Legislation Details (With Text)

File #:	20-0453	**Version:**	1	**Name:**	DS - Short Term Rentals
Type:	Ordinance			**Status:**	Adopted
File created:	5/4/2020			**In control:**	City Council
On agenda:	5/19/2020			**Final action:**	5/19/2020
Title:	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;				
Sponsors:					
Indexes:					
Code sections:					
Attachments:	1. 051920-R-16sr&att.pdf, 2. 051920-R-16 PowerPoint.pdf, 3. 051920-R-16 Corresp.pdf				

Date	Ver.	Action By	Action	Result
5/19/2020	1	City Council	approve recommendation	Pass

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 January 21, 2020, the City Council considered whether to approve a draft Ordinance to implement regulations for short-term rental (STR) properties in Long Beach. The staff report (Attachment A), summarized key components of the draft Ordinance. The City Council did not approve the draft Ordinance for first reading, but instead directed staff to revise the draft to include the following key changes:

a) The total number of non-primary residence STR registrations issued will not exceed 1,000 housing units initially, subject to annual adjustments based on vacancy rates.

b) The threshold for the opt-out petition process to prohibit un-hosted STRs is reduced to a simple majority of property owners, the petition process will be conducted by the City via U.S. mail, and the opt-out petition process would become available on an annual basis following the initial 180-day opt-out period for those who did not request a petition during that time.

c) Hosting platforms will be responsible for removing from their site any STR listing for properties on the prohibition list.

d) Hosting platforms cannot process or book any transaction unless both the STR registration number and expiration date are included in the listing.

In addition to making the above and other minor terminology changes, staff was asked to provide a cost-estimate for the opt-out petition to be paid by the requesting party. To establish a reasonable cost to process the petitions by mail, and to ensure the cost is the same regardless of the location of the requesting party, staff is recommending use of census block groups rather than the full census tract. The cost to process a mail petition for an entire census tract would vary widely between tracts and would be prohibitively expensive for larger tracts. For a sense of census block group size, most census tracts within Long Beach contain between three to eight census block groups with a citywide average of 320 parcels per block group. This smaller size provides greater flexibility to customize potential "opt out areas." Attached is a map of census block groups in Long Beach (Attachment B). The map is available on the City's STR webpage (www.longbeach.gov/lbds/hn/st-rental/) to view in greater detail. Based on the average number of parcels per block group, staff is recommending a fee of $1,000 per petition. Despite staff's recommendation to use census block groups, the attached Ordinance provides the City Council with the discretion to approve use of either census block groups or census tracts for the petition process.

The City Council also requested that staff consider, and respond to, the following questions:

a) Could the City require or encourage STR operators to utilize hosting platforms that have entered into a tax collection agreement with the City?

Staff recommends that as part of the program implementation, the City provide operators with a list of platforms that have entered into a tax collection agreement with the City.

b) Could the citywide cap of 1,000 non-primary residence STRs be temporarily increased during certain special events (i.e., Grand Prix or Pride)?

Staff recommends revisiting this topic after the first full year of implementation so the City has more data on program operations to consider a temporary increase.

c) Can the City prohibit or ban platforms from listing STR properties in the City if the platforms do not follow the rules or list unregistered properties?

Staff will need to do further research to determine the means, if any, to take such an action against platforms.

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.

This matter was reviewed by Deputy City Attorney Monica J. Kilaita on March 5, 2020 and by Budget Analysis Officer Julissa José-Murray on April 1, 2020.

City Council action is requested on May 19, 2020, to implement the STR program within the phased implementation plan recommended by staff.

The adoption of the STR Ordinance, with the phased implementation plan, changes the expense and revenue incurred in the current fiscal year. In FY 20, the plan will cost approximately $93,000, due to the delayed hiring of staff and the compliance consultant. Estimated revenues from initial registration fees are approximately $200,000 (based on a registration fee of $250 per STR unit and an estimated 800 units) and will be collected once the City begins accepting registrations in early FY 21, 120 days after the adoption of the Ordinance. Expected expenses and revenues were built into the Development Services Department Adopted FY 20 Budget. As discussed earlier, implementation of the opt-out petition is estimated to cost $1,000 per petition, and the fee will be set at full cost recovery. The fee will be presented to the City Council as part of the FY 21 Master Fee and Charges Schedule, which will be presented as part of the budget adoption process. STR program associated expenses and revenues are accounted for separately from any STR-related Transient Occupancy Tax (TOT) revenue. It is currently unknown how this recommended Ordinance will impact TOT revenue from STR revenue. This recommendation has no staffing impact beyond the normal budgeted scope of duties and is consistent with existing 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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