

County of Santa Cruz

DEPARTMENT OF COMMUNITY DEVELOPMENT AND INFRASTRUCTURE

701 OCEAN STREET, FOURTH FLOOR, SANTA CRUZ, CA 95060-4070 Planning (831) 454-2580 Public Works (831) 454-2160

November 6, 2024

Zoning Administrator County of Santa Cruz 701 Ocean Street, 4th Floor Santa Cruz, CA 95060

Subject: Public hearing to consider Appeal of Denial of Application 241165, a proposal to

renew Vacation Rental Permit 191005 to operate a three-bedroom Vacation Rental

in an existing single-family dwelling.

Dear Zoning Administrator:

On April 23, 2024, an application to renew Vacation Rental Permit 191005 was submitted to the County of Santa Cruz.

On August 13, 2024, application 191005 was denied without prejudice based on the findings contained in the attached staff report (Exhibit 1B). Findings note that the rental was permitted as a three-bedroom vacation rental and did not authorize advertisement of four bedrooms.

On August 27, 2024, a letter of appeal was submitted by James Polizzi ("appellant") (Exhibit 1A). The appellant's primary assertion is that the advertisement mistakenly listed the unit as a 4-bedroom rental. The appellant also asserts that what is identified as the 'fourth bedroom' is a actually a 'day nursery' intended for children to use for nap time rather than a bedroom. Additionally, the appellant also asserts that the staff report incorrectly claims that the advertisement states that 10 people could sleep at the residence where the posting indicates eight guests.

Vacation Rental Permit and Property History

The previous Vacation Rental Permit, application 191005, approved operation of a three-bedroom Vacation Rental. Application 191005 was approved on February 20, 2019, and expired on February 20, 2024. The dwelling was constructed in 1960 under Building Permit #8412 and subsequently remodeled and repaired under Building Permit #70530, following major storm damage in 1982. The existing two-story single-family dwelling contains four bedrooms, and three bathrooms.

APPEAL LETTER RESPONSE

Advertisement

Exhibit 1C includes screenshots of the Airbnb advertisement for 311 Moosehead Drive; the

advertisement clearly states the maximum capacity is 10 guests, and contains 4 bedrooms, 7 beds, and 2.5 baths. The advertisement also shows pictures of each of the bedrooms, with the 4th bedroom containing 2 sets of bunk beds.

Permitted Bedroom Count

After reviewing building permit plans on file, it appears that the 'day nursery' was occupying a room that was labeled 'office'. Santa Cruz County Code 13.10.700-B defines Bedroom to mean any space in the conditioned (heated) area of a dwelling unit which is 70 square feet and greater in size and which is an exterior room, regardless of whether it is entered through a door, unless it is exempted as one of the following:

- (1) Hall;
- (2) Bathroom;
- (3) Kitchen;
- (4) Living room (maximum of one per dwelling unit);
- (5) Dining room (opening off of the kitchen or living room, maximum one per dwelling unit);
- (6) Family room (opening off of the kitchen or living room, maximum one per dwelling unit);
- (7) Breakfast nook (opening off of the kitchen, maximum of one per dwelling unit); or
- (8) Laundry room.

The 'office' does not qualify as any other room type other than a bedroom pursuant to the definition of bedroom; therefore, it would be considered a bedroom under the current regulations. Further, the advertisement and photos associated with the rental clearly show use of the room as a bedroom regardless of naming conventions associated with the prior building permit.

Conclusion

At the June 28, 2022, Board of Supervisors meeting, the Board of Supervisors directed staff to implement a proactive enforcement program of short-term rentals in the County (Exhibit 1D). Although this property was not identified through proactive enforcement measures, the intent of the Board memo is to provide greater enforcement of the short-term rental regulations. Per SCCC 13.10.694(L), violations of vacation rental regulations or of any other provision of the Santa Cruz County Code, may be grounds for denial of a renewal application after consideration at a Zoning Administrator public hearing.

On July 19, 2024, public comment was received by planning staff with complaints that this rental site is in violation of the Vacation Rental Ordinance. The message included a link to the online advertisement for this rental which showed that the property was listed as a four-bedroom vacation rental.

