

TOWN OF WINDSOR AGENDA REPORT

Joint Windsor Town Council, Windsor Redevelopment Successor Agency and Windsor Water District Meeting Date: October 1, 2025

To: Mayor and Town Council
From: Kim Jordan, Planner III
Subject: Consideration of an Ordinance Amending the Town of Windsor Zoning Code to Change the Definition of Short-Term Rental and Short-Term Rental -Hosted and Amending the Municipal Code to Change the Definition of Short-Term Rental and the Renewal Frequency for Short-Term Rental Licenses

Recommendation to Council:

Introduce and hold first reading, by title only, an ordinance amending the Town of Windsor Zoning Code to change the definition of Short-Term Rental and Short-Term Rental -Hosted and amending the Municipal Code to change the definition of Short-Term Rental and the renewal frequency for Short-Term Rental licenses.

Strategic Plan Element:

The recommended action supports the goal of Livability. Goal Statement: Preserve community character by maximizing the use of existing amenities and creating future opportunities that enhance quality of life for all.

Background:

On June 21, 2023, the Town Council adopted a Short-Term Rental Ordinance (Attachment 2, Short-Term Rental Ordinance). Prior to the Town Council's adoption of this ordinance, Windsor did not have formally adopted regulations addressing short-term rentals ("STRs"), also known as vacation rentals, which are rentals of residential units for periods of less than 30 nights. The ordinance amended the Zoning Code to include definitions for short-term rentals and to identify the zoning districts where STRs were permitted and amended the Municipal Code to add regulations for STRs to Title 3 (Public Welfare). The ordinance prohibited non-hosted STR in all residential zoning districts and included an amortization period that allowed non-hosted STRs in residential districts that had received a valid business license as of March 1, 2023, to operate until July 1, 2025.

A history of STR's, their regulation, and the development of the Town's STR regulations is provided below.

The Town's previous Zoning Code, which was adopted in July 2000, did not include any regulations for STRs. In 2015, faced with the reality that STRs were operating in Windsor and without the resources to take enforcement action against all code violations, the Town's Community Development Director established an internal STR policy to guide staff responses to inquiries from property owners regarding STRs and ensure minimum levels of safety. The internal policy outlined the following requirements for a residential unit to be used as short-term rental: (1) approval of a business license; (2) safety inspection by the Fire District; and (3) compliance with Fire District requirements. STRs were also required to comply with Zoning Code performance standards, which include standards for noise and exterior lighting. STRs complying with the foregoing requirements were not subject to any code enforcement

actions, although STRs remained an unpermitted use under the Zoning Code. This internal STR policy allowed the Town to focus enforcement actions on Code violations that posed an immediate public health or safety threat. Every person operating a business is required to obtain a business license, and issuance of a business license is not a determination that a particular use is permitted under local, state or federal law.

On November 1, 2017, the Town Council directed staff to prepare an ordinance to amend the Zoning Code to allow short-term “vacation rentals” as one of a number of measures intended to address housing and economic impacts resulting from the Nuns and Tubbs fires of October 2017. Between that time and the preparation of the Town’s STR ordinance, preparation of the STR ordinance was delayed due to staff resources being diverted to other matters, such as completing the update of the General Plan, response to the 2017 and 2019 wildfires, transition to District Elections and the COVID-19 pandemic.

In 2021, in response to community concerns regarding short-term rentals, the Town Council requested that staff proceed with preparing the STR ordinance. Following a broad outreach campaign which included a survey, Town Council study session, public review of the draft ordinance, and a community meeting, the draft STR ordinance was presented to the Planning Commission in January of 2022. The Planning Commission held two meetings to consider the draft STR Ordinance and on January 25, 2022, voted (4-0) to recommend that the Town Council adopt the ordinance.

In late 2021, the Town began the process of updating the General Plan Housing Element. Because of the potential effects that STRs could have on housing inventory, Community Development Department staff decided to wait on bringing the draft STR ordinance to the Council until after the Draft Housing Element Update had been circulated. The purpose of the delay was to allow the Town Council to consider to goals, policies, and programs in the Draft Housing Element as it considered the provisions to be included in the STR ordinance. The Draft Housing Element was circulated for a 30-day review period on August 24, 2022, and was reviewed by the Planning Commission and Town Council during this time period. The Draft Housing Element included Program H-22: Short-Term Rental Ordinance, which read: *The Town will adopt a short-term rental ordinance and monitor the impacts of short-term rentals (STR) on long-term housing options. The short-term rental ordinance should consider prioritizing STRs owned by local residents as a primary or secondary residence, with lower priority given to STRs owned by entities outside of Windsor. Because a housing unit operating solely as an STR represents a loss to the Town’s permanent housing inventory, the STR ordinance should include a cap to the number of days per year in which an existing unit may be rented out (for terms of less than 30 days) and/or a cap on the number of units in a new housing development that can be granted business licenses/to operate as STRs.*

On February 15, 2023, the draft STR ordinance was considered by the Town Council at a public hearing. Following public testimony and discussion among Council members, the Council voted to continue the item to March 1, 2023, and directed staff to explore an ordinance that implemented additional performance standards and restrictions on the operation of non-hosted STRs.

