

**Moore, Tania**

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**From:** Kathryn Levassiur <levassiurk@gmail.com>  
**Sent:** Monday, October 18, 2021 6:52 AM  
**To:** supplementalcomm@surfcity-hb.org  
**Subject:** Support for Item 32-with revisions  
**Attachments:** 211017 STR Alliance Submission.pdf

Attached, for consideration of the council:

Sincerely,  
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**SUPPLEMENTAL  
COMMUNICATION**

Meeting Date: 10/19/2021

Agenda Item No.: 32(21-753)

**SUBMITTAL TO THE CITY COUNCIL  
HUNTINGTON BEACH, CALIFORNIA**



**Date:** October 18, 2021

**From:** HB Short Term Rental Alliance (Active Vacation Rental Owners)

**Subject:** Revision and Adoption of Ordinances Regulating Short-Term Rentals

**RECOMMENDED ACTION FOR THE CITY COUNCIL:**

1. Allow the owner of a multi-family complex to obtain more than one (1) permit for operating vacation rentals (5.120.040 #C)
2. Allow owners to provide unhosted stays in their dwelling (5.120.030 #F.3)
3. Grandfather in operators currently operating short-term vacation rentals

**BACKGROUND:**

On December 21, 2020, the Huntington Beach City Council voted to approve Ordinance No. 4224 amending the Huntington Beach Municipal Code (HBMC) by adding Chapter 5.120 Short-Term Rentals (STRs).

The purpose of this ordinance was to establish regulations for the use of privately owned residential dwellings as short-term rentals to minimize the negative secondary effects on surrounding properties and to ensure the collection and payment of transient occupancy taxes.

**The HB Short Term Rental Alliance urges revisions to Ordinance 4224.**

The language in the current ordinance is far more restrictive compared to other municipalities and consequently prevents a majority of property owners the opportunity to comply or obtain a valid permit. The ordinance can be better structured and managed with balanced terms and conditions in place.

Thank you for your consideration and the opportunity to submit comments,

On behalf of the HB Short Term Rental Alliance  
Representing 235 Members and Growing

<https://www.hbstra.org>

## BRIEF

The growth in the short-term rental market is being driven by ample supply and demand. Travelers are increasingly opting to stay in private residences and properties while on business or vacation. Homeowners have found a financial safety net to offer their homes and multi-unit properties – either in part or in whole – for rent on a short-term basis at rates that rival traditional hotels.

In response to citizen concerns, the HB Short-Term Rental Alliance has strived to be in the forefront to work with the City and help craft a regulatory framework to control the impact of short-term rentals. A reasonable regulatory framework has a greater advantage than an outright ban or policies that stifles competition with limits on ownership, permits, and burdensome hosting requirements. Discriminatory permit laws merely promote the act of picking winners and losers. Whereas, equitable and consistent policies promote the tourism industry, promotes economic activity, generates transient occupancy tax (TOT) revenue that is beneficial for the city, supports our community businesses, and allows short-term rental operators to legally benefit from their rental properties.

Collecting TOT is an important step in leveling the playing field between short-term rental operators and traditional hotel and rental operators. Another important step in leveling the playing field is to eliminate limitations on short-term rental ownerships and permits, as well as unduly restrictions on hosts that infringe on guests' privacy expectations. The goal is to preserve peace and quiet for all residents, allow these residents who desire to rent their properties on a short-term basis to do so and to create another product for travelers to enjoy our city and support our economy.

Furthermore, there are short-term operators in the area that have been in business for the last 5+ years and have indicated that they have not had any issues or disturbances. Former HB Chief of Police, Rob Handy, said at a public council study session in 2019, "STR's are not a problem". Therefore, keeping a level playing field for all short-term rentals in the area, as well as in California, boasts economic growth and development, promoting significant tourism to the area. Calculations indicate that Huntington Beach can collect as much as, if not more than \$8 million a year in TOT – another big boast to the city (Based on 800+ rentals, \$200/night average, 14% collection).

Overall, the feedback from guests supports a preference in booking short-term rental stays in private dwellings. For many, this provides guests the opportunity to stay in a coastal property that is walking distance to the Huntington Beach entertainment that they otherwise would not be able to afford. Guests state that the occupancy rates, location, parking, accessibility (no elevators and privacy), personal interaction (many hosts greet their guests), comfort (feels like home), kitchen, and intimate settings have drawn them to the area, which otherwise they would not have visited because they didn't want to or because they couldn't afford to stay in a hotel.