Pursuant to the Vacation Rental Ordinance, mis-advertisement of the rental is grounds for denial of the vacation rental renewal permit. Additionally, applications to renew a permit shall be submitted no sooner than 180 days before the expiration date of the existing permit, and no later than the date of expiration of that permit. The application to renew the permit was submitted 63 days after the expiration date. Thus, renewal would not be allowed by the regulations.

Staff Recommendation

Based on the complete record provided in the attached Exhibits, staff recommends the Zoning Administrator:

• Uphold Denial of Application 231425, based on findings contained in Exhibit 1B.

Should you have further questions concerning this application, please contact me at: (831) 454-3371 or e-mail: Michael.Lam@santacruzcountyca.gov

Sincerely,

Michael Lam Project Planner Development Review

Exhibits

- 1A Appeal Letter by James Polizzi, dated 08/27/2024
- 1B 241165 Staff Report (including Findings for Denial)
- 1C Airbnb Advertisement screenshots
- 1D Board of Supervisors memo

James Polizzi 311 Moosehead Dr, Aptos, CA 95003

August 26, 2024

County of Santa Cruz
Department of Community Development and Infrastructure
701 Ocean St. Fourth Floor
Santa Cruz, CA 95060-4070

Re: Application #241165; APN 042-066-08; Permit #191005

Subj: NOTICE OF APPEAL

I have received your Staff Report regarding the above permit. You point out that our Airbnb advertisement mistakenly listed the rental as a 4-bedroom unit. In our posting we intended to show a 3-bedroom unit along with a Day Nursery and you have based your denial solely based on a public comment from Planning solely based on this advertisement. The residence has been a family daycare licensed by the State of California since 2001 which included the same Day Nursery.

To be completely forthcoming, it was simply a clerical error when the listing showed a 4-bedroom house. This Day Nursery could never be construed as a bedroom. It has no closets; the beds shown in the earlier ad are for children and are intended to be used by for "nap time" during the day. The ad never mentioned a Day Nursery because it was thought that due to its size, cartoon wall paintings and configuration, any reasonable person would not mistake the Day Nursery for a Bedroom. However, in the spirt of complete compliance and to avoid any ambiguity, the beds have since been removed and the photos have been updated accordingly to assure complete compliance with the County's requirements while the narrative of the ad was changed as of 07/29/24 to indicate a 3-Bedroom house.

The Staff Report mistakenly said that the ad said that ten people could sleep at the residence, but our positing said eight. Whether, on the one hand, the eight guests sleep in four bedrooms or, on the other, six sleep in three bedrooms and two sleep in the living room, matters very little. It does not affect the house's noise, foot traffic, or parking requirements, the foci for any potential concerns of the neighbors. The ad also shows photos of sufficient on-site parking for all guests both in the narrative and photos.

I have also received your letter of 7/10/2024 describing the actions to take to keep the permit current. We have completed the actions referred to in it, including posting the notice accompanying the letter and returning the affidavit showing that the notice was posted as directed.

The Staff Report refers to Santa Cruz County Code Sec 13.10.695 (D)3 Low Impact Camping Areas. I will presume that it is intended to instead reference Section13.10.694 (D) 3 Vacation Rentals.

13.10.694 Vacation rentals.

- (D) Permit Requirements. A vacation rental permit and transient occupancy tax registration (or proof of registration with verified vacation rental platforms) are required for each residential vacation rental. Each vacation rental permit shall remain valid as long as the vacation rental operates for at least three out of any consecutive five years, except that each vacation rental permit issued for a vacation rental shall expire the same month and day five years subsequent to the date of issuance of the original permit or as otherwise provided in subsection (D)(3) of this section. If the expiration date falls on a Saturday or a Sunday, the following Monday shall be considered to be the expiration date. Approval of a vacation rental permit does not legalize any nonpermitted use or structure. Vacation rental permits are subject to revocation as provided for in SCCC 18.10.136. (See Below).
- (3) Renewal of Vacation Rental Permits. All vacation rental permits must be renewed every five years starting on December 15, 2020, except those in the LODA and SALSDA, where vacation rental permits must be renewed every five years from the date of issuance. An application to renew a permit for a vacation rental shall be submitted no sooner than 180 days before the expiration date of the existing permit, and no later than the date of expiration of that permit. Upon receipt of a complete application, the expiration of the existing permit shall be stayed until final action is taken on the renewal application.

