



Legislation Text

File #: 20-0074, **Version:** 1

Recommendation to declare ordinance amending Title 5, Regulation of Businesses, Trades and Professions of the Long Beach Municipal Code, by adding Chapter 5.77, related to short-term rentals, read the first time and laid over to the next regular meeting of the City Council for final reading;

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 STR regulations, presented as Option 2 (Limited STRs), as modified during the discussion. In its motion, the City Council directed staff to conduct additional research in specific STR policy areas and provide recommendations to the City Council. The additional research and information was provided to the City Council via memorandum on June 14, 2019 (Attachment A). As part of this effort, staff from the Development Services Department and the City Attorney's Office reached out to third-party compliance platforms and other municipalities that have implemented STR regulation. The attached Ordinance incorporates findings based upon the additional information that was collected.

Components of the Limited STRs option that have been revised from their original form are 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) Large scale events will be allowed on a limited basis via a new STR Occasional Event Permit.
- d) The first violation for advertising a STR without a valid registration will result in 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, which provided 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 STR requirements are as follows:

- a) STRs are required to register with the City. A local 24-hour contact is required for all rentals.
- b) STRs are prohibited in deed-restricted affordable housing units and dormitories.
- c) A maximum of two STRs are allowed per operator, or three if one of the STRs is hosted in a primary residence.
- d) Non-primary residence STRs in multi-family developments are limited on a sliding scale from 1 to 15 percent of units, depending on the total number of units in the development.
- e) A maximum of 1 percent of the City's housing stock will be allowed to be used as non-primary STRs.
- f) Existing City Noise Ordinance laws will apply to STRs, including those relating to the prohibition of loud noises.
- g) Quiet hours are from 10:00 p.m. to 7:00 a.m., including the use of outdoor pools and hot tubs.
- h) The City Council will establish, and set by Resolution, all fees and charges.
- i) The City's Transient Occupancy Tax will apply to STRs.
- j) Safety and Liability:
 - i. A map of fire extinguishers and escape routes is required on site.
 - 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 people, with a maximum of ten people total.
 - iv. Exterior signage is prohibited.
- k) 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 the maximum number of rented nights are as follows:

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

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 establishes the following provisions regarding exclusions, consent, enforcement and penalties:

- a) 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) A landlord consent form is required if a 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. A STR registration is revoked after the third violation.
 - iii. 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 that 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 expire 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 180 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 January 21, 2020, 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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