



## Legislation Text

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File #: 19-1160, Version: 2

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### WITHDRAWN

~~Adopt resolution directing the Director of Development Services to submit the Ordinance amendments to the California Coastal Commission for a finding of conformance with the Certified Local Coastal Program; and~~

~~Adopt Negative Declaration ND 07-19. (Citywide)~~

At its meeting on December 4, 2018, the City Council received and filed a report on short-term rental (STR) properties in Long Beach and directed the City Attorney to prepare an Ordinance to implement certain regulations, presented as Option 2 (Limited STRs), as modified during the discussion. The City Council approved the Limited STRs recommendation with amendments, with the condition of additional research and information. The additional research and information were provided to the City Council via memorandum on June 14, 2019 (Attachment A). Staff from the Development Services Department and the City Attorney's Office have reached out to third-party compliance platforms and other municipalities that have implemented STR regulation to draft the attached Ordinance based on the findings.

Components of the Limited STRs option have been revised from their original form as follows:

- a) Permanent Long Beach residency will not be required to operate a STR.
- b) The number of non-primary STRs in multi-family buildings will be restricted based on a sliding scale.
- c) Rather than prohibiting large scale events, they will be allowed on a limited basis via a new STR Occasional Event Permit.
- d) A first violation for advertising a STR without a valid registration will be a warning instead of a fine.
- e) A business license will not be required to operate a STR.

On October 21, 2019, the City Council received a report titled Short-Term Rental Program Phased Implementation to provide updated information on the City Council's direction to carry-out a phased implementation of the STR program (Attachment B).

## Key Elements of the Ordinance

An overview of the requirements are as follows:

- a) STRs are required to register with the City. A local 24-hour contact is required.
- b) STRs are prohibited in deed-restricted affordable housing units and dormitories.
- c) Up to two STRs are allowed per host, or three if one STR is a primary residence.
- d) Non-primary residence STRs in multi-family developments are limited on a sliding scale from 1 to 15 percent, depending on the total number of units.
- e) A limit of 1 percent of City's housing stock will be allowed as non-primary STRs.
- f) Existing City Noise Ordinance laws apply, including "loud noises prohibited."
- g) Quiet hours are from 10:00 p.m. to 7:00 a.m., including use of outdoor pools and hot tubs.
- h) The City Council will establish, and set by Resolution, all fees and charges.
- i) Transient Occupancy Tax of 12 percent of rental revenue applies.
- j) Safety and Liability:
  - i. Map of fire extinguishers and escape routes are required onsite.
  - ii. Property liability insurance of greater than \$1,000,000 is required per STR.
  - iii. Occupancy is limited to two people per bedroom plus two, with a maximum of ten people total.
  - iv. Exterior signage is prohibited.

The provisions on the limit of number of nights rented is detailed below:

- a) By definition of a primary residence STR, the number of un-hosted guest stays is limited to 90 nights in such STRs.
- b) The number of un-hosted guest stays in non-primary residence STRs is not limited.
- c) The number of nights of hosted guest stays is not limited.

Property owners of residential property in any census tract within the City may petition to prohibit un-hosted STRs by obtaining the signatures of two-thirds of property owners within their census tract.

Provisions on occasional events are as follows:

- a) Large-scale events exceeding the maximum occupancy limit are prohibited unless a STR occasional event permit has been issued.
- b) Occasional events are limited to six per year per STR.

The Ordinance provides the following provisions regarding exclusions, consent, enforcement and penalties:

- a) City registration number must be included in all advertisements/listings.
- b) Homeowner associations (HOA) or apartment owners may request inclusion on a STR prohibited properties list.
- c) Landlord consent form required if unit is subject to a rental agreement.
- d) Online platforms have duties and liabilities to comply with City requirements and remit taxes.
- e) An independent consultant will assist with compliance monitoring.
- f) Fines for violations within a 12-month period:
  - i. \$1,000 for each violation.
  - ii. Registration is revoked after third violation.
  - iii. However, a 30-day warning period will be provided prior to issuing fines for advertising a STR without a valid registration number.

### **Conditional Registration During Petition Period**

The 180-day petition period to restrict un-hosted STRs within a geographical census tract will begin on the date the California Coastal Commission (CCC) approves the Local Coastal Program Amendment. All STR registrations will be approved on a conditional basis until after the 180-day petition period has ended. If a petition to restrict un-hosted STRs is successful, any conditional STR registrations issued within that census tract will not be renewed at the next annual renewal.

## Environmental Compliance

In accordance with the Guidelines for Implementation of the California Environmental Quality Act (CEQA), a Notice of Intent to Adopt Negative Declaration ND 07-19 was prepared and made available for a 30-day public review and comment period that began on September 16, 2019 and ended on October 15, 2019 (Attachment C). A Resolution directing the Director of Development Services to submit a request to the California Coastal Commission for a finding of conformance has been prepared.

As discussed in the report to the City Council on October 21, 2019, a portion of the funding for STR positions was reallocated to temporarily fund other City programs, effectively delaying the start of the STR program. As a result, a phased implementation of the STR program was developed. Under the phased implementation, the Ordinance would take effect 181 days after it is approved by the City Council, and STR operators would have an additional 180 days after the effective date of the Ordinance to apply for registration to become a lawful STR operator. City Council action is requested on December 10, 2019, to move forward with the phased implementation plan recommended by staff.

This matter was reviewed by Assistant City Attorney Michael J. Mais on October 14, 2019 and by Budget Analysis Officer Julissa José-Murray on October 23, 2019.

Adoption of the Ordinance with the phased implementation plan will cost approximately \$197,000 in FY 20, due to the delayed hiring of staff and the compliance consultant. Estimated revenues from registration fees for FY 20 are approximately \$200,000 (based on a registration fee of \$250 per STR unit and an estimated 800 units). Expected revenues and expenses for the STR program in FY 20 were built into the Development Services Department budget and there is no appropriation increase needed. STR program associated expenses and revenues are accounted for separately from any STR-related Transit Occupancy Tax (TOT) revenue. It is currently unknown how this recommended Ordinance will impact TOT revenue from STR revenue. The STR program is within the budgeted scope of staff duties and is consistent with adopted City Council priorities. A specific impact on local jobs has not been determined; however, the adoption of the STR Ordinance is anticipated to have a positive impact on local jobs.

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Approve recommendation.

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DIRECTOR OF DEVELOPMENT SERVICES

APPROVED:

THOMAS B. MODICA  
ACTING CITY MANAGER