SCCC Sec 18.10.136 Permit revocation states:

(A) Permits Which May Be Revoked. Any permit heretofore or hereafter granted may be revoked or amended in lieu of revocation by the Planning Commission or Board of Supervisors, as provided herein, upon a finding that any term or condition of the permit has not been, or is not being complied with or that the permit has been issued or exercised in violation of any statute, law or regulation, or in a manner which creates a nuisance, or is otherwise detrimental to the public health and safety. Such revocation may be initiated by resolution of intention adopted by majority vote of either the Board

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of Supervisors or by the Planning Commission, or may be initiated by the Planning Director by scheduling a hearing before the Planning Commission to consider the revocation. Notice of the intention to take such an action shall be provided to the permittee of the noncompliance, violation, or nuisance <u>and reasonable opportunity</u> consistent within the public health and safety for permittee to correct same to the satisfaction of the County. Such reasonable opportunity for correction may be provided by scheduling the actual hearing on revocation for a date which will allow time for such correction.

Accordingly, as the property located at 311 Moosehead Dr is now in full compliance with the terms and conditions of permit #191005 and all of the defects shown in your letter of 7/29/2024 have been cured, please consider this your notice that in accordance with Sec 18.10 et seq of the Santa Cruz County Code that we hereby request an appeal to this decision.

Respectfully,

James Patrick Polizzi

James Polizzi



Staff Report & Development Permit Administrative Use Review

Application Number: **241165** APN: **042-066-08**

Applicant: James and Jill Polizzi Owner: James and Jill Polizzi

Site Address: 311 Moosehead Dive, Aptos, CA 95003

Proposal & Location

Proposal to renew an existing Vacation Rental Permit (Permit Number 191005). Requires a Vacation Rental Renewal Permit.

Project site is located at 311 Moosehead Drive, Aptos, CA 95003.

Analysis

The subject property is developed with an existing three-bedroom single-family residence, located in the Seacliff, Aptos, La Selva Designated Area (SALSDA). The dwelling, which is noted by the Assessor as containing three bedrooms, was constructed in 1960 under Building Permit #8412, issued in August 1960, and was subsequently remodeled and repaired under Building Permit #70530, following major storm damage in 1982.

Vacation rentals within residential structures are permitted within the R-1-6 zone district, and the operation of the vacation rental is required to comply with all requirements of the vacation rental ordinance. Vacation rental permits are subject to renewal pursuant to County Code Section 13.10.695 (D) 3, as conditioned.

Findings for Denial

On February 20, 2019, Permit #191005 was approved, permitting the use of a single-family residence, located at 311 Moosehead Drive, Aptos, CA 95003, as a Vacation Rental, subject to conditions of approval allowing the rental of up to three legal bedrooms for guests for periods of less than 30 days at a time. On July 19th, 2024, public comment was received by planning staff with complaints that this rental site is in violation of the Vacation Rental Ordinance. The message included a link to the online AirBnB advertisement for this rental which shows that on 7/22/2024 this property was listed as a **four-bedroom** vacation rental. As of 7/26/2024 this advertisement continues to list this property as a **four-bedroom** rental (see attached).

County Code Section 18.10.230(D)(3) (c) outlines that mis-advertising the rental is grounds for denial of an application for renewal as follows:

(c) Processing of renewal applications includes a review of any issued or pending building permits or other permits and review of all pertinent information specific to complaints, if

Owner: James and Jill Polizzi Page 2

Application #: 241165 APN: 042-066-08

any, that have been received about the subject vacation rental. Approval of a vacation rental renewal permit shall be based on affirmative findings as set forth in SCCC 18.10.230. Denial of an application for renewal shall be based on one or more of the required findings not being able to be made, as set forth in SCCC 18.10.230(A). Additionally, a County Code violation or violations related to the property, such as operating the vacation rental while under emergency orders from the state or County that prohibit such operation, mis-advertising the rental, citations for violation of SCCC 8.30 (Noise), and/or failure of the local property manager to timely respond to complaints are all grounds for denial.

For this reason, the County of Santa Cruz Community Development and Infrastructure Department has denied your application for renewal of Vacation Rental Permit #191005.

Findings are on file with Santa Cruz County Planning.

Staff Recommendation

| Santa Cruz County Planning has taken administrative action on your application as follows: | |
|--|--|
| | Approved (if not appealed). |
| X | Denied (based on the attached findings). |
| NOTE: | This decision is final unless appealed. |

See below for information regarding appeals. You may exercise your permit after signing below and meeting any conditions which are required to be met prior to exercising the permit. If you file an appeal of this decision, permit issuance will be stayed and the permit cannot be exercised until the appeal is decided.

Please note: This permit will expire unless exercised prior to the expiration date. (See the Conditions of Approval below for the expiration date of this permit.)

If you have any questions about this project, please contact Nicholas Brown at: (831) 454-5317 or Nicholas.Brown @santacruzcountyca.gov

Report Prepared By: Nicholas Brown

Nicholas Brown Santa Cruz County Planning

701 Ocean Street, 4th Floor Santa Cruz CA 95060

Report Reviewed By: Sheila McDaniel

Principal Planner

Santa Cruz County Planning

Owner: James and Jill Polizzi Page 3

Application #: 241165 APN: 042-066-08

Mail to: James and Jill Polizzi

311 Moosehead Drive Aptos, CA 95003

Appeals

In accordance with Section 18.10 et seq of the Santa Cruz County Code, the applicant or any aggrieved party may appeal an action or decision taken on an Administrative (Level 4) review such as this one. All appeals shall be made in writing and shall state the nature of the application, your interest in the matter and the basis on which the decision is to be considered to be in error. Appeals must be made no later than fourteen (14) calendar days following the date of publication of the action from which the appeal is being taken and must be accompanied by the appropriate filing fee

Discretionary Permit Findings

(a) Health and Safety. The proposed location of the project and the conditions under which it would be developed, operated, or maintained will not be detrimental to the health, safety, or welfare of persons residing or working in the neighborhood or the general public, and will not be materially injurious to properties or improvements in the vicinity.

The proposed residential vacation rental as approved by Permit 191105 was authorized only within the three legal bedrooms of the existing dwelling, as noted by the Assessor's records for the property and as drawn on the plans submitted for permit 191005 in 2019. Permit 191105 did not authorize advertising four-bedrooms for vacation rental uses on the parcel. As operated, the vacation rental use has included the advertisement of habitable living space as a bedroom and therefore, compliance with the Building Code cannot be verified.

Conformance with the health and safety standards established for vacation rental units, including smoke and carbon monoxide alarms, working ground fault circuit interrupters, emergency egress in all sleeping rooms, and handrails along stairs and walking surfaces above 30 inches in height to ensure the optimum in safety, has not been determined for the habitable space. Further, a Building Permit would be required to be issued to recognize the legal conversion of living space to a bedroom and no such Building Permit has been obtained. Therefore, this finding cannot be made.

(b) Zoning Conformance. The proposed location of the project and the conditions under which it would be developed, operated, or maintained will be in substantial conformance with the intent and requirements of all pertinent County ordinances and the purpose of the zone district in which the site is located.

This finding cannot be made. The use of the property as a four-bedroom vacation rental does not comply with the provisions of County Code Section 18.10.230(D)(3) (c), which sets out that misadvertising of a vacation rental is grounds for denial of an application for renewal. Further, as set out in County code Section 13.10.694(D)(2) applications for vacation rentals consisting of four or more bedrooms shall be considered by the Zoning Administrator at a public hearing in accordance with the provisions of County Code Section 18.10.131(C). Application 191005, which authorized a three-bedroom vacation rental, was approved pursuant to an administrative review and no hearing was conducted.

(c) General Plan Conformance. The proposed project is in substantial conformance with the intent, goals, objectives, and policies of all elements of the County General Plan and any specific plan which has been adopted for the area.

