

RESEARCH SUMMARY MEMO

SHORT-TERM RENTAL RESEARCH AND ANALYSIS CITY OF HUNTINGTON BEACH

To: City of Huntington Beach

From: Lisa Wise Consulting, Inc. (LWC)

Date: February 10, 2020

INTRODUCTION

On September 3, 2019, LWC presented short-term rental (STR) data and case studies to the Huntington Beach City Council at a Study Session. During this Study Session, City Council requested additional information on selected topics. This memo summarizes the additional research and analysis conducted by LWC as directed by City staff in response to the Study Session requests.

RESEARCH SUMMARY

1. **How the case study cities¹ (as applicable) or other coastal cities define a “hosted” stay. For example, is a 4-plex where the owner lives in one unit and rents the other three units on a short-term basis considered “hosted”? What about a 9-plex? Etc.**

Table 1: “Hosted” Stay Definition

Case Studies	
Carlsbad	<ul style="list-style-type: none">• Not applicable; does not distinguish between hosted and un-hosted STRs.
Carpinteria	<ul style="list-style-type: none">• "Home stay" is defined as a type of short-term rental where the owner remains in the residential unit during the entire rental period. A home stay does not include the hosting of personal guests, home exchanges or vacation rentals.• An accessory dwelling unit (ADU) would have to be occupied by the owner (or member of the owner's family) to be used as a home stay. An ADU that is attached and has a pass-through interior door to the main unit where the owner is residing may also be operated as a home stay.

¹ Case study cities: Carlsbad, Carpinteria, Newport Beach, and Pismo Beach.

Table 1: "Hosted" Stay Definition

	<ul style="list-style-type: none"> Requirements for apartment complexes (i.e., multi-unit complexes with a single Assessor Parcel Number (APN)): <ul style="list-style-type: none"> For vacation rentals, each unit must have its own license. For home stays, only the owner of the complex who lives on-site may rent out a portion of his/her personal apartment.
Newport Beach	<ul style="list-style-type: none"> Not applicable; does not distinguish between hosted and un-hosted STRs.
Pismo Beach	<ul style="list-style-type: none"> "Homestay" is defined as an owner-occupied, detached single-family residence where bedrooms are rented for compensation for less than 30 consecutive days. In cases where an ADU is located on-site, rental of the ADU for less than 30 consecutive days shall qualify as a homestay contingent upon the single-family residence being concurrently occupied by the property owner during the short-term rental period, or if the single-family residence is rented, upon the ADU being concurrently occupied by the property owner. Vacation rentals are allowed in the downtown zoning districts in all housing types (e.g., single-family and multi-family), but STRs and homestays are not allowed in multi-family housing outside of the downtown zoning districts because of noise (i.e., shared walls) and parking concerns².
Other Jurisdictions	
Long Beach ³	<ul style="list-style-type: none"> A "hosted stay" means a short-term rental activity whereby the host remains on-site and resides in a habitable dwelling unit or portion thereof throughout the guest's stay (except during daytime and/or work hours). Does not regulate by hosted vs. un-hosted, but rather by primary residence vs. non-primary residence (see #4). <ul style="list-style-type: none"> A STR operator may not operate more than 1 primary residence STR and more than 2 non-primary residence STRs.

² Mike Gruver, City of Pismo Beach, February 4, 2020.

³ The City of Long Beach is in the process of adopting short-term rental regulations. A Council hearing was held on January 21, 2020, and the draft ordinance is being revised based on Council direction at that hearing. This memo summarizes relevant points from the draft ordinance and Council direction.

