



CITY OF SALINAS COUNCIL STAFF REPORT

DATE: AUGUST 10, 2021

DEPARTMENT: COMMUNITY DEVELOPMENT

FROM: MEGAN HUNTER, COMMUNITY DEVELOPMENT DIRECTOR

BY: THOMAS WILES, SENIOR PLANNER
ANA AMBRIZ, COMMUNITY DEVELOPMENT ANALYST

TITLE: ZONING CODE AMENDMENT 2021-003; AN ORDINANCE
AMENDING CHAPTER 37 OF THE SALINAS MUNICIPAL CODE
(ZONING CODE) MODIFYING EXTENDED STAY
REGULATIONS FOR HOTELS/MOTELS

RECOMMENDED MOTION:

A motion finding Zoning Code Amendment 2021-003 exempt from the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 15304 and 15061(b)(3) and adopting an Ordinance for Zoning Code Amendment 2021-003 modifying Extended Stay Regulations for Hotels/Motels.

RECOMMENDATION:

Staff recommends that the City Council find Zoning Code Amendment 2021-003 exempt from the California Environmental Quality Act (CEQA) pursuant to Guidelines Section 15304 and 15061(b)(3) and introduce and adopt an Ordinance for a Zoning Code Amendment 2021-003 amending Chapter 37 of the Salinas Municipal Code (Zoning Code) modifying Extended Stay regulations for Hotels/Motels.

EXECUTIVE SUMMARY:

The City of Salinas is facing a housing crisis and is in great need of temporary housing solutions while additional affordable housing units can be created. Over many years, Salinas has depended on motel/hotels that are no longer used by visitors to provide critical short-term housing for agricultural workers and emergency shelter for homeless residents. The use of these motel/hotels for this purpose conflicted with the Extended Stay regulations in the Zoning Code. In 2019, the City staff at the direction of City Council began working with various stakeholders including housing advocates, agricultural businesses and associations, and hotel/motel owners to develop an

amendment that would eliminate restrictions on Extended Stay for Hotels/Motels such as the 25% percentage limitation on number of rooms for this use and 180-day maximum stay. The proposed Zoning Code Amendment would allow hotels/motels in certain zoning districts to obtain a Conditional Use Permit (CUP) to fully operate as an Extended Stay with occupancy up to 10 months in a year. These changes to Extended Stay regulations will further multiple goals in the General Plan and will minimize potential displacement created by employers purchasing scarce residential properties to house their workers.

BACKGROUND:

On December 4, 2018, the City Council received a report from the National Resource Network outlining a plan to eliminate the City's structural deficit. This report now referred to as The Salinas Plan recognized that "Salinas's housing crisis threatens community and economic health – and adds to the City's budget pressures with increased service demands and potential dampening of the private investment that helps to drive revenue growth". As a result, The Salinas Plan includes multiple recommendations on ways to combat escalating housing costs and overcrowding within the dynamics created by the region's agricultural and farmworker economy. One of these recommendations specifically contemplates ways to adapt motels/hotels for seasonal workers and as emergency housing for the homeless.

The Salinas Plan, like the Farmworker Housing Study and Action Plan of the Salinas Valley and Pajaro Valley, stresses the need for an immediate solution to provide safe, decent housing for both employee and emergency housing. The Plan notes that many low performing hotels and motels in Salinas and in the region were being used to house agricultural workers despite the occupancy restriction in the Zoning Code. Both studies encouraged the City to facilitate the conversion of these hotels/motels because of the potential consequences. Enforcement of the zoning occupancy provision could force seasonal or H-2A housing into residential areas where permanent residents including farmworkers were in jeopardy of displacement. For this reason, the Farmworker Housing Study, which focused on the creation of permanent farmworker family housing, specifically includes an action to "collaborate with other jurisdiction to develop a model ordinance for the temporary use of hotels/motels for H-2A or other seasonal farmworkers".