On March 1, 2023, the revised STR ordinance was considered by the Town Council at a public hearing. Following public testimony and Town Council discussion, the Council directed staff to revise the ordinance to include additional performance standards and voted to continue the public hearing.

On April 19, 2023, the revised STR ordinance was considered by the Town Council at a public hearing. Following public testimony and Town Council discussion, a majority of the Town Council voted to direct staff to revise the ordinance to prohibit non-hosted short-term rentals in residential zoning

districts and to provide a one-year grace period to allow STR owners to phase out their operation of the non-hosted STR. The Town Council also provided direction on maximum occupancy, minimum night stay, minimum age of the person renting the STR, number of STRs that can be owned by a single person(s), and how the list of permitted STRs would be made available to the public. The Town Council continued the meeting to a date certain of June 7, 2023.

At the June 7, 2023, Town Council meeting, the Town Council introduced an ordinance, by title only, to amend the Town of Windsor Municipal Code and Zoning Ordinance to establish regulations for STRs. The ordinance extended the amortization period for non-hosted STRs in residential zoning districts from July 1, 2024, to July 1, 2025, and amended the definition of "hosted short-term rental" to also include a residence where the owner or primary occupant is the primary resident of the dwelling being rented and the dwelling is rented a maximum of sixty (60) days per calendar year without the owner or primary resident occupying a bedroom in the dwelling unit during the entire rental period and to require that to qualify as a "permanent resident" the individual must reside in the dwelling unit a majority of a calendar year. On June 7, 2023, the Town Council voted (4-1) to introduce the ordinance. On June 21, 2023, the Town Council voted (3-1) to adopt the ordinance. The ordinance went into effect 30 days later.

On August 16, 2023, the Town Council adopted the 2023-2031 Housing Element. On August 31, 2023, the Department of Housing and Community Development (HCD) certified the Town's Housing Element. The Housing Element includes Program H-21: Short-Term Rental Ordinance, which was the same as Program H-22 included in the Draft Housing Element (see above). The adopted STR Ordinance prohibited non-hosted STRs in residential zoning districts, which preserved housing stock, which is consistent with this program. The STR Ordinance also allowed hosted STRs in residential zoning districts, which allows homeowners to use their homes as STRs, while the owner or host is present and/or for a maximum of 60 days per calendar year when the owner or host is not present. This is also consistent with this program, since it preserves the home as a residence either for the homeowner or the primary resident.

On January 15, 2025, the Town Council received a presentation on the implementation of the STR ordinance. The presentation included information on the number of non-hosted STRs in residential zones that registered to continue operating during the amortization period, the number of STR licenses issued, complaints received, and the transient occupancy tax (TOT) collected for STRs.

On March 19, 2025, the Town Council received a presentation from staff on expanding the definition of "Hosted Short-Term Rental." Currently, the definition of Hosted Short-Term Rental allows a hosted STR to be rented for a maximum of 60 days without the host being present for the entire rental period. At the meeting, the Town Council received public testimony and:

- Discussed whether the number of days a hosted STR can be rented without the host present should be increased and considered several options including 90 days, 120 days, and no change. The Town Council did not reach a consensus.
- Discussed reducing the renewal frequency for STR licenses, whether the frequency should be two years or three years, and the cost of the STR license and renewal. All Councilmembers agreed the renewal frequency should be reduced.
- Discussed the cost and frequency of the fire safety inspection required by the STR Ordinance and the Sonoma County Fire District (SCFD), including with the Fire Marshal who attended the meeting, and requested that the Fire Marshal consider reducing the frequency of the fire safety inspection. The Fire Marshal explained the reason for the inspection, what is inspected, and that the fee is based on a fee study and reflects the cost of providing the inspection, and agreed to

consider Town Council's request.

- Directed staff to return with possible amendments to the STR ordinance that would reduce the renewal frequency of STR licenses and possible options for changing the definition of Hosted Short-Term Rental.

