



CITY OF CLEARLAKE

City Council

STAFF REPORT

SUBJECT: Introduction and First Reading of Ordinance 289-2026
Adding Article 9-5 (Supplemental Real Property Transfer
Disclosures) to Chapter IX (Building and Housing) of the
Clearlake Municipal Code

MEETING DATE:
August 6, 2026

SUBMITTED BY: Alan D. Flora, City Manager
Scott Drexel, City Attorney

PURPOSE OF REPORT: ☐ Information only ☒ Discussion ☒ Action Item

WHAT IS BEING ASKED OF THE CITY COUNCIL/BOARD:

The City Council is being asked to introduce Ordinance No. 289 by title only, waive further reading, and set the second reading and adoption of the ordinance for the next regular City Council meeting. The proposed ordinance would add Article 9-5 (Supplemental Real Property Transfer Disclosures) to Chapter IX (Building and Housing) of the Clearlake Municipal Code, requiring sellers of residential real property in the City to provide buyers with a supplemental disclosure statement addressing three matters that frequently affect Clearlake buyers: (1) the City's mandatory solid waste (garbage) collection service; (2) the regulation and permitting of short-term vacation rentals; and (3) the existence of private roads not maintained by the City.

BACKGROUND/ DISCUSSION:

California law generally requires the seller of residential real property containing one to four dwelling units to provide the buyer with a Real Estate Transfer Disclosure Statement ("TDS") under Civil Code Sections 1102 through 1102.19. That state form addresses many common property conditions but does not squarely capture certain locally significant matters that are important to buyers in the City of Clearlake. Civil Code Section 1102.6a expressly authorizes any city to require disclosures in addition to those on the state form, and to use addenda to facilitate those disclosures. The proposed ordinance exercises that authority.

Over time, City staff has observed that new owners of residential property in Clearlake are frequently unaware of three continuing obligations or limitations that follow the property. The City Manager has identified better transaction-time disclosure of these three items as a priority:

1. Mandatory solid waste (garbage) collection service. In 2017, the City Council adopted Ordinance No. 198-2017 establishing universal, mandatory solid waste collection service under Clearlake

Municipal Code Chapter 11-3. Owners and occupants of developed residential property are required to subscribe to and pay for collection service through the City's franchised hauler. Delinquent charges may be assigned to the City and collected as a special assessment against the property on the county property tax roll pursuant to Clearlake Municipal Code Section 11-4.7 and Government Code Sections 38790.1 and 25831, and may thereby become a lien on the property. Buyers, particularly out-of-area buyers and buyers of second homes, are frequently unaware of the mandatory nature of the service and the potential lien exposure.

2. Short-term vacation rental (STVR) permits. The City regulates vacation rentals under Clearlake Municipal Code Section 18-19.280, which requires an STVR permit, a transient occupancy tax certificate, and a local property manager. Under that section, STVR permits "shall run with the landowner and shall automatically expire upon sale or transfer of the property." Buyers who purchase a currently-operating vacation rental often mistakenly assume that the existing permit transfers with the property. Under the ordinance, sellers would be required to disclose current STVR status and to notify the buyer of the expiration-upon-transfer rule so the buyer can plan for reapplication if the buyer intends to continue vacation rental use.
3. Private roads not maintained by the City. Many parcels in the City are accessed by private roads or easements that have not been accepted into the City-maintained road system. Under California Civil Code Section 845, in the absence of a written maintenance agreement, the owners served by a private road share maintenance costs in proportion to their use. Buyers are frequently unaware that the City does not maintain, repair, or improve the access road and that the buyer may inherit a shared maintenance obligation.

The proposed ordinance is drafted as a disclosure-only measure. It does not require any inspection, testing, repair, retrofit, correction, permit, or certificate as a condition of any transfer. It expressly provides that no transfer of title is invalidated, no obligation of any escrow holder or title insurer arises, and no lien or cloud on title is created, by reason of a failure to comply. Enforcement is administrative, through the general administrative citation provisions of Clearlake Municipal Code Chapter 1-9. Sellers are protected from liability for errors or omissions outside their personal knowledge, consistent with California Civil Code Section 1102.4. These design choices align the ordinance with the state disclosure regime, minimize legal risk, and impose a minimal burden on transferors while providing meaningful information to buyers.

The ordinance would be codified as a new Article 9-5 within Chapter IX (Building and Housing) of the Clearlake Municipal Code. Placement within Chapter IX is consistent with the existing organization of the code, which houses building and residential-property provisions in that chapter, and keeps the new disclosure requirements adjacent to related building-and-housing regulations.

The ordinance further includes standard provisions on definitions tied to existing state and local law, exemptions tracking California Civil Code Section 1102.2, delivery of the disclosure with the state-mandated TDS, administrative authority for the City Manager to finalize and update the disclosure form, a fee resolution authority, findings of exemption under the California Environmental Quality Act (CEQA Guidelines Sections 15378 and 15061(b)(3)), severability, and a 30-day effective date under Government Code Section 36933.

If the Council introduces the ordinance at this meeting, the second reading and adoption would be set for the next regular Council meeting. The ordinance would take effect 30 days after adoption. Following

adoption, staff would finalize the Exhibit A disclosure form and coordinate outreach to local real estate professionals so the form is in circulation by the ordinance's effective date.

OPTIONS:

1. Introduce Ordinance No. 289-2026 by title only, waive further reading, and set the second reading and adoption for the next regular Council meeting.

FISCAL IMPACT:

☒ None ☐ \$ Budgeted Item? ☐ Yes ☐ No

Budget Adjustment Needed? ☐ Yes ☒ No If yes, amount of appropriation increase: \$

Affected fund(s): ☐ General Fund ☐ Measure P Fund ☐ Measure V Fund ☐ Other:

Comments: Adoption of the ordinance itself has no direct fiscal impact. Ongoing administration would consist of the City Manager's finalization and periodic revision of the disclosure form and posting it on the City's website. Should the Council determine to recover administrative costs, Section 9-5.120 authorizes a fee resolution; no fee is proposed at this stage. Publication of the ordinance summary in a newspaper of general circulation is expected to be a nominal City Clerk cost within existing operating budget.

STRATEGIC PLAN IMPACT:

- ☐ Goal #1: Economic Development
- ☐ Goal #2: Public Facilities and Infrastructure
- ☐ Goal #3: Celebrate Clearlake
- ☒ Goal #4: Clean
- ☒ Goal #5: Fiscal Sustainability
- ☒ Goal #6: Safe

SUGGESTED MOTIONS:

Direction to Staff.

- ☒ **Attachments:** 1. Draft municipal code amendment – Real Estate Disclosures