

# P.G. orders homeowners to pay \$90K penalty for renting without license

## Group kicks off petition to ban short-term rentals

By KELLY NIX

PACIFIC GROVE homeowners who used their home as a short-term rental without obtaining a permit learned the hard way the penalties for skirting the city's rental laws.

On Jan. 10, William and Faye Stirling were ordered to pay a whopping \$90,510.87 for using their house at 1115 David Avenue as a short-term rental for years without a permit, which would have required them to also pay transient occupancy tax, like hotels.

Pacific Grove issued a violation notice to the Stirlings on June 29, 2017, a few weeks after city officials found out they'd been renting the house without a permit.

"The owners responded to the notice on July 10, 2017, admitting to the unlicensed

transient use of the property but requested a meeting," according to a report by the city.

After the Stirlings met with city officials and provided them their rental receipts, the city mailed the couple with a bill for more than \$90,000. The amount they were required to pay would have been much higher except they negotiated with the city a 50 percent reduction in the unpermitted receipts they would have otherwise owed.

So far, the Stirlings have paid the balance of the transient occupancy taxes, fees and interest of \$18,895.87. The administrative penalty still outstanding is \$71,615, which will be paid by the Stirlings in a payment plan, according to the report.

The homeowners consented to a lien on their property to settle the matter and to avoid enforcement, according to the report.

On Jan. 10, the Pacific Grove City Council via its consent agenda authorized the lien.

"The installment note signed by the own-

ers consents that any default of installment payment constitutes a lien on the property," the report said.

### Signatures sought

Meanwhile, a group hoping to ban short-term rentals from residential neighborhoods is kicking off a ballot initiative campaign this weekend.

Pacific Grove Neighbors United is asking voters to sign a petition to qualify an initiative that seeks to "preserve and protect Pacific Grove's residential character" by banning and phasing out existing short-term rentals in residential districts, except those in the city's coastal zone.

The group began collecting the roughly 1,000 signatures for the petition late last week. The item would go before voters in November.

"For the last seven years, the city has been unable to enforce short-term rentals and properly manage the program," said group member Jenny McAdams.

If the initiative qualifies and passes, it will amend the city's municipal code and establish an 18-month sunset period for existing short-term rentals. The group contends that residential districts are supposed to be just for full-time residents.

Last year, the city adopted a cap on short-term rental licenses, and limited the number there can be in one neighborhood, but the group says the regulations are "ineffective"

because the city included a grandfathering clause that allows existing rentals to continue to operate indefinitely.

Proponents of vacation rentals in Pacific Grove contend that they allow more affordable access to the city than hotels.

Josh Ohanian, general manager of Sanctuary Vacation Rentals, a rental agency, started a change.org petition last year in support of such rentals.

"Short-term Rentals allow for affordable options for families," claimed Ohanian, who said the Coastal Commission has reached out to all coastal communities and issued a ruling that short-term rentals cannot be banned.

And the rental program, which requires homeowners to obtain licenses and pay transient occupancy taxes like hotels, benefits the city by generating more than \$1 million in tax revenue.

But Pacific Grove Chamber of Commerce president Moe Ammar contends that vacation rentals have hurt local innkeepers.

"Inns and lodges have not been able to sell out on major weekends and holidays," Ammar said. "For example, we did not sell out during the Monterey Bay Half Marathon."

Luke Coletti, who wrote the initiative with help from attorneys, said that based on figures from the county registrar, it would likely cost taxpayers around \$8,500 to put the item on the ballot.

The kickoff event runs from 11 a.m. to 3 p.m.



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wants some to exist.

But that doesn't mean the county won't adopt some special regulations for Big Sur. Beretti noted there could be areas where limitations on short term rentals would be appropriate.

Beretti said the county has 12 local area land use plans — and the ordinance needs to comply with each one.

She said it's too early to say when the county's board of supervisors will get a chance to vote on the regulations — and there's still a lot of work to do.

Because road troubles in Big Sur have made travel to Salinas difficult, the workshop marked the first time since early last year that talks about short term rentals have focused on Big Sur.

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