



Agenda Report

Fullerton City Council

MEETING DATE: JULY 15, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

SUBMITTED BY: SUNAYANA THOMAS, DIRECTOR OF COMMUNITY AND ECONOMIC DEVELOPMENT

PREPARED BY: TAYLOR SAMUELSON, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: SHORT-TERM RENTAL MORATORIUM URGENCY ORDINANCE EXTENSION SUBJECT TO GOVERNMENT CODE SECTION 65858(A) TO MITIGATE ONGOING IMPACTS

SUMMARY

City Council adopted Urgency Interim Ordinance No. 3342, establishing a 45-day moratorium on new Short-Term Rental (STR) approvals on May 20, 2025. Staff recommends extending the moratorium for an additional 22 months and 15 days to complete a comprehensive update of STR regulations.

PROPOSED MOTION

Introduce and adopt Ordinance XXXX.

ORDINANCE NO. XXXX - AN URGENCY ORDINANCE OF THE CITY COUNCIL OF THE CITY OF FULLERTON, CALIFORNIA, EXTENDING A MORATORIUM ON SHORT-TERM RENTALS WITHIN THE CITY OF FULLERTON FOR AN ADDITIONAL 22 MONTHS AND 15 DAYS

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Provide alternate direction
- Other options brought by City Council.

STAFF RECOMMENDATION

Staff recommends the Proposed Motion.

CITY MANAGER REMARKS

None.

PRIORITY POLICY STATEMENT

This item matches the following Priority Policy Statements:

- Fiscal and Organizational Stability
- Infrastructure and City Assets.

FISCAL IMPACT

The moratorium has no material fiscal impact. Transient Occupancy Tax (TOT) collection would continue. The City averages approximately \$300,000+ per year in TOT collections from STRs. Noncompliant operators would remain subject to administrative citations

BACKGROUND AND DISCUSSION

City Council adopted Ordinance No. 3290 on November 2, 2020 establishing a STR permitting system, operational standards and TOT requirement codifying provisions in Fullerton Municipal Code (FMC) Section 15.55.020(F) and Chapter 4.92.030. City Council amended the Ordinance on April 20, 2021 to prohibit whole-house STRs where the owner is not present, limiting future operations to home-sharing arrangements. The City provided a one-year amortization period for existing operators and Resolution No. 2021-30 reduced the cap on whole-house STR permits while maintaining no cap on partial-home rentals.

City Council adopted Urgency Interim Ordinance No. 3342 on May 20, 2025 imposing a temporary 45-day moratorium on new STR approvals, driven by escalating concerns over neighborhood compatibility and operation of over 100 unpermitted STRs, many of which include unpermitted construction and unpaid TOT obligations.

Staff prepared a report in accordance with Government Code Section 65858(d) and posted on June 24, 2025, summarizing several key efforts initiated by staff during the initial moratorium period:

- identified 173 unpermitted STR listings and issued citations
- opened 36 STR-related code enforcement cases between June 2024 and June 2025, including 16 new cases since moratorium adoption
- audited findings that 77 previously denied applicants manipulated listings to appear compliant
- FMC Section 15.55.020(F) and Chapter 4.92 legal review to explore expanded penalties, cease-and-desist authority and inspection requirements
- fiscal review indicating enforcement costs exceed revenues generated
- initiated a revised policy framework including mandatory inspections, stricter neighborhood compatibility standards and updated permit procedures.

Staff recommends extending the moratorium for the maximum allowable duration - 22 months and 15 days - to continue addressing these issues. This would allow time to draft and adopt comprehensive updates that balance enforcement, public safety and neighborhood livability. Staff expects to draft a policy by January 2026.

The proposed Urgency Ordinance is categorically exempt from the California Environmental Quality Act (CEQA) under Section 15061(b)(3), as it does not result in any physical change to the environment.

Staff recommends City Council introduce and adopt the urgency ordinance extending the STR moratorium and allow adequate time to finalize regulations aligned with community expectations and City planning goals.

Attachments:

- Attachment 1 – Draft Ordinance No. 2025-XXXX
- Attachment 2 – Short-Term Rental Memorandum and Report

cc: City Manager Eric J. Levitt