamlined, which might present new opportunities;

7. If the City could mend its relationship with CVS, perhaps they would be willing to sell their stake in the Redwood MarketPlace so the entire site could be developed for mix-use use.

No Net Loss and The Need for Short-Term Rental Policies

Given the information in the various reports on the housing element, it appears that Sebastopol needs to immediately implement policies on short term rentals.

As the City is relying on 60 ADUs instead of 60 units within planned development to add additional housing, short-term rental policy needs to be developed and enforced to preserve housing stock, to limit the impact on vacation rentals in neighborhoods and to increase workforce and low/moderate income housing.

Most importantly, policy needs to be put into place so people develop ADUs with the intent of long-term rentals for the ADU, the primary residence or both. Given the current housing shortage, people should not develop ADUs with the intent of short-term rentals and should be made aware of why ADU development is encouraged, why they don't pay impact fees and why other zoning rules are more favorable toward ADUs; ADUs are part of a housing stock strategy.

There is one line in the ADU checklist which acknowledges short-term rental but it is weak and needs more reinforcement, "ADUs authorized after July 1, 2017 may not be rented on a transient occupancy basis (less than thirty-one (31) days), except with a Use Permit."

ADUs are problematic for several reasons:

1. There is no guarantee they will be rented and thus do not necessarily add to housing stock;
2. They can be used for short-term rental to boost homeowner's incomes instead of providing workforce housing;
3. They don't pay any of the traditional fees associated with development yet their tenants use infrastructure and other common resources;
4. They are not appropriate for families;
5. The setbacks are not as ample as would be required for other forms of development thus impacting neighbors, especially if the unit is used for a short-term rental, where occupants change regularly;
6. They are added into neighborhoods, which were not necessarily built for density. Thus more people are added to neighborhoods without consideration for noise, fire, emergency contingencies and parking.

The City should be trying to increase housing stock by design, which would accommodate for the density and the needs of density such as additional parking, noise, emergency services and impact fees.

Given the fact that the City is relying on 60 ADUs to meet its housing needs, it is crucial to enact a very clear and enforced policy regarding short-term rentals so that our neighborhoods do not become vacation zones and more importantly, that ADU development will provide long-term workforce, senior and low/moderate income housing.

Proposed short term rental policy:

1. Hosted only, no unhosted rentals;
2. Only one short term unit per property;

3. No short-term rentals in apartment buildings, multi-family or complexes with more than 2 units on site;
4. A certain percentage of total housing units. Sebastopol has approximately 3600 units. My suggestion would be to allow .01% of the housing stock to be hosted vacation rentals, that would equal 36 units;
5. Any internet and/or advertising listing of permitted short-term rentals would include Sebastopol business license and three photographs (interior and/or exterior) on file with Planning Commission for easy compliance monitoring.

Lottery Procedure to Determine Short-Term Vacation Rental Permits:

1. Each qualifying address would be able to have a short term rental for 6 out of 15 years, limits intact through change of ownership;
2. Residents would enter a lottery and would have a rental permit for 3 years. At the expiration of their term, they could continue for another 3 years or release their spot. People who release their spot after 3 years could apply in a future lottery for another 3 years. People who did not use their full 3 year term would forfeit their remaining time on the 3 years (for instance if a person dropped out after 2 years, they would forfeit their final year);
3. At the end of the 6 year period, they would have to wait 9 years to apply again. If the house sold, the new owners would still be obligated to wait the entire 9 years before reapplying;
4. People who have currently permitted short-term rentals would be able continue operation until the lottery was decided. They could apply for a position in the lottery for a full six years. No penalty for currently running a short term rental if it is permitted.
5. People found to be running a non-permitted short-term rental would be exempt from applying to the lottery for 6 years.
- 6.

Having a 3 year lottery process would reduce staff time as they would only be processing permits for short-term rentals every three years. The rest of staff time could be geared for enforcement. In addition, a system needs to be put into place so that staff have an easy time recognizing if a property offered online is permitted. For instance, are these permitted?

