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**City Manager's Report**  
**February 10, 2026, City Council Meeting**  
**Prepared by: Carole Kendrick, Director of Development Services**  
**Item #: 10.2**

**Subject:** Consideration of Zoning Ordinance Amendment (ZOA) 25-02 – Title 10 (Zoning), Chapter 4, Section 10-4-20 (Short-Term Rentals) to Include Hosted Short-Term Rentals; and Finding that the Project is Exempt from the California Environmental Quality Act (CEQA).

**Recommendation:** Conduct a public hearing to receive public input on the proposed amendment. Determine that the proposed amendment is exempt from CEQA pursuant to California Code of Regulations, Title 14, Chapter 3, Section 15060(c)(2) and (3), as it is an administrative update that will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a “project” under CEQA Guidelines Section 15378. Introduce and waive the first reading of an Ordinance amending Title 10, Chapter 4, Section 10-4-20 to include hosted short-term rentals (STRs) and related safeguards.

**Purpose:** The amendment clarifies and expands regulations for short-term rentals by explicitly defining and permitting “hosted” STRs (where the deeded owner or designated host resides and sleeps on-site during guest stays), extends applicability to qualifying residential zones under California Building Code (CBC) R-3 Group standards with robust safeguards, supports supplemental homeowner income and tourism while minimizing neighborhood impacts through on-site management, ensures compliance with transient occupancy tax (TOT), and aligns with recent state legislation (Senate Bill 346, the Short-Term Rental Facilitator Act of 2025) by incorporating requirements for facilitator reporting and listing disclosures to enhance enforcement and tax collection.

**Strategic Plan Strategy:** Fiscal Stability/Sustainability Create a fiscally stable and sustainable government that can provide for and maintain a safe community with a high quality of life. 2) Strategy - Increase Revenues.

**Background:** Ordinance No. 1710 (adopted July 12, 2022) established STR regulations as permitted lodging uses only in commercial zones (CBD, C, HWC), prohibiting them in residential zones to safeguard neighborhood integrity and long-term housing (per Housing Element Program F-7). Market trends have shown growth in hosted STRs, which feature lower impacts due to direct host oversight.

At the request of Mayor Nicole Gotberg on August 8, 2023, staff developed options to allow hosted STRs, including in CBC R-3 qualifying residential zones (one- or two-family dwellings, max 5 bedrooms/10 occupants for lodging), with strict conditions. The proposed amendment maintains unhosted STR prohibitions in residential zones, prohibits STRs in junior accessory dwelling units

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(standalone JADUs), R-1/R-2 occupancies, events/special events, and caps total Citywide STR permits (hosted or non-hosted) at 30 per year.

Senate Bill 346 (Durazo), the Short-Term Rental Facilitator Act of 2025, was signed into law on October 13, 2025, and became effective January 1, 2026 (Chapter 751, Statutes of 2025). This state law authorizes local agencies (cities, counties, or city and counties) to adopt ordinances requiring short-term rental facilitators (e.g., online platforms like Airbnb, Vrbo) to report specified information about listed properties, including physical addresses (with 9-digit ZIP codes), assessor parcel numbers (if needed for identification), associated URLs, and other details to aid in identifying accessory units or similar. Facilitators must also include any applicable local license number (e.g., business license) and TOT certification in listings. Reporting occurs quarterly (or less frequently as set by the local ordinance), in a form and manner prescribed by the agency. The law does not preempt broader local STR regulations and supports enforcement of local rules, TOT collection, and compliance. The proposed amendment incorporates these SB 346 provisions to ensure Placerville can invoke this authority, improving oversight of platforms facilitating STRs within City limits.

The Planning Commission held a public hearing on January 6, 2026, received testimony, and discussed the proposal including concerns regarding parking and annual limits. The Planning Commission suggests edits that are incorporated into the draft ordinance as shown in Attachment C, prior to forwarding a recommendation of approval to the City Council with three (3) yes votes, one (1) abstain and one (1) absent (see Attachment B).

