

SHORT-TERM RENTAL ANALYSIS & RECOMMENDED APPROACHES

City of Huntington Beach
September 21, 2020



AGENDA

- 1** Research and Outreach Process
- 2** Findings
- 3** Potential Approaches
- 4** Fiscal Impacts
- 5** Next Steps

Aim of Project

Provide support in community engagement, data gathering and analysis, potential options on implementation and enforcement strategies for short term rentals in Huntington Beach.



Research and Outreach Process

Huntington Beach Context

CASE STUDIES (concurrent with existing conditions effort)

- Carlsbad
- Carpinteria
- Newport Beach
- Pismo Beach

EXISTING CONDITIONS

- Current regulation, housing profile
- Number of STR units, type, geographic distribution, earnings, occupation

COMMUNITY OUTREACH

- Stakeholder Interviews
- Online survey (City)

FINDINGS

POTENTIAL REGULATORY FRAMEWORKS

FISCAL IMPLICATIONS

Case Studies

Comprehensive review and summary of the STR regulatory framework of 5 cities and phone interviews with planning staff:

- Carlsbad
- Carpinteria
- Newport Beach
- Pismo Beach
- Malibu

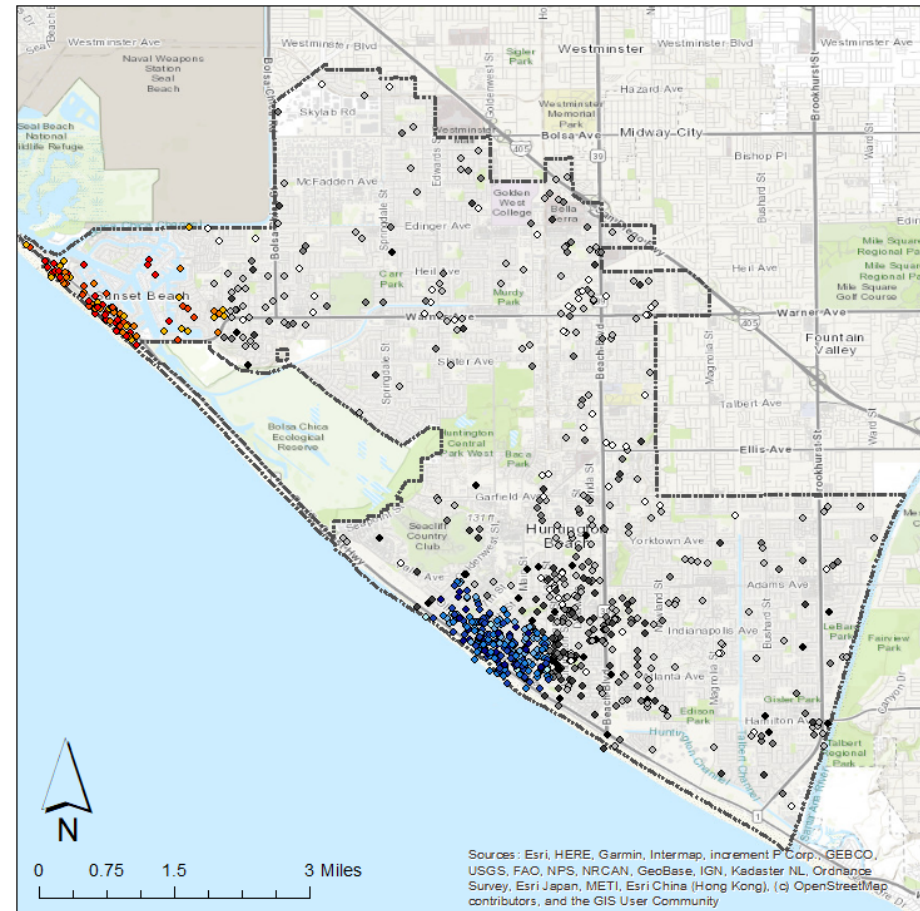
Existing Conditions/Data

Concurrent Research with Case Study Analysis:

- Current regulations in Huntington Beach
- Housing profile
- Number, type and geographic distribution of STRs
- Active sites/online platforms
(Airbnb [65%], VRBO [16%], Homeaway [10%])
- Annual rental value
- Nights rented

