



STAFF REPORT

TO: PLANNING COMMISSION
MEETING DATE: OCTOBER 13, 2026
FROM: ERIN VENTURA, CONTRACT PLANNER
SUBJECT: SHORT TERM RENTAL DISCUSSION

RECOMMENDATION:

Staff recommends that the Planning Commission hold a discussion regarding policies for a proposed Short Term Rental Ordinance and provide feedback and options to the City Council.

BACKGROUND

In November 2019, the City began updating its Short-Term Rental (STR) Ordinance. At that time, the Ordinance was not adopted. Since then, the staff has been tracking permits and keeping the City Council up to date on short term rental activity. This count includes permitted STRs that are allowed by right in the commercial zones. To date the City has 17 valid short term rentals permits:

- 10 active short-term rentals: 44 Badger Street, 70 Gopher Flat Rd, 31 Badger, 193 Badger, 60 Randolph, 86 Barney Lane, 64 Eureka Street, 171 China Gulch Rd, 335 Sutter Crest E, 68 Main Street.
- Inactive: 90 Boston Alley, 40 Mountain View Dr, 39 Elm Street, 225 Patricia Ln, 290 Gopher Flat, 70 Broad St, 85 Broad St.

In addition to STR permits, the City also had eight hotel/inn establishments.

- **8 hotel/inn establishments:** Hotel Sutter; Inn at 161; Hanford House Inn; Sutter Creek Inn; Old Hotel Antiques; Brinnwood Bed & Breakfast; Kiota Inn; Eureka Street Inn.

See attached location maps.

The City currently has a moratorium in place on Short Term Rental Permits. At the April 20, 2026 meeting of the City Council, the ordinance was extended for another 10 months. This will give the Planning Commission and City Council time to finalize a new permanent ordinance.

DISCUSSION:

The City Council held discussions regarding a Short Term Rental Ordinance on the following dates (recordings linked below):

- [February 2, 2026](#)
- [March 2, 2026](#)
- [March 16, 2026](#)
- [April 20, 2026](#)

Additionally the Planning Commission held a meeting on May 11, 2026 to discuss the changes to the ordinance. The recording from that meeting can be found [here](#).

At the May 2026 meetings, staff brought a draft ordinance and requested the Planning Commission review and make recommendations back to Council on the following:

1. Permit review
2. Waitlist protocol
3. Maximum number of STR permits
4. Distribution of permits throughout the City

Permit Review

Staff and council discussed a light-touch annual review and a more in depth review on a three year cycle before renewing a permit. Based on feedback given so far, STRs would be reviewed annually, and be at risk of losing their permit for serious violations.

If there is a wait list, and permits are held by units that are not rented for a minimum number of nights per year, those units will be at risk of losing their permit. Staff will analyze the number of rental nights per year to judge if any units are significantly underperforming. Exceptions would be made for remodeling or other reasons a property was not rented for a period of time.

Waitlist protocol

“Waiting List. STR permit applications shall be reviewed on a first-come, first-serve basis with a waiting list for new STR permits once all authorized STR permits are issued.”

Based on the number of permits we currently have issued; we are less than halfway to the proposed maximum. The City does anticipate the cap being met in the future and needs to have a waitlist procedure established before that happens.

Staff sees two options here:

1. Chronological- first come/first serve
2. Hybrid- chronological plus hosted priority.

If the Planning Commission recommends option 2, Hybrid- chronological plus hosted priority, a threshold will need to be established, for example a minimum of 30 nights rented per year.

Policy Parameter	Scenario A:	Scenario B:	Scenario C:
------------------	-------------	-------------	-------------

Nights Rented Per Year to be “Active”	10	25	50

Are there other factors that should be considered in scoring permit during the annual review process?

Maximum number of STR permits

To assist the Commission in formulating specific advisory recommendations without re-opening established Council policy, staff has structured three percentage-based policy scenarios. Utilizing a percentage-based cap ensures the permit limit automatically adjusts over time as Sutter Creek's total housing stock expands.

- The City Council recommends the total number of STR permits be limited to approximately 35 and that a cap be established as a percentage versus a number.
 - o The Planning Commission should only be considering a percentage, not a hard number based on Council direction.
- There are approximately 1,404 residential dwelling units within the City. This number includes multifamily and mobile homes.
 - o The draft ordinance only prohibits ADUs from being rented as STRs.

$$35/1,404 = 0.0249 \times 100 = 2.5\%$$

Policy Parameter	Scenario A:	Scenario B:	Scenario C:
Citywide Percentage Cap	1.8% of total housing stock	2.1% of total housing stock	2.5% of total housing stock
Total Permit Equivalent	25 Maximum Permits	30 Maximum Permits	35 Maximum Permits
Growth Buffer Above Active	+15 permits above 10 active units	+20 permits above 10 active units	+25 permits above 10 active units

Of the above scenarios, which seems most appropriate for the City?

Distribution of permits throughout the City

The ordinance was drafted to divide the city into two districts, within the Historic District and outside of the Historic District. See attached maps.

- The City Council recommends the City be divided into ‘Within the Historic District’ vs. ‘Outside of the Historic District’, with 50% of STR permitted in each district.

The recommended Council policy is to divide the city, they are open to how it should be split. The scenarios below provide some examples of how it may be done.

Policy Parameter	Scenario A:	Scenario B:	Scenario C:
Geographic Split (Historic / Non-Historic)	60% Historic (21) / 40% Outer (14)	50% Historic (17 / 50% Outer (18)	40% Historic (14) / 60% Outer (21)

Additionally, there was discussion on STRs being located on Main Street. Any property on Main Street located within the Downtown Commercial (DTC) district is permitted, by right, to operate a STR. There are some homes located outside the DTC that would not be permitted to operate due to the parking requirement to provide dedicated off street parking. The block of homes on Main Street, between Nickerson Street and Worley Street may be able to meet the off-street parking requirement and therefore could apply for a STR permit.

NEXT STEPS:

Staff recommends that the Planning Commission review and provide comments to staff. If consensus can be made, staff will draft an ordinance for the City Council's review.

ATTACHMENTS:

1. Short Term Rental Map
2. Hotel Map
3. Short Term Rentals and Hotel Map