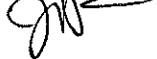







Date: March 21, 2017

TO: Honorable Mayor Robert Garcia and Members Of The City Council
City of Long Beach

From: Councilmember Jeannine Pearce, Second District 
Councilwoman Lena Gonzalez, First District 
Councilmember Dee Andrews, Sixth District 
Vice Mayor Rex Richardson, Ninth District 

Subject: Short Term Rentals in Long Beach

RECOMMENDATION:

Request City Manager to work with the City Attorney to review the regulation of short term rentals in other municipalities and report back to the City Council with a review of next steps required to create an ordinance, along with zoning code changes, and a timeline for these next steps in 30-60 days.

The findings in the report would explore options for an ordinance that would include, but are not limited to:

- Estimated total number of STR's and Transient Occupancy Tax (TOT) revenue potential.
- The requirements set forth in LBMC 21.51.270, including the requirement that the owner must live in the unit, and explore other types of residencies such as back yard homes.
- The entire unit/home may be rented for a total of 90 nonconsecutive days per year.
- A cost-recovery fee structure for an annual inspection of the rental unit and the administration of the regulation program.
- Transient Occupancy Tax collection on all room rentals under 30 days.
- Report on how cities have allocated tax revenue from short-term residential rentals to address the housing crisis.

DISCUSSION:

Currently, short-term rentals (STRs) of entire units such as Airbnb, HomeAway, and VRBO are prohibited in Long Beach. There are approximately 1,200 units of this type regularly available in the City of Long Beach, with the majority of units located in the Second Council District. In Long Beach, these range from the

occasional rental of a spare bedroom to the permanent rental of multiple units in an apartment building or freestanding homes that can turn into party houses.

The high number of STRs in Long Beach puts pressure on our City's already tight housing market, which currently has a 2% vacancy rate. In some cases, entire multifamily units have been completely converted to short-term rentals, which removes vital housing from the market, drives up rent, and pushes families out of Long Beach. Neighborhoods are also negatively impacted as long-term residents often cite loud, disrespectful, and illegal activity exhibited by occupants in STRs. With high turnover and a lack of accountability, nearby residents have little recourse to prevent this type of behavior from happening in the future.

Under the current ban, two different parties must file a complaint for Code Enforcement to investigate and verify that the property is an illegal STR. Furthermore, even once verified, the City has minimal resources to enforce the ban. Additionally, because of the lack of regulation, the City is unable to ensure the safety of the units or collect Transient Occupancy Tax (TOT) as is required of hotels.

Many California cities such as Sacramento, San Francisco, San Jose, Malibu, and Santa Monica have successfully regulated short-term rentals. By allowing and then regulating STRs, Long Beach can mitigate the negative impacts of STRs on neighborhoods and the housing market, while capitalizing on the economic benefit that it brings to the City.

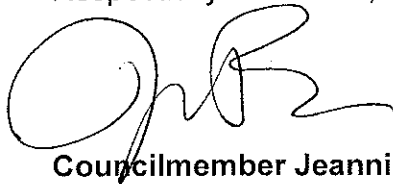
FISCAL IMPACT:

The requested report can be accomplished within existing staff resources.

SUGGESTED ACTION:

Approve recommendation.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read 'Jeannine Pearce', is written over the typed name below.

Councilmember Jeannine Pearce