City Manager's Report
November 10, 2023, PEAC Meeting
Prepared by: Cleve Morris, City Manager and
Pierre Rivas, Development Services Director
Item #: 7d
Subject: Review current Municipal Code Regulations regarding Short Term Rentals (STR) and provide input to staff.

Recommendation: Provide input to staff on any potential changes to the City's Short Term Rental Regulations.

Purpose: To provide information to assist staff and the Council on potential changes to the City's regulations regarding Short Term Rentals (STRs).

Discussion: For the past couple of years cities throughout California have struggled with how to address Short Term Rentals such as Airbnb. The City of Placerville has also struggled with what is appropriate in this area of regulation. With housing shortages, STRs can take away from housing available for permanent residents of the City. However, STR can also generate a revenue stream for the City. STR are required to pay Transient Occupancy Tax (TOT) just as hotels are. Another factor is what effect STR has on hotel businesses.

Earlier this year, the City amended the City Code to allow STR in Commercial Districts. This includes residential units that may be located above retail businesses and other properties in the Commercial Districts of the City. Prior to that time, the City Code did not allow STR in any zone in the City.

Currently, although some do operate illegally since STRs are not allowed in any residential zone in the City. The City Council wants to review this and consider modifying this regulation. Several options are available that have different effects on the concerns raised above.

1. Allow STR in any zone in the City without restrictions.
2. Allow STR in residential zones only if hosted. So renting a room in a home that is owner occupied.
3. Other options.

Options:

1. Consider making a recommendation to City Council.
2. Direct staff to bring back information for further review.
3. Take no action.

Cost: NA

Budget Impact: NA

M. Cleve Morris, City Manager

Pierre Rivas, Development Services Director

Attachments:

A. City Ordinance No. 1710
B. El Dorado County Code Chapter 5.56