## **PROPOSED REVISIONS**

The HB Short-Term Rental Alliance proposes to revise and make the following changes, along with some minor wording and organizational adjustments, pursuant to Ordinance 422.

### **1. Eliminate Restrictive Short-Term Rental Ownership and Permit Limits (5.2120.040 #C)**

During the introduction of the ordinances, short-term rental owners relied on an equitable and a consistent framework of regulations to compete in the short-term rental and tourism market with hotels and other short-term rental type properties. Existing state and federal laws do not restrict the number of income-producing residential homes or properties owned by a person. Existing state and federal laws only place limits on residential occupancy. Operators will be subject to these existing occupancy limits.

The revised proposal eliminates the restriction on short-term home ownership and permit limits set forth in the current ordinance. The intent of this revision is to create a consistent policy and eliminate an unduly and burdensome system of regulatory limitations. The revision also creates a level playing field between operators of hotel, motel, and other residential type income-producing properties. The removal of restrictions will equitably allow all owners and operators to determine how many residential units and occupants they are willing and able to operate within the existing laws.

Furthermore, the ordinance will not allow short-term rentals on properties where they are now forbidden pursuant to an applicable deed restriction. Such deed restrictions may include private covenants, conditions, and restrictions.

Notably, there is significantly more organization with one (1) owner obtaining more than one permit per their property versus three (3) separate owners obtaining separate licensing on a property. Also, there are no complexes in Huntington Beach (HOA) that allow STR. The current ordinance can be reasonably perceived as discriminatory and unfairly written, since it makes it impossible for a non-HOA restricted person to perform STR on their own property within a complex or in more than one (1) of their privately-owned units. In addition, the ordinance infringes on an owner's ability to earn an income from their properties.

There should not be issues with allowing an owner of multiple units the right of managing and operating their property as they have deemed fit and in compliance with state and federal laws. Amending the ordinance would allow current owners to continue to make decisions and to continue to operate their properties as STR on one (1) or more of their units, as opposed to being shut down and forced out of the competitive tourism market. There should not be a limit on how many owners can obtain STR permits, since this creates an unlevel playing field compared to



other short-term vacation rentals such as hotels, motels, corporate houses, bed and breakfasts, etc. If issues arise, as with any business, then the city shall take further action.

## **2. Eliminate Hosted vs. Unhosted Restrictions (5.120.030 #F.3)**

Just like Sunset Beach, Huntington Beach should be held to the same standard of luxuries for the guests that visit the area. Currently, there are 34 valid permits out of 850+ listings, which indicates that the current permit structure is nearly impossible (0.04%) to obtain with all the requirements – the greatest issue being the disparity of “hosted vs. unhosted” requirements.

Hosted dwelling requirements deter guests from visiting the area as they desire and expect privacy. With a balanced regulatory framework and prudent requirements in place, as seen by current vacation rentals on the platforms, the city should repeal the hosted requirements to eliminate the current privacy infringement issues. Such action would create a consistent policy that benefits all operators and their guests, instead of a select few.

The action to repeal the hosted requirement would also eliminate the ambiguity of a short-term rental host to live in the same space as the guest. A guest traveling to the Huntington Beach area has the reasonable expectation not to be chaperoned, monitored, or their privacy infringed upon in any manner. Just like in any hotel or motel, a guest does not want the operator sharing the living space. This type of privacy intrusion is no different than if the owner of a hotel was required to have a presence in a penthouse booking. Hotel penthouses do not require a ‘host’ for short-term stays, and neither should privately-owned residential spaces.

Furthermore, the hosted ordinance requirements create disparity and an unlevel playing field between unhosted rental properties, hotels, motels, penthouses, corporate housing, etc. If the intent is to have a host reside in a residential short-term rental unit to minimize or prohibit gatherings, parties or noise, then the same requirements should apply to all rental properties including hotel rooms, penthouses, corporate rentals, apartments, etc. Otherwise, a uniform policy that is consistent to manage and operate rental properties should apply equally to any and all short-term vacation rental businesses and corporations.