In 2019, the former Mayor convened a stakeholder group of agricultural labor contractors, growers, and housing advocates to provide direction to staff on possible legislation. On March 19, 2019, the City Council voted to approve Zoning Code Amendment 2019-001 to permit the conversion of a hotel or motel for temporary employee or interim housing on the 29th day of occupancy. The amendment limited the conversion of a hotel/motel to a six-month period with one six-month extension, not to exceed one year. On January 19, 2021, the City Council approved Zoning Code Amendment (ZCA) 2020-002, which permitted the conversion of a hotel or motel for temporary employee or interim housing for one additional period of up to one year. This ZCA was approved to help facilitate the continued need for short-term housing while the city worked with key stakeholders to develop a long-term solution.

Progress on the long-term solution was delayed due to the COVID-19 pandemic. Two subsequent

meetings via Zoom have been held with this stakeholder group to finalize the proposed Amendment to Extended Stay, which provides a long-term solution to this need. Because there are a number of hotels/motels located in the Airport Overlay, any potential legislation needed to be presented to the Airport Land Use Commission (ALUC), further extending the time needed for the adoption of such an Ordinance.

Airport and Land Use Commission: On May 24, 2021, the ALUC reviewed the proposed draft Zoning Code Amendment and found the proposed Amendment to Chapter 37 of the City of Salinas' Municipal Code consistent with the 1982 Salinas Municipal Airport Land Use Plan as per attached Resolution 21-001.

Planning Commission: On June 16, 2021, the Planning Commission reviewed the draft Zoning Code Amendment and unanimously adopted attached Resolution 2021-13 recommending that the City Council 1) find the project categorically exempt from CEQA pursuant to Sections 15305 and 15061(b)(3); and 2) introduce and then adopt an Ordinance amending Chapter 37 of the Salinas Municipal Code (Zoning Code) modifying Extended Stay regulations for Hotels/Motels (ZCA2021-003).

Housing and Land Use Committee: On August 3, 2021, the Housing and Land Use Committee reviewed the draft Zoning Code Amendment and recommended that it move forward to the City Council for consideration.

Public Hearing Notice: A public hearing notice for the City Council meeting on August 10, 2021 regarding the proposed ZCA was published in the Monterey County Herald on July 31, 2021.

DISCUSSION:

The City of Salinas is facing a housing crisis as documented in the 2019 Monterey County Point in Time Count, which identified 1,182 Salinas residents as homeless. The 2018 Farmworker Housing Study and Action Plan (FHSAP) for the Salinas Valley and Pajaro Valley further underscores the housing need, determining that additional 45,560 units of farmworker housing are needed just to alleviate critical overcrowding in farmworker households. One of the actions in the FHSAP recognized the need for the conversion of hotels/motels for workforce or emergency housing. Multiple stakeholder groups acknowledge that the conversion of underperforming hotels/motels is preferable to potential displacement if prohibited in hotels/motels.

The proposed Amendment is consistent with the FHSAP and the Salinas General Plan adopted by the Salinas City Council and would not result in uses inconsistent with any land use designation. The proposed Amendment would ensure the City continues to support the goals and policies in the Economic Development Element, which recognizes agriculture as a critical component of the city's overall economic prosperity. The Amendment would provide a permanent mechanism to convert underutilized hotels/motels for critical housing.

To ensure neighborhood compatibility, the proposed requirements for Hotels/ Motels Extended

Stay include, but are not limited to, the following (see attached draft City Council Ordinance):

1. Requirement for a Conditional Use Permit (CUP) (may be administrative depending on environmental review) in the Commercial Thoroughfare (CT), Commercial Retail (CR), Mixed Arterial Frontage (MAF), Mixed Use (MX), and Village Center (VC) Zoning Districts. Extended Stay in Hotels/Motels in other Zoning Districts would not be permitted. The Amendment would change the requirement for an Extended Stay Hotel/Motel in the MX District from a Site Plan Review (SPR) to a Conditional Use Permit (CUP); and
2. Proposed Extended Stay Hotels/Motels would be required to be constructed subject to the development regulations and design standards of the applicable Zoning District and additional requirements tailored to Extended Stay Hotels/Motels; and
3. Maximum length of stay per individual would be changed from a maximum of 28 days for motel/hotels, or 180 days for Extended Stay Motel/Hotels, to ten (10) months within a three hundred sixty-five (365) day period; and
4. New construction for Extended Stay Hotels/Motels would require the provision of 1.25 off-street parking spaces per guest room plus one parking space per fifty square feet of banquet seating area. In addition, parking for other uses and facilities would be provided as required by [Section 37-50.360: Off-street parking and loading spaces regulations](#). Existing hotels/motels converted to extended stay would be required to maintain existing parking spaces but would not be required to meet the same parking standard as new construction; and
5. A minimum one hundred fifty (150) square feet per room, including bathroom would be required. Kitchen floor area would not be included in the minimum calculation. Each room would be required to contain a bathroom including a toilet, sink, and shower or tub; and
6. A minimum of five hundred (500) square feet of common area would be required, which could include a dining area. Laundry facilities consisting of individual or common washer and dryer would be required including a minimum of one washer and one dryer to be provided for every 25 rooms; and
7. Existing hotels/motels that are converted to extended stay may not have to meet certain development regulations provided specific findings are established; and
8. Compliance would be required with the various operating standards contained in Zoning Code Section 37-50.085 such as 24-hour on-site property management and ongoing maintenance.