N/A

(d) CEQA Conformance. The proposed project complies with the requirements of the California Environmental Quality Act (CEQA) and any significant adverse impacts on the natural environment will be mitigated pursuant to CEQA.

N/A

(e) Utilities and Traffic Impacts. The proposed use will not overload utilities, result in

inefficient or wasteful use of energy, or generate more than the acceptable level of traffic on the streets in the vicinity.

Permit 191105 only authorized the renting of three bedrooms in an existing single-family residence that is recognized as having only three bedrooms and was conditioned to allow a maximum of eight overnight guests. As advertised, the vacation rental unit was represented as having four bedrooms, accommodating up to ten overnight guests. Additional unauthorized guests represent the potential for impacts to traffic and the use of utilities and therefore this finding cannot be made.

(f) Neighborhood Compatibility. The proposed use will be compatible with the existing and proposed land uses, land use intensities, and dwelling unit densities of the neighborhood, as designated by the General Plan and Local Coastal Program and implementing ordinances.

This finding cannot be made, in that the potential impacts of a vacation rental with four or more bedrooms, allowing up to ten overnight guests, have not been analyzed; therefore, it cannot be determined that the use will be compatible with the existing and proposed land uses, land use intensities, and dwelling unit densities of the neighborhood. Further, as set out in County Code Section 18.10.131(C), a public hearing is required for the approval of a four-bedroom vacation rental, providing an opportunity for neighborhood input on the proposal, and no hearing was conducted for this property.

(g) Local Coastal Program Consistency. For proposed projects located within the coastal zone, the proposed project is consistent with the provisions of the certified Local Coastal Program.

The existing three-bedroom dwelling, which is located within the Coastal Zone, can be found to be consistent with the provisions of the certified Local Coastal Program. However, no analysis has been done to confirm that the addition of one bedroom, to result in a house with four-bedrooms, is consistent with these requirements. Therefore, this finding cannot be made.

