

Short-Term Rentals



**City of
Huntington Beach**

**City Council
November 16, 2020**

Background



- **September 3, 2019 Study Session**
 - an overview of short-term rentals in Huntington Beach
 - case studies of four coastal cities (Carlsbad, Carpinteria, Newport Beach, Pismo Beach)
 - range of approaches in regulating short-term rentals
- **September 21, 2020 Meeting**
 - three regulatory framework alternatives
 - fiscal impact analysis
 - direction to prepare an Ordinance with high threshold regulations

STR Regulations



Chapter 5.120 (Short-Term Rentals):

- establish regulations, standards, and permitting processes affecting residential districts citywide
- protect character of residential neighborhoods
- maintain long-term rental housing stock
- ensure collection and payment of TOT

Types of STRs



Host

a property owner who occupies the property at the time and for the duration of the short term rental

Operator

a property owner in Sunset Beach who offers the unit for an un-hosted short term rental

- **Short-Term Rental (STR)**
 - a residential dwelling unit offered to a paying guest for 30 nights or fewer
- **Hosted Stay**
 - a short term rental where the Host occupies the property and remains on-site throughout the guest's stay
- **Un-Hosted Stay**
 - a short term rental in Sunset Beach where there is no Host and the Operator resides off-site during the guest's stay

Permitted Locations



- **Zone 1 and 2**
 - hosted (owner-occupied) STRs allowed citywide, including properties in Sunset Beach
- **Zone 2**
 - un-hosted (owner un-occupied) STRs allowed in Sunset Beach only if a permit is applied for within 6 months of the effective date of the fee resolution

Zone 1
properties within
the City, excluding
Sunset Beach

Zone 2
properties within
Sunset Beach

STR Permit



- STR Permit required for all hosted and un-hosted STR operations
- STR Host/Operator needs to apply for a STR Permit within 6 months of effective date of fee resolution
- valid for one year from date of issuance
- STR Permit may not be transferred and does not run with land
- annual renewal of STR Permit

Criteria for STRs



- one STR per property (SFR, duplex, triplex, rental properties of any size)
- up to 3 STRs per property (on ownership properties with 4 or more units, i.e. condominiums and townhomes if allowed by CC&Rs)
- STR as a legally permitted dwelling unit (ADUs or junior ADUs if unit legally established prior to effective date of the Ordinance)
- STR unit must be primary residence of Host
- Local Contact Person available 24 hours/day, 7 days/week, to respond within 1 hour to complaints and take action to resolve complaints
- Host as the Local Contact Person for Hosted Stays
- Operator designates a Local Contact Person for Un-Hosted Stays



STR Key Provisions



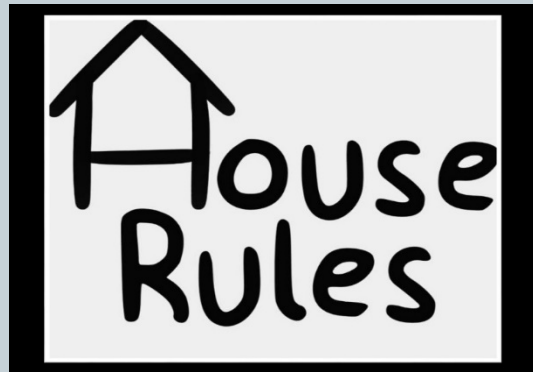
- occupancy limit – maximum 2 persons per bedroom, plus 2 additional guests (including children); maximum 10 persons in any STR
- minimum age of STR tenant – 25 years old
- compliance with Noise Ordinance
- events are prohibited (commercial parties, weddings, fundraisers, conferences)
- City-issued STR permit registration on all marketing/advertising materials
- if STRs become part of Huntington Beach TBID, they shall comply with all requirements, including the payment of the 4% of taxable revenues
- STR not operated as any other commercial home-based business

STR Requirements



- provide information to guests on maximum number of occupants, location of parking, noise regulations and quiet hours, trash and recycling disposal requirements
- maintain working fire and life safety items (e.g. fire extinguishers, smoke and carbon monoxide detectors)
- maintain and provide proof of liability insurance appropriate to cover the STR
- have the legal responsibility to collect and remit the TOT and TBID assessments

Postings



Interior Notice

- maximum number of occupants
- location of parking
- trash and recycling pickup information
- emergency contact information
- evacuation plan

Sign Outside Unit

- Local Contact Person name and phone number
- no posted sign outside to advertise the availability of the unit

Hosting Platforms



- require STR Permit number and expiration date on all listings
- shall not process any booking transaction without a valid current STR Permit issued by City
- provide the City with the monthly report for each listing: STR Permit number, address, name of person, number of days book, price paid

- remove any listings for STRs upon notification by City
- inform Host/Operator of responsibility to collect and remit all applicable taxes unless there is a Platform Agreement



Enforcement



- Local Contact Person to respond to complaints within one hour after the complaint is received
- \$1,000 fine each day for each violation of any provision
- 3 violations against a STR Host/Operator within a 12-month period may result in revocation of STR Permit

Fiscal Impact



- Potential revenue projections – data collected from May 2019 through April 2020 to represent a snapshot of STR market in Huntington Beach
- Table 1 reflect potential revenues divided into three subareas:
 - Sunset Beach
 - Downtown
 - rest of Huntington Beach

Table 1: City STR Revenue by Subarea

	Total Expenditures	TOT <i>10%</i>	TBID (City Share) <i>1% of TBID</i>
Sunset Beach	\$1,484,977	\$148,498	\$594
Downtown	\$3,615,687	\$361,569	\$1,446
Rest of City	\$3,637,630	\$363,630	\$1,455
Total	\$8,738,294	\$873,829	\$3,495

Fiscal Impact



- Table 2 reflect potential revenues divided by rental type:
 - entire unit
 - private room
 - shared room

Table 2: City STR Revenue by Rental Type

	Total Expenditures	TOT 10%	TBID (City Share) 1% of TBID
Entire Unit	\$7,846,779	\$784,678	\$3,139
Private Room	\$891,345	\$89,135	\$357
Shared Room	\$170	\$17	\$0
Total	\$8,738,294	\$873,829	\$3,495

Fiscal Impact



- Table 3 reflect potential revenues for allowing:
 - all types of STRs (entire unit, private room, and shared room) in Sunset Beach
 - hosted rentals (private rooms and shared rooms) in the rest of the City

Table 3: STR Revenue from Council-Recommended Program

	Total Expenditures	TOT 10%	TBID (City Share) 1% of TBID
City-wide: Private Rooms	\$836,510	\$83,651	\$335
City-wide: Shared Rooms	\$170	\$17	\$0
Sunset Beach: All Rental Types	\$1,484,977	\$148,498	\$594
Total	\$2,321,657	\$232,166	\$929

Recommendation



- Approve for introduction of Ordinance No. 4224 by adding Chapter 5.120, Regulating Short-Term Rentals
 - provide regulations and permit processes to reduce operational impacts of short-term rental properties
 - preserve residential neighborhood character