Findings:

The proposed Amendment will not reverse existing policies, because the proposed changes would be consistent with the General Plan. The proposed Amendment is in substantial conformance with the purposes, intent, and provisions of the General Plan. The Amendment would eliminate restrictions on Extended Stay for Hotels/Motels such as the 25% percentage limitation on number of rooms for this use and 180-day maximum stay. The amended provisions provide more flexibility to facilitate multiple housing and economic development provisions in the General Plan. Allowing existing, older hotels/motels, many of which are obsolete as tourist destinations, convert to Extended Stay will ensure our workforce has access to safe housing and encourage investment in these properties. This Amendment will also enable non-profit organizations to lease rooms to provide safe temporary housing for those experiencing homelessness while permanent housing is secured. Currently, these organizations must consistently move their clients to avoid hotel/motel occupancy restrictions, which limit stays to 28-days. This Amendment would advance Policy H-3.5 by encouraging and supporting “the provision of housing and services for homeless individuals and families...through public-private partnerships, and through local collaborative efforts”. Finally, the proposed Amendment includes operational standards to ensure compatibility with neighboring properties and promotes proper maintenance, reinforcing multiple General Plan policies.

Additional findings in support of the proposed Zoning Code Amendment are incorporated in the attached City Council draft ordinance.

CEQA CONSIDERATION:

The environmental impacts of the project have been analyzed in accordance with the California Environmental Quality Act (CEQA). The proposed Zoning Code Amendment is categorically exempt (Class 5) from further environmental analysis per CEQA Guidelines Section 15305 (Minor Alterations in Land Use Limitations). The project is also categorically exempt from CEQA pursuant to Guidelines section 15061(b)(3). This exemption is allowed when the activity, in this case the recommendation of adoption of the Ordinance, does not have the potential for causing a significant effect on the environment. The proposed Amendment includes minor modifications to the provisions for Hotel/Motel, Extended Stay, which will be subject to the Conditional Use Permit (CUP) process to mitigate impacts.

STRATEGIC PLAN INITIATIVE:

This staff report and recommendation align with the Investment Strategies/Risk Management City Council goal by addressing the City’s housing challenges and supporting economic development.

DEPARTMENTAL COORDINATION:

The proposed amendment has been discussed among the Current Planning, Permit Services and Housing Divisions of the Community Development Department. The Fire Department also

provided feedback. The Legal Department has been instrumental in the review of the proposed Zoning Code Amendment.

FISCAL ANAD SUTABILITY IMPACT:

State and city regulations allow for the collection of transient occupancy tax (TOT) for the first twenty-eight days of occupancy. Under this Zoning Code Amendment, hotel/motel operators would still be required to pay TOT for the first twenty-eight days of occupancy. This is consistent with the current practice of hotel/motel operators currently under ZCA 2020-002. Therefore, it is anticipated that the loss in TOT would be negligible.

ATTACHMENTS:

Draft City Council Ordinance

Planning Commission Resolution No. 2021-13

Planning Commission Staff Report without exhibits dated June 16, 2021

Planning Commission Minutes for June 16, 2021

Monterey County Airport Land Use Commission Resolution No. 21-001

Monterey County Airport Land Use Commission Staff Report dated May 24, 2021