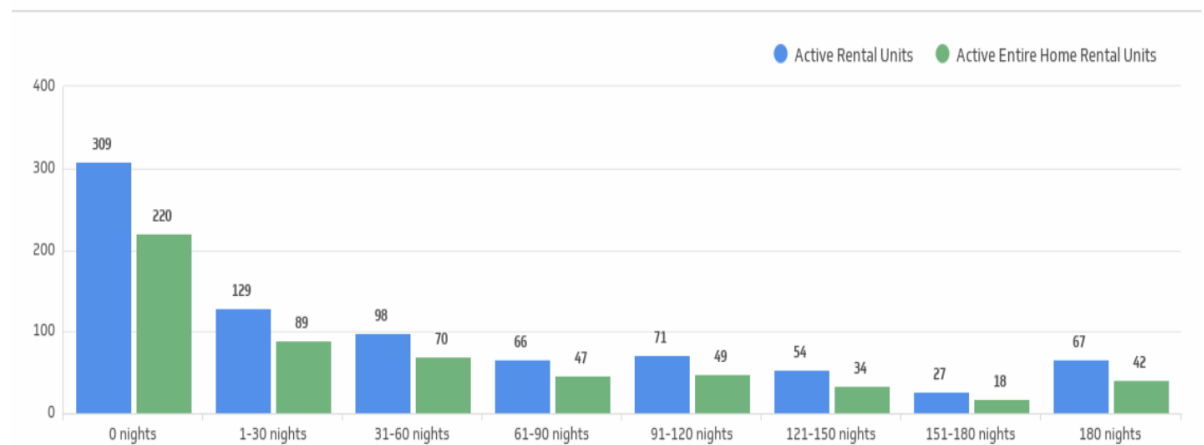
Table 1: “Hosted” Stay Definition

	<ul style="list-style-type: none"> ○ For properties with 2 existing legally permitted dwelling units (e.g., single-family dwelling and ADU, or a duplex), “primary residence” refers to the parcel/both units on the parcel (i.e., if the STR operator resides in one unit, the other unit may be operated as a STR under the primary residence STR category). ○ Non-primary residence STRs in multi-family developments are limited based on a sliding scale: <ul style="list-style-type: none"> ▪ 1 allowed in developments of 10 or fewer units ▪ 10% of total units in developments of 11 to 50 units ▪ 12% of total units in developments of 51 to 100 units ▪ 15% of total units in developments of 101 units or more.
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3. Provide the estimated annual mean and median estimated nights occupied for STRs in Huntington Beach. LWC will provide based on STR data collected by Host Compliance during Phase 1.

Using data collected by Host Compliance, the mean estimated nights an STR in Huntington Beach was occupied between June 2018 and June 2019 was 48 nights, and the median estimated nights occupied was 13 nights. This negative skew reflects a substantial number of STR units listed in the past 12 months with no bookings (see “0 nights” in the chart below). Considering new STR listings during those 12 months, the estimated annualized nights occupied is a mean of 55 nights and median of 22 nights per year.

Estimated Annual Nights Rented



Source: Host Compliance

4. Provide additional details on STR enforcement protocols from the case study cities or other coastal cities, specifically on how after-hours calls are handled (e.g., 24-hour hotline, weekend/evening enforcement officer, etc.).

Table 2: Enforcement Protocols

Case Studies	
Carlsbad	<ul style="list-style-type: none"> A contact must be available 24 hours per day, 7 days a week to respond within 45 minutes to complaints regarding the conditions, operation, or conduct of occupants of the STR. Permit must be posted on the exterior of the unit within plain view of the general public with the 24-hour contact's phone number (only required to be posted during rental activity). STR owners must prepare and distribute to adjacent neighbors and STR renters an "Impact Response Plan", which includes the phone number for the owner or agent.