On July 2, 2025, STRs that had registered to continue operating in residential zoning districts during the amortization period were required to cease operations. Sixty-three (63) non-hosted STRs were registered to operate during the amortization period. During the amortization period, two STRs had their registrations revoked due to multiple documented violations of the STR operating standards. The remaining registered STRs have ceased operating as non-hosted STRs by being sold, converting to a mid-term (rentals of 30 or more nights) or long-term rental, or obtaining a license to operate as a Hosted STR.

Discussion:

On July 22, 2025, the Planning Commission held a public hearing to consider amendments to the STR Ordinance, including the Zoning Code definitions of "Short-Term Rental" and "Short-Term Rental, Hosted" and the Municipal Code definition of "Short-Term Rental" and renewal frequency of a STR license (Attachment 3, Planning Commission Staff Report).

Currently, the definition of Hosted STR allows the STR to be rented a maximum of 60 days without the host present during the entire rental period. Staff recommended that the definition be amended to change "days" to "nights" to be consistent with other terminology in the STR ordinance and with how STRs are reserved, which is based on the number of nights. The Planning Commission supported this amendment. Staff also recommended keeping the maximum number of nights without a host present for a Hosted STR at 60, although requests have been made previously to increase that maximum. At the meeting, the Planning Commission received public testimony requesting that the time limit be increased and also received public testimony requesting that the time limit remain unchanged. The Planning Commission discussed making no change, as well as increasing the maximum number of nights to 90, with some commissioners expressing concerns about potential impacts to neighbors if the number of nights are increased. During the meeting, the Planning Commission and staff also discussed rental periods of 30 or more consecutive nights, which are considered mid-term or long-term rentals and do not fall under the Town's STR regulations.

The Planning Commission also considered reducing the renewal frequency of a STR license. A STR license is valid for one year from the date of issuance and is required to be renewed annually. The current STR license application fee is \$595 plus a \$200 noticing fee. The current renewal fee is \$238, plus a \$200 noticing fee if noticing is required. The fee charged represents the cost of staff time to review and process the application. These fees are less than STR license and renewal fees charged by other local jurisdictions. The Planning Commission discussed reducing the renewal frequency to 24 or 36 months.

The Planning Commission voted (4-1) to recommend that the Town Council amend the definition of Short-Term Rental, Hosted to increase the number of nights that the host is not required to be present during the entire rental period to 80 from 60 and to change the renewal frequency to 24 months (Attachment 4, Planning Commission Resolution).

As of the writing of this agenda report, the Town has issued 19 STR licenses, comprised of one (1) non-hosted STR in the Town Center zoning district and 18 hosted STRs in residential zoning districts. The 18 hosted STRs are comprised of two (2) that use the 60 days without the host present provision, seven (7) that use only the hosted present provision, and eight (8) that utilize both provisions ("hybrid"

hosted).

Fiscal Impact:

Increasing the number of nights that a Hosted STR can be rented without the host present during the entire rental period may result in more rental nights, which could increase TOT. However, given the small number of hosted STRs (18) and increasing the number of rental nights by 20, any increase in TOT is likely to be small. The STR renewal fee reflects the cost of staff time to review and process the renewal application. Reducing the renewal frequency to two years would not change the staff time required to review and process the application. However, staff resources could be used on tasks other than the review and processing of STR license renewals rather than processing annual license renewals.

Unlicensed STR operations continue to demand enforcement resources, and some community members have expressed concerns about fairness and consistency in licensing and enforcement. The STR Ordinance includes fines for violating the ordinance. However, the amount of the fines may not be adequate to cover the cost of enforcement.

Environmental Review:

The proposed Zoning Code and Municipal Code amendments are exempt from the provisions of the California Environmental Quality Act (CEQA) given that the proposed ordinance is not a “project” within the meaning of Section 15378 of the CEQA Guidelines (Title 14, Chapter 3 of the California Code of Regulations) because it does not have the potential for causing a significant effect on the environment and, therefore, is not subject to review pursuant to CEQA Guidelines Sections 15060(c)(2) and 15061(b)(3).

Attachment(s):

1. Short-Term Rental Ordinance
2. Planning Commission Staff Report 7-22-2025 without Attachments
3. Short-Term Rental Ordinance 2023-379
4. Planning Commission Resolution No. 781-25
5. Correspondence Received - Justice
- 13.1 Correspondence Received (Distributed 2025.09.29)
- 13.1 Correspondence Received (Distributed 2025.09.30)
- 13.1 Correspondence Received (Distributed 2025.10.01)
- 13.1 STR PowerPoint (Distributed 2025.10.01)

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