



Community & Economic Development

Memorandum

DATE: June 24, 2025

TO: Honorable Mayor Fred Jung and Members of the City Council

CC: Eric Levitt, City Manager; Daisy Perez, Deputy City Manager

FROM: Sunayana Thomas, Director of Community and Economic Development Department

SUBJECT: Report on the STR Moratorium – As Required by Government Code §65858(d)

This memorandum serves as the City's required written report pursuant to Government Code §65858(d), summarizing the strategies and measures currently under development and under consideration to address the conditions that led to the adoption of the Short-Term Rental (STR) moratorium.

On May 20, 2025, the City Council adopted Urgency Interim Ordinance No. 3342, establishing a 45-day moratorium on the approval of new Short-Term Rentals (STRs) in Fullerton. The urgency ordinance was adopted to provide staff time to evaluate enforcement challenges, public safety concerns, and compliance issues related to unpermitted STR operations.

In accordance with Government Code §65858(d), a written report must be issued at least ten days prior to the expiration of the ordinance. This report must describe the measures the City is taking to address the conditions prompting the ordinance's adoption.

Attached is the required report (Attachment 1), which outlines the enforcement and policy development efforts underway during the moratorium. These efforts will continue if the City Council approves an extension of the ordinance, scheduled for consideration at the July 1, 2025, Council meeting.

The moratorium aims to protect public health, safety, and welfare while staff assess the impacts of STRs and begin crafting a more comprehensive regulatory framework. Staff respectfully submits this report for the City Council's consideration in advance of its review of Ordinance No. 3342 on July 1, 2025. This memorandum fulfills the statutory reporting requirement and provides an update on staff since May 20, 2025.

For questions or additional information, please contact Sunayana Thomas, Director of Community and Economic Development Department at Sunayana.thomas@cityoffullerton.com or (714) 738-6837.

Attachments:

1. Report: STR Data, Evaluation, and Proposed Measures Following the Adoption of Urgency Ordinance No. 3342

ATTACHMENT 1

REPORT ISSUED PURSUANT TO GOVERNMENT CODE SECTION 65858(d) FOLLOWING THE ADOPTION OF URGENCY ORDINANCE NO. 3342

SUBJECT: Temporary Moratorium on Short-Term Rentals (STRs)

DATE: June 24, 2025

BACKGROUND

The urgency ordinance temporarily suspended the approval of new STRs while the City addressed several pressing concerns:

- Over 100 STRs operating without permits
- Non-payment of Transient Occupancy Tax (TOT)
- Properties operating STRs with unpermitted construction
- Enforcement and compliance challenges
- Neighborhood complaints and quality-of-life concerns

These issues presented a significant threat to public safety, equitable enforcement, and fiscal responsibility, prompting the adoption of the temporary moratorium.

MEASURES TAKEN SINCE ADOPTION (May 20 – June 24, 2025)

1. Compliance and Enforcement Actions and Discovery

- Conducted a citywide audit and identified 173 unpermitted STR listings currently operating within Fullerton.
- Issued Notices of Violations and Administrative Citation Fines to STR operators found in violation of permit and TOT regulations.
- Opened 36 Code Enforcement cases for STR-related violations between June 18, 2024 and June 18, 2025, with 16 cases opened between May 20, 2025 and June 18, 2025 alone—indicating a recent surge in non-compliance.
- Identified 77 STR applications previously denied where applicants manipulