

Proposed Ordinance to Limit Short-Term Rentals (Summary)

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The lack of affordable housing in Mendocino County has reached crisis proportions. To save long-term housing for their communities, other counties across California have implemented Short Term Rental (STR) ordinances that license and limit short-term rentals. It is now urgent for Mendocino County to assume this responsibility.

There are more than 500 STRs in the County; 90% are on the coast, 4% of area long-term housing. The need couldn't be more pressing; if the number of STRs grows 10 – 20% as expected, the County will lose 50 - 100 more houses in the next twelve months. Alternatively, we can adopt commonsense STR regulations and recover 100+ long-term homes over the next few years.

The purpose of the STR Ordinance is to:

- Make homes more affordable and easier to find.
- Let permanent residents earn vacation rental income.
- Protect the quality of life in residential neighborhoods in which STRs do business.
- Generate funds for additional affordable and work-force housing.

Key provisions of the ordinance:

1. All STRs will pay to be licensed as either Hosted (rooms) or Vacation (whole house/no host) rentals.
2. Existing STRs in good standing may become licensed and operate until sold or ownership is transferred.
3. Short-Term Rentals (STRs) that are not an owner's full-time home (investment and second-home STRs) will be limited to no more than 2% of area housing; when the number is below the 2% threshold, additional nonprimary residence STRs may be licensed.
4. The 2% limit is not applicable to primary residence STRs licensed by their owners, as renting rooms or one's home for finite periods does not affect housing availability.
5. Licenses expire upon sale or transfer of the STR; this returns property to long-term housing and improves availability over time.
6. No new licenses will be issued for 2nd unit STRs.
7. The diagram below illustrates restrictions and licensing for Hosted & Vacation Rentals, Primary Residence, and Nonprimary Residence (Investment & Second Home) STRs.