Screenshot of Ad: 7/29/2024



Anywhere Any week Add guests







↑ Share ♥ Save



Aptos Creek Oasis











Entire home in Aptos, California

10 guests · 4 bedrooms · 7 beds · 2.5 baths



One of the most loved homes on Airbnb, according to guests

4.93 ****

14 Reviews



EXHIBIT 1C











Hosted by Harmony

Superhost · 4 months hosting



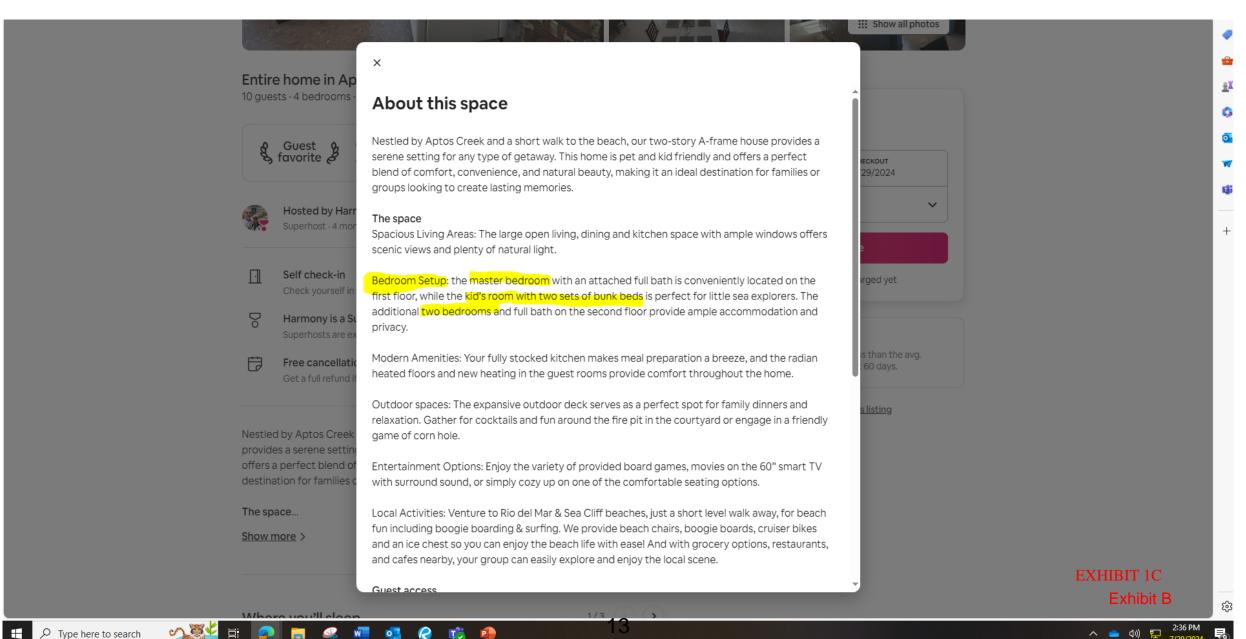




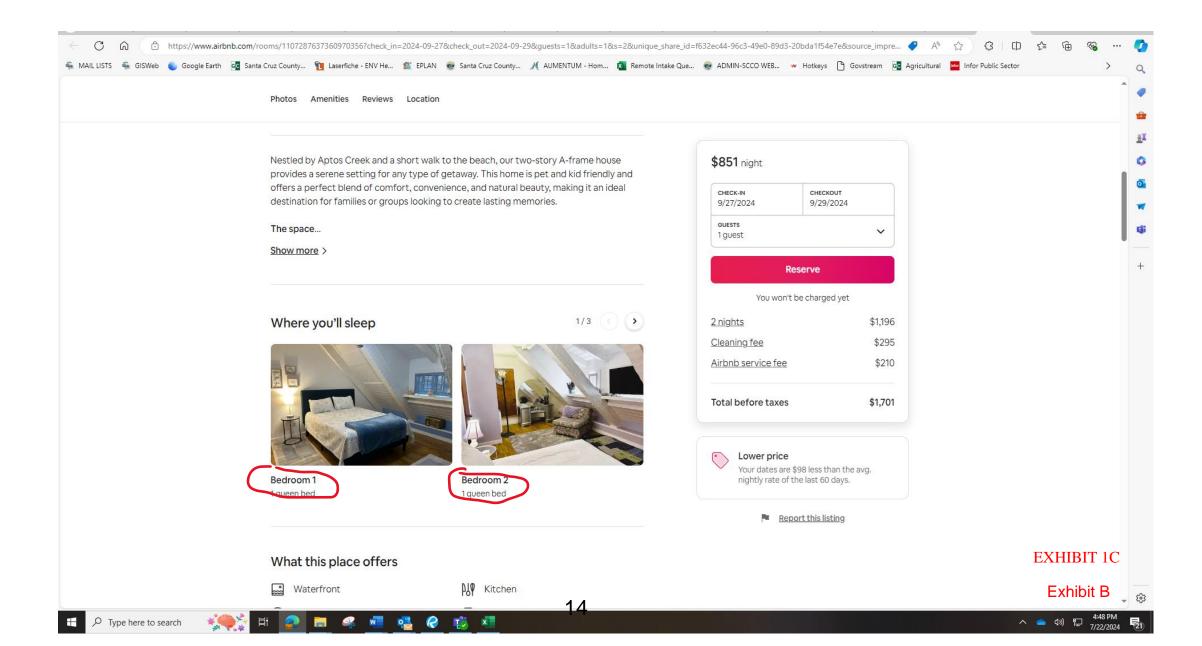




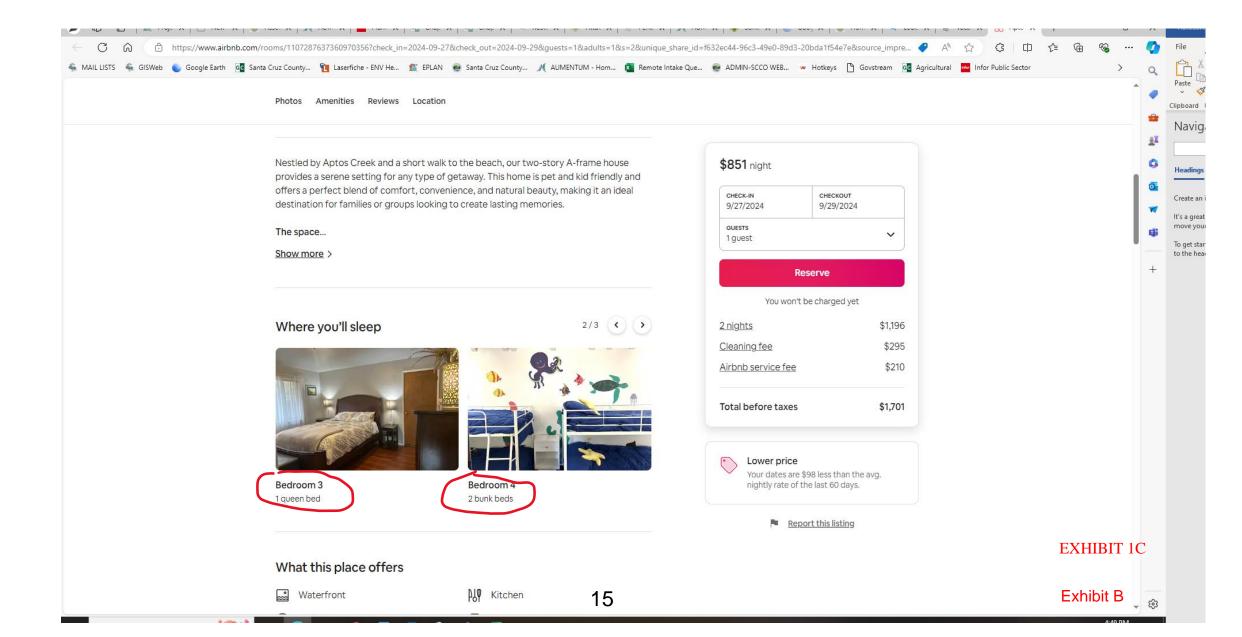
House Rules - 7/29/2024

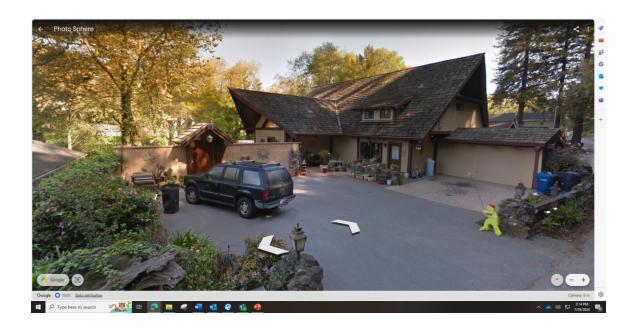


7/22/2024 Advertisement: Bedroom 1 and 2



7/22/24 Advertisement: Bedroom 3 and 4





Exterior of 311 Moosehead on Google earth 7/29/2024

Exterior

Free parking on premises



Exterior of "Aptos Creek Oasis" ad on AirBnB ad on 7/29/2024

EXHIBIT 1C





Recommended Action(s):

Accept and file report regarding proactive enforcement on vacation rentals and hosted rentals.

Executive Summary

At the June 28, 2022, meeting, the Board of Supervisors requested annual reports on the new program proactively enforcing short-term rental operators who are renting out units and advertising them on various websites as tracked by the Auditor-Controller-Treasurer-Tax Collector for the collection of transient occupancy tax. As staffing for the program has recently been completed and program activities have been resumed, this report back provides an update on those efforts.

Background

At the June 28, 2022, meeting, the Board of Supervisors directed the Code Compliance section of the Community Development & Infrastructure (CDI) Department to return in November 2022 with an update on implementing proactive enforcement efforts and improvements to the enforcement process regarding short-term rentals, including improved coordination between the Code Compliance section, the Assessor's Office and the Sheriff's Office.

Direction was also given to establish an annual report back that includes the number of complaints received by the Sheriff's Office, the length of time it takes to resolve such complaints, and number of active permits that have been recommended for revocation, how many hearings have been held, and how many permits have been revoked or denied.