### **Discussion:**

The proposed amendment (redlined and clean versions attached) adds definitions for hosted rentals, host, and related terms; extends applicability to CBC R-3 residential zones for hosted STRs only (requiring the host to be the deeded owner with the property as their primary residence, on-site presence, and sleeping in a permitted bedroom during rentals); permits hosted STRs in accessory dwelling units (ADUs) with the owner in the primary dwelling, and limited scenarios involving junior accessory dwelling units (JADUs); requires STR permits processed as special temporary use permits (non-transferable, annual renewal with City and El Dorado County Fire Marshal inspections); limits occupancy to legally permitted bedrooms (max 5 bedrooms/10 people per Table 1, 2 per bedroom); mandates 24/7 availability and 1-hour response (or local contact for non-hosted); requires business license, TOT remittance, posted occupancy/permit/license info, quiet hours (10 p.m.–8 a.m.), 3-year record-keeping, use of approved facilitators, and inclusion of the STR permit number in advertisements.

To comply with and leverage SB 346 (effective 2026), the amendment includes new provisions in Sections (J) Facilitator Reporting and (K) Advertisement Listing Requirements: Short-term rental facilitators must provide quarterly reports (January, April, July, October) to the City with the physical address (including 9-digit ZIP code) of each STR, and, if address information is insufficient, additional details such as assessor parcel number, listing URL, or information identifying accessory units/guest houses. Facilitators must also require listings to include the City's applicable local license number (business license) and any TOT certification. These measures enable better monitoring of listings, identification of unpermitted STRs, enhanced TOT compliance, and enforcement of local rules without preempting Placerville's authority to regulate STRs further.

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New construction requires site plan review; prohibitions on events, outdoor sleeping, and ineligible zones/occupancies are retained or clarified. These changes balance tourism/economic benefits with neighborhood protection (hosted oversight reduces nuisances compared to unhosted), align with General Plan policies, and position the City to utilize SB 346 tools for improved enforcement. The Planning Commission recommended approval of the redlined draft.

### **Consistency with City Policies**

General Plan Policies: Supports General Plan tourism/economic development (visitor-serving uses in commercial zones), Housing Element priorities (preserve long-term housing, restrict non-owner-occupied STRs in residential zones), land use compatibility (hosted STRs as lower-impact lodging), and effective local governance by incorporating SB 346 to strengthen TOT enforcement and regulatory oversight.

**Public Communications:** A public notice was published in the Mountain Democrat on January 16, 2026. As of the preparation of this report, the Development Services Department has received no public comments, with the exception of comments received at the January 6, 2026, Planning Commission meeting from Kathi Lishman and Michael Drobesh regarding parking and number of complaints before revocation. Any comments submitted before the scheduled City Council meeting will be presented to the Council during the public hearing.

### **Options:**

1. Introduce and waive the first reading of the Ordinance, as recommended by the Planning Commission (with edits incorporated).
2. Introduce and waive the first reading of the Ordinance with further modifications.
3. Continue the item for further review.
4. Deny the ordinance.

**Environmental:** The proposed amendment is exempt from CEQA pursuant to California Code of Regulations, Title 14, Chapter 3, Section 15060(c)(2) and (3), as it is an administrative/legislative clarification of regulations without resulting in a direct or reasonably foreseeable indirect physical change in the environment and does not constitute a “project” under CEQA Guidelines Section 15378. No unusual circumstances apply. Staff will file a Notice of Exemption upon adoption.

**Cost:** Minimal additional staff time for processing and SB 346-related administration; recoverable via application/inspection fees, business licenses, and improved TOT collection.

**Budget Impact:** Potential modest positive revenue from new permit fees, business licenses, and enhanced TOT compliance/collection (estimated low thousands annually within the 30-permit cap), no significant negative impact anticipated.



Dave Warren, City Manager



Carole Kendrick, Director of Development Services

Attachments:

- A. Ordinance No. XX – Draft
- B. Planning Commission Resolution No. XX – Draft
- C. Zoning Code - Redlined
- D. Zoning Code – Clean Version

**Incorporated by Reference**

- City of Placerville General Plan
- City of Placerville Zoning Ordinance
- City of Placerville Ordinance No. 1710
- El Dorado County Regulations – Vacation Home Rental Ordinance Chapter 5.56
- Senate Bill 346 (2025)
- City of Placerville Planning Department file ZOA 25-02