Table 2: Enforcement Protocols

Carpinteria	<ul style="list-style-type: none"> • A 24-hr contact must be within 30 miles of the vacation rental. • The owner or property manager's contact information must be posted on the exterior of the unit, near the entrance, during rental activity. • Vacation rentals with no on-site manager must provide notice with the owner/property manager's contact information to properties within 100 feet. • The City maintains an online list of licensed STR properties with contact information. If issues are not resolved when the complainant contacts the owner/property manager, they are directed to contact the City (Community Development Staff).
Newport Beach	<ul style="list-style-type: none"> • A local 24-hr contact must be available 24 hours per day, 7 days a week to respond to complaints and use "best efforts" to ensure guests do not create unreasonable disturbances, including posting conditions of the STR Permit in a conspicuous place within the unit. • City staff recommended requiring the posting of 24-hour contact information on the outside of STRs as a potential way to improve compliance since Code Enforcement staff are typically not available when complaints are most likely to be reported (evenings and weekends); those calls are directed to the Police Department.
Pismo Beach	<ul style="list-style-type: none"> • A 24-hr contact must be available via telephone 24 hours per day, 7 days a week, to respond to complaints. The contact person/entity shall reside or maintain a physical business address within 25 miles of the vacation rental (a post office box or private mail drop address does not comply). • The 24-hr contact's information must be provided to all short-term renters and neighbors within 300 feet of the STR or homestay. • One part-time Code Enforcement officer is dedicated to STR enforcement. An outside contractor provides STR data to facilitate the City's enforcement efforts.
Other Jurisdictions	
Long Beach ⁴	<ul style="list-style-type: none"> • A contact must be available 24 hours per day, 7 days a week for responding within 1-hour to complaints regarding the condition,

⁴ Ibid.

Table 2: Enforcement Protocols

	<p>operation, or conduct of the STR or its occupants and taking any remedial action necessary to resolve such complaints.</p> <ul style="list-style-type: none">• City anticipates working with a third-party compliance platform that offers a staffed 24-hour hotline to assist with nuisance management.
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5. Describe how the case study cities (as applicable) or other coastal cities implement and enforce primary resident requirements (e.g., Pismo Beach’s requirement to reside at the home at least 183 days per year).

Table 3: Primary Resident Requirement Implementation

Case Studies	
Carlsbad	<ul style="list-style-type: none"> Not applicable; does not regulate by primary resident.
Carpinteria	<ul style="list-style-type: none"> Not applicable; does not regulate by primary resident.
Newport Beach	<ul style="list-style-type: none"> Not applicable; does not regulate by primary resident.
Pismo Beach	<ul style="list-style-type: none"> “Primary residence” means the dwelling owned and occupied as the property owner’s principal place of residence, where the owner lives more than 50% of the year (183 days or more per year). A primary residence can’t be rented un-hosted more than 182 days per year. The City reviews the homeowner’s income tax return or other documentation deemed acceptable by the City showing the dwelling is the owner’s principal residence for tax purposes. Proof of primary residence status must be provided to the City on a yearly basis. The property owner(s) must be an individual owner(s) or trustee(s), and not a corporation, limited liability company, partnership, or other business or commercial entity.
Other Jurisdictions	
Long Beach ⁵	<ul style="list-style-type: none"> “Primary residence” means a person’s permanent place of residence or usual place of return for housing. A person must reside in the primary residence for a minimum of 275 days per year. A primary residence can’t be rented un-hosted more than 90 days per year. Proof of primary residence is documented by at least 2 of the following: <ul style="list-style-type: none"> Tax documents showing the residential unit as the person’s residence Motor vehicle registration Driver’s license Voter registration

⁵ Ibid.

Table 3: Primary Resident Requirement Implementation

	<ul style="list-style-type: none"> ○ Utility bill • The STR permit must be renewed annually.
San Francisco	<ul style="list-style-type: none"> • The STR host must live in the unit for at least 275 days per year. A STR can't be rented un-hosted more than 90 days per year. • Proof of residency is required through the submittal of 2 of the following documents to the City (if the resident's current identification card shows the address of the STR unit, then only 1 of the following documents is required): <ul style="list-style-type: none"> ○ Vehicle Registration Card from the California DMV with the address of the STR unit. ○ Proof of a Homeowner's Tax Exemption (accepted for property that is either a single-family dwelling or condominium). ○ Proof of car insurance with the address of the STR unit. ○ Original utility bill, issued from either: SFPUC (water), Recology (trash), or PG&E (electric/gas), including the payment stub showing the address of the STR unit. ○ Voter Registration Card or Certificate with the address of the STR unit. • The STR permit must be renewed every 2 years.