Analysis

The initial effort to conduct proactive enforcement resulted in warning letters sent to 385 property owners on September 16, 2022. The letters included direction on how to come into compliance and an affidavit to return once they had come into compliance. Property owners were given 10 days to stop advertising for rentals of less than 30 days or remove advertising altogether and were provided an affidavit to return affirming that action.

Since the hiring of a Code Compliance Manager on August 19, 2023, and a full-time Code Compliance Investigator on October 3, 2023, a vacation rentals and hosted rentals enforcement program has been established. This was done through the creation of a policy and procedures guide, as well as ongoing coordination with the Auditor-Controller-Treasurer-Tax Collector's office for properties that have not paid transient occupancy tax (TOT), the Sheriff's Office for calls for service, and most recently the Assessor's Office for properties that have not reported improvements to their vacation rentals.

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The CDI Code Compliance team has been working closely with Development Review to assist in reviewing renewal applications to ensure that violators' permits are not renewed or that violations are corrected before the renewal of short-term rental (STR) permits. This collaboration has helped identify violations for owners who are renewing their permits. The Code Compliance team has also directed property owners who were using unpermitted short-term vacation rentals and hosted rentals to the appropriate Planning staff to begin the application process. The Code Compliance team has issued 88 citations (as of February 15, 2024) for unpermitted STRs, with 34 in District 1, 43 in District 2, 1 in District 3, 1 in District 4, and 9 in District 5. This resulted in 55 properties complying by either removing ads or changing to 30-days plus and 16 properties applying for a permit.

The CDI Code Compliance team has reached out to the Senior Manager of Policy for Airbnb and is currently in discussions with Airbnb staff to remove all unpermitted short-term vacation and hosted rentals from their platform. Additionally, we are discussing ways to ensure that permitted property owners comply with advertising requirements in the County ordinance. We will follow this process with other large platforms such as VRBO and Hipcamp.

The CDI Code Compliance team collaborated with the relevant Planning staff to establish a process for revoking vacation rental and hosted rental permits. Together, they developed a process for presenting revocations to the Zoning Administrator. On February 2, 2024, two revocation hearings were conducted by the Zoning Administrator. The cases were continued for 77 days to allow the property owners to work with staff to comply with the County Code. The CDI Code Compliance team will continue to identify violators and bring more cases to the Zoning Administrator for recommended permit revocations. Staff will also work to establish a more reasonable, shorter timeframe for compliance for the Zoning Administrator on future cases.

The CDI Code Compliance team has written letters to contact permit holders of short-term vacation and hosted rentals. The purpose of these letters is to inform them about the requirements they need to comply with to maintain their respective permits, as specified in both the short-term and hosted rental ordinances. On February 15, 2024, Code Compliance sent over 800 letters to permit holders. To further increase the outreach, we recently worked with the CDI Communications Officer to create a press release that publicizes the efforts mentioned in this memo which was distributed on February 28, 2024. These types of outreach efforts are intended to reduce claims that property owners were not aware of the regulations.

The CDI Code Compliance Team has improved the Code Compliance website by adding a quick link to simplify the reporting of alleged violations on properties with or without prospective vacation rentals or hosted rental permits. This new feature is called the "vacation rental complaint form" and enables the team to quickly identify such complaints and take appropriate action.

Moving forward, CDI Code Compliance will continue to issue citations for unpermitted

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STRs and coordinate closely with relevant departments to significantly reduce the use of unpermitted vacation rentals. Code Compliance will also begin issuing citations to permit holders who continuously violate the short-term vacation rental ordinance and continue to seek revocation of short-term vacation rentals who are a continued nuisance to the community. Coordination with the Sheriff's Office continues, and staff is working in close collaboration with officers to identify short-term vacation rentals in which officers respond to noise complaints. Code Compliance staff will follow up on these complaints with written correspondence or a citation. In addition, Code Compliance staff will continue to work with online STR platforms such as Airbnb and VRBO to remove all advertisements for unpermitted short-term rental properties. Code Compliance staff plans to participate in community events and continue issuing educational information to the public regarding ordinance requirements and enforcement efforts.

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