This one is not hosted, it's a complete home:

<https://www.airbnb.com/rooms/14221960>

These post no business license:

<https://www.airbnb.com/rooms/39733915>

<https://www.airbnb.com/rooms/19968674>

<https://www.vrbo.com/1545284>

<https://www.airbnb.com/rooms/50377593>

In order to make it very easy for staff to see if a listing is in compliance, all permitted short term rentals should have on their listing:

1. Permit number/ business license;
2. Two or three photos that are associated with their unit and in the City of Sebastopol database;

This way staff could check every six months or so and quickly determine if units listed are permitted or not.

It is critical to preserve ADUs as housing stock and limit short term rentals otherwise the ADUs do not add to the housing stock:

1. We in a housing crisis and any liveable space should be rented to people who work in our community;
2. Neighborhoods are not designed for tourists, they are designed for residents who have are committed to their neighbors and their towns;
3. The housing element specifies no net loss in housing. If we give up housing to short term rentals, that should be a counted as a loss of housing stock;
4. Short term rentals are, in effect, businesses. The goal of all housing policy is to build more housing stock for workers, not to increase profitability for homeowners, many of whom have Prop. 13 protection and are not paying current rates for infrastructure and City supported services;
5. We need to encourage the development of hotels to support tourists. Hotels are designed for tourists, they have parking, fire and noise requirements. They have contingencies in place for emergencies. They are located in walking distances to restaurants, shops and other downtown amenities.
6. If you imagine the compact footprint of 60 hotel rooms in one building versus 60 ADUs spread across neighborhoods (cars, noise, visitors), it's clear that hotel rooms are preferable to ADUs in terms of hosting tourists;
7. Hotel rooms do not need to be monitored by City Staff as they have regulatory procedures in place in terms of noise, fire, parking and emergency services;
8. If the City does not make short-term rental policy restrictive and clear with penalties, the 60 ADUs might become 60 hotel rooms spread throughout Sebastopol neighborhoods without any of the parking, noise, fire and emergency contingencies required for hotels and their development.

Survey Current ADU Owners

1. At this point, the City has many ADUs; it would be informative to survey current owners to see how the ADUs are used.
2. The City could send out a simple email survey to track the following information:
 1. If the unit is occupied or vacant;
 2. How the unit is being used:
 1. Owner occupied for home office, additional space;
 2. Family member accommodations;
 3. Owner lives in ADU and rents primary residence;
 4. Short-term rental;
 5. Long-term rental

This basic information would give the Commission and Planning department valuable data on how ADUs are currently being used and how they might work as housing in the future.

Survey AirBNB and VRBO

As Sebastopol lost its only downtown hotel and its 31 rooms to permanent supportive housing for chronically homeless people, Sebastopol no longer has centrally located tourist accommodations even though we live in a tourist region. Occidental has more hotel rooms than Sebastopol. Healdsburg has 31 hotels in its city limits:

<https://patch.com/california/healdsburg/125k-grants-awarded-healdsburg-events-nonprofits>

Given the fact there are no hotels downtown, Sebastopol is at a huge disadvantage when it comes to lodging tourists in our downtown and the City misses out not only on the TOT but also all the sales tax and foot traffic which would accompany tourists staying downtown.

Thus the Relaunch "VisitSebastopolNow" website directs people to Vrbo and AirBnb for accommodations.

<https://visitsebastopolnow.com/where-to-stay>

A quick search will show several rentals in the downtown vicinity. Some seem to be permitted, others do not seem to be.

Imagine if each AirBNB/VRBO unit were actually a long-term rental instead of a hotel room. How many more people could we house? Could we house more seniors, more students, more retail employees, more teachers, more City employees?

Sebastopol houses homeless people 18 RVs on an asphalt lot; what if these folks got jobs and could afford a tiny home? Wouldn't some of these short-term rentals meet that requirement? If we're going to promote a policy of affordable housing, we need to make sure that the vast majority of rental units in the City Limits are committed to long-term rentals.