Short-Term Rentals in Huntington Beach

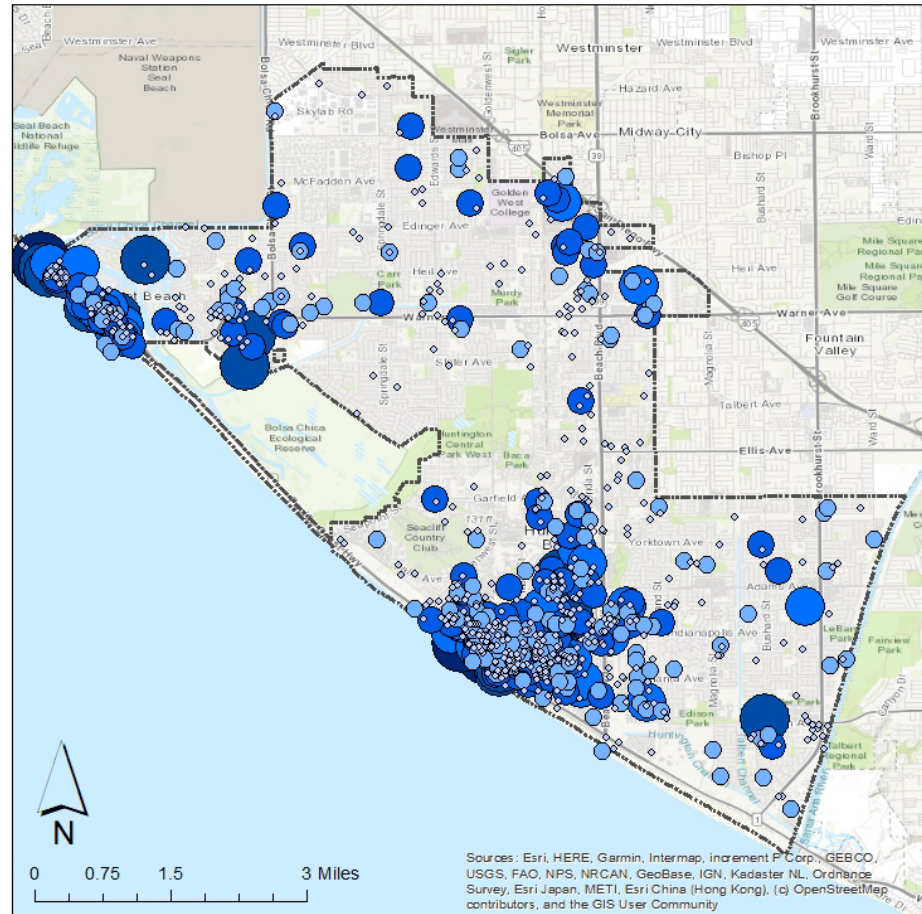
- 867 Units available for short term rent from May 2019 to April 2020
 - 74% (643 units) are considered non-commercial with only one unit per owner.
 - 2% (19 units) are operated by owners with more than three units
 - 28% (246 units) were not rented in the past year.
 - 7% (68 units) were rented more than 180 days in the past year.



Source: Host Compliance

Short-Term Rentals in Huntington Beach

- On average an STR in Huntington Beach generates \$1,923 per unit each year
 - Units closer to the beach generate more.
 - Majority of Downtown units rent for more than \$100 per night
 - Majority of Sunset Beach units rent for more than \$200 per night
- In aggregate STR in Huntington Beach generated over \$1.6 million in rental revenue over the study period



Legend: Annual Revenue

Source: Host Compliance

Community Outreach

Stakeholder Interviews + Online Survey

Purpose: “gain better insight on community’s highest priority considerations STR program options”

WHO:

- Visit Huntington Beach
- Residents/Homeowners – Interviews were conducted with residents that oppose and support STRs
- Huntington Beach Short Term Rental Alliance
- Short Term Rental Operators
- Chamber of Commerce



HUNTINGTON BEACH
Chamber of Commerce



Source: Host Compliance

General Findings

General Findings

- **“Sharing economy”** genie is out of the bottle
- Clear, consistent **legislation** needed/welcomed
- STR Hosts should pay **T.O.T.**
- Business **license** requirement
- STRs can benefit Surf City **brand** and help **affordability**
- Needs closely **monitor/enforcement**
(noise, parking, trash, privacy, neighborhood character)

Potential Approaches

Framework Recommendations

- Low—A minimal STR regulation program
- Medium— Represents a consensus from stakeholders
- High— A full range of STR regulation
- City Council could choose one or mix & match

Summary of Threshold Regulations

Potential Measures	Low	Medium	High
Code Enforcement (Existing Nuisance Ord.)	X	X	X
Notice to Neighbors	X	X	X
Owner Contact Info.	X	X	X
Local 24-hr Hotline	X	X	X
STR Registration	X	X	X
Transient Occupancy Tax (TOT)	X	X	X
Tourism BID Assessment	X	X	X
Exempt Status		X	
STR Permit & Business License Fee		X	X
STR Permit Renewal (Annual)		X	X
On-site Owner			X
Min./Max. days of stay			X
People per Bedroom Limit			X
Cap on # of STR			X
Neighborhood Zones (Geographic limits)			X

Low Scenario

- Code Enforcement (Existing Nuisance Ordinances)
 - Noise
 - Trash
 - Parking et al
- Transient Occupancy Tax (TOT)
 - Tax as a commercial accommodation
- Local 24hr Hotline
 - Ability to report to code enforcement
- Notice to Neighbors
 - Notice within a determined radius
- Owner Contact Info
 - Posted on the unit
- STR Registration
 - Allow City to track units

Medium Scenario

- In addition to the Low Scenario
 - STR Permit & Business License Fee
 - Fee would be direct cost-capture of associated regulatory programs including 24-hr complaint hotline and increased Code Enforcement
 - STR Permit Renewal (Annual)
 - Exempt Status
 - Option to exempt units from fees if operations predate ordinance
 - TBID Assessment

High Scenario

- In addition to the medium scenario:
 - On-site Owner required.
 - Owner occupied units could use portion of the unit as STR; and/or
 - Owner required to maintain as primary residence (min. 183 days/year)
 - Min./Max. Days of Stay
 - Maximum number of day per month or year. Minimum length of stay per party
 - People per Bedroom Limit
 - Occupancy limits are a feature of STR programs in other communities
 - Cap on amount of STRs
 - Limits a total number of units allowed
 - Conformance with CC&Rs
 - No STR permit if CC&Rs prohibit
 - Neighborhood Zones (Geographic Limitations)
 - Not permitted or capped in specific areas of the city

Potential Fiscal Impacts

Potential Fiscal Impacts

- Estimates based on last year's performance
 - Includes TOT and TBID
 - Direct revenues only
- Low Scenario \$1.3 Million
- Medium Scenario \$1.3 Million
 - Assumes cost recovery through permits and fees for program enforcement
- High Scenario \$707 Thousand
 - Assumes Downtown and Sunset Beach only
 - Not accounting for potential limitations on maximum operating days
 - Other restrictions could reduce TOT and TBID revenues

Next Steps

Next Steps

City Council direction on Ordinance regulating short term rentals

Return with an ordinance for City Council consideration later this year (tentatively November)

Discussion