For example, if a hotel or motel guest invites a large party into a room or penthouse, it is the responsibility of the hotel to halt such an event as soon as its discovered or a guest complains. The same granted authority for hotels to evict a guest in violation of occupancy or party policies would be exercised by short-term rental operators. Hence, a ‘host’ living on the property is not essential for the city to control short-term rentals. The sound policy of requiring an owner or property manager to respond within 60-minutes to a disturbance is fundamental and justifiable in controlling short-term rentals.

Note that most often, short-term vacation operators have cameras to monitor guests coming in and out of the properties as a means of eliminating or reducing potential disturbances. A majority of operators, if not all, prohibit parties on the property and guests are advised of eviction if party or noise nuisance restrictions are violated.

### **3. Grandfather In Operators Currently Operating Short-term Vacation Rentals**

At minimum, we urge the Mayor and City Council Members to grandfather in current short-term rental operators that have been providing vacation stays for visitors and families. Vacationers rely on these operators to provide a low-cost option to visit the coast that would otherwise be uncomfortable or unaffordable for them. Short-term vacation rental operators look forward to obtaining permits and to operate under a legal framework of responsible behavior that benefits sustainable tourism to the City of Huntington Beach and its residents and businesses.

## **SUMMARY**

Short-term rentals can actually make neighborhoods stronger and increase cultural experiences. Some property owners do not have enough money to maintain a building, which can result in a deteriorated or blighted property. These owners have no interest in being landlords to tenants in need of affordable housing or to handle the costs of servicing tenants on a long-term basis. What these owners found was that maintaining dwelling units for short-term rentals helped them with financial stability, keep up with properties, attract vacationers, and provide the means for vacationers to experience various neighborhoods in the city.

Short-term rentals allow people to travel at the drop of a hat, accommodate families, and can bring individual or apartment communities an occupancy boost. Guests tend to fall into a few basic categories.

1. People traveling cross-county with dogs that are too large to stay in a hotel or that need a yard.
2. People working temporarily in a location near the short-term rental property or vacationers who want to cook their own meals and relax in a private setting or want to social-distance.
3. People with families who want more privacy and space than traditional hotels.
4. People who would *never* stay in a hotel because they want to know the neighborhoods of the cities they visit and prefer staying in places that offers rich entertainment or beach experiences. These guests would otherwise never be able have such an experience since they cannot afford the cost of long-term rental or the means to purchase a home near the beach or popular entertainment districts.

As operators of short-term rentals, we urge the City to amend the ordinances and remove the barriers that make it functionally impossible to operate this neighborhood-friendly type business. When ordinances create an unlevel playing field for landlords who furnish their residences and let people rent them for a night rather than a year, it creates a system that infringes on private property rights, stifles competition, arbitrarily picks winners and losers, and minimizes revenues for the city.

## **ORDINANCE PROVISIONS**

STAY REQUIREMENTS: 2-night minimum

PERMIT REQUIRED: STR Permit for each owned property (REPEAL: unhosted & hosted follow same guidelines) - STR permit number must be included on all listings

INSURANCE: Proof of STR insurance required

MAXIMUM NUMBER OF ROOMS/GUESTS: 2 people per bedroom + 2 additional people (includes kids) – Occupants shall not exceed that permitted by Building and Fire Codes [property inspection/code enforcer visit required and forms submitted]

ALLOWED ZONES: Zone 1 & 2 in Huntington Beach/Sunset Beach

SIGNAGE: Posted on exterior, must be visible (contact, occupancy, permit number)

PROOF OF OWNERSHIP: Title, trust, LLC, deed, etc. (REPEAL: allowed to obtain multiple permits if own multiple properties with no cap/limit)

DAYTIME GUESTS: Follows maximum number of rooms/guests suggestion above

PARKING REQUIREMENTS: Entirely on site

TRASH: Must provide trash disposing instructions, and trash pickup days

CODE REQUIREMENTS: Must comply with Fire, Building, and Health & Safety Codes

CONTACT INFORMATION: Must have 24hr contact number for property owner or designated representative. Must respond within 60 minutes of contact

ENFORCEMENT: Initial complaints to contact person then Code Enforcement

NOTIFY NIEGHBORS: 2 neighbors on either side, plus 3 on front and back

TOT: Yes, 14%

FEES: \$624 application fee for each property address

WARNINGS: 3 violations against STR Host/Operator within 12-month period results in revocation of STR Permit

QUIET HOURS: 10pm to 7am daily