6. Provide projections of how the STR market in Huntington Beach might grow over time.

Between March 2016 and March 2019, the short-term rental market in North American jurisdictions with 100 or more STR listings grew 58%⁶. Since STRs are currently banned in Huntington Beach, this rate of growth may or may not be appropriate to assume depending on how the City decides to regulate STRs. However, even with the current ban, 821 STRs exist in Huntington Beach as of June 2019. Considering the STR ban, a more modest three-year growth rate of 25% would result in approximately 1,030 STRs in 2022, adding an average of 70 STRs per year.

During the development of framework alternatives for potential STR regulation, STR projections will be prepared to reflect each alternative, providing an understanding of how different regulations could affect the number of projected STRs in Huntington Beach.

⁶ Host Compliance proprietary data.

7. Determine existence/extent of code enforcement services available to an STR owner/operator, and if the City can require those “qualified” code enforcement services to be secured prior to STR operations.

While research of various STR regulations did not yield any results of jurisdictions requiring “qualified” code enforcement services to be secured prior to STR operations, vacation rental management companies offer services to STR hosts that help ensure regulations are adhered to. Vacation rental companies can provide guest screening, liability protection, and a local property manager (e.g., Vacasa⁷). Vacation rental companies typically offer availability 24 hours a day, 7 days a week, to answer phone calls and emails and address any issues.

In addition, noise monitoring products and services can help detect parties, unruly guests, and other noise issues (e.g., NoiseAware⁸). A STR host can purchase sensors and will be alerted when noise issues arise at the property. Since most STR ordinances or municipal codes contain noise regulations, these devices can help a STR host remain in compliance with applicable noise limits.

Furthermore, additional sensors can be installed that count the number of mobile devices within a home’s detection range (e.g., Party Squasher⁹). This can alert a STR host if an unauthorized gathering/party may be occurring or if any applicable occupancy limits may be exceeded.

[Note: The City may get input from City Attorney on whether these types of services can be required in an ordinance. Typically, it’s up to STR owner/operator to decide exactly how to comply with City regulations (e.g., noise thresholds, etc.).]

8. Provide additional examples of parking requirements for STRs (Pismo Beach was the only case study jurisdiction that included parking ratios for STRs).

Table 4: Parking Requirements

Case Studies	
Carlsbad	<ul style="list-style-type: none">To the greatest extent possible, occupants and guests shall utilize on-site parking and avoid parking on nearby residential streets. On-site parking is allowed in approved driveway, garage, and/or carport areas only.
Carpinteria	<ul style="list-style-type: none">For vacation rentals, the number of guest vehicles allowed is determined by the City at the time of application, taking into consideration the number of available parking spaces on the site.

⁷ <https://www.vacasa.com/property-management>

⁸ <https://noiseaware.io/>

⁹ <https://www.partysquasher.com/>

Table 4: Parking Requirements

	<ul style="list-style-type: none"> For home stays, the number of guest vehicles is limited to no more than one.
Newport Beach	<ul style="list-style-type: none"> The owner must provide the guests with the number and location of on-site parking spaces. No restriction on number of vehicles by the City.
Pismo Beach	<ul style="list-style-type: none"> The required minimum number of parking spaces is based on the number of bedrooms provided for rent: <ul style="list-style-type: none"> 1 bedroom - 1 space 2 bedrooms - 2 spaces 3 to 4 bedrooms - 3 spaces 5 or more bedrooms - 4 spaces
Other Jurisdictions	
Long Beach ¹⁰	<ul style="list-style-type: none"> Relies on occupancy limits instead of parking ratios. Occupancy is limited to 2 people per bedroom, plus 2 people, with a maximum of 10 people total.
Santa Cruz County	<ul style="list-style-type: none"> Number of vehicles must not exceed the on-site parking spaces by more than two vehicles.
San Luis Obispo County	<ul style="list-style-type: none"> All parking associated shall be entirely on-site, in the garage, driveway or otherwise out of the roadway. Guests shall not use on-street parking.

¹⁰ Ibid.