1. Tracking down compliance for short-term rentals seems to require regular checking of short-term rental sites. Does the Planning Commission have the bandwidth to do so?;
2. Does part of the permit fee go toward staffing compliance?;
3. A lottery every three years potentially has the ability to greatly reduce staff time, especially if it were limited to 36 rentals. Staff would merely have to maintain a list of addresses to check against every 3-6 months.

I hope moving into 2023 and with the updated Housing Element the Commission will pursue more low/moderate family housing and undertake a serious review of the short term rental policy and put into a place that preserves our housing stock for residents and our community members. If the Housing Element is supposed to address housing needs, one of the easiest way to ensure that our housing stock is available for long-term renters is to limit short-term vacation rentals. Every short-term vacation rental is a lost unit for someone who works and lives in our town.

Best,
Kate Haug

Resources

Units Existing:

"The City had 3,606 households as of January 2022 (California Department of Finance [DOF] 2022). As of 2022, 72.2 percent were single-family units, which included 62.5 percent single-family detached units and 9.7 percent single-family attached units; 25.8 percent were multi-family dwelling units; and the remaining two percent were mobile homes (DOF 2022)."

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<https://www.ci.sebastopol.ca.us/getattachment/Meeting-Event/Planning-Commission/2022/Planning-Commission-Meeting-of-December-13th,-2022/Housing-Element-CEQA-Addendum.pdf.aspx>

ADU Accommodation and No Net Loss:

Accommodation of the RHNA Sebastopol's RHNA for the current (2023-2031) planning period is 213 units, consisting of 55 very low-income housing units, 31 low-income housing units, 35 moderate-income housing units, and 92 above moderate-income housing units. The City must demonstrate the availability of sites with appropriate zoning and development standards that can facilitate and encourage the development of such units. The Housing Element Update includes a housing plan that accommodates the RHNA plus a buffer of additional housing units as recommended by the HCD. The City has identified enough units through RHNA Credits (projected Accessory Dwelling Unit (ADU) development and pending, approved, or permitted projects) to meet the 6th Cycle RHNA for each category except for moderate-income. To identify enough sites for its moderate-income RHNA, and to provide an additional buffer of lower-income units to address No Net Loss requirements, the Housing Element includes an inventory of suitable sites for housing development. Table 3 shows the City's RHNA and capacity of Housing Opportunity Sites. Page 23

<https://www.ci.sebastopol.ca.us/getattachment/Meeting-Event/Planning-Commission/2022/Planning-Commission-Meeting-of-December-13th,-2022/Housing-Element-CEQA-Addendum.pdf.aspx>

60 New ADUs

ADUS Jurisdictions may count the potential for ADU development as credits towards their RHNA. Legislation in California has recently facilitated the increased permitting and production of ADUs in many communities, including Sebastopol. From 2018 to 2021, the City permitted an annual average of 7.5 ADUs, which has helped address many of the City's identified housing needs, including special needs housing. The City used conservative affordability assumptions to ensure the distribution of affordability reflects local development trends. The distribution of affordability will be applied to the projection of 7.5 ADUs built annually, for a total of 60 units (15 units per income level) over the 8- year planning period credited towards Sebastopol's RHNA.

<https://www.ci.sebastopol.ca.us/getattachment/Meeting-Event/Planning-Commission/2022/Planning-Commission-Meeting-of-December-13th,-2022/Housing-Element-CEQA-Addendum.pdf.aspx>

Need for Houses Large Enough for Families

"The lack of housing available and affordable for young families, combined with a naturally aging population base, has resulted in a nearly 30 percent decrease in the number of households with children (under age 18) since the peak in 2000. This reflects a local need for stable and affordable housing available to the aging population and young families." Page 14

<https://www.ci.sebastopol.ca.us/getattachment/Meeting-Event/Planning-Commission/2022/Planning-Commission-Meeting-of-December-13th,-2022/Sebastopol-Planning-Commission-Hearing-Draft-12-8-22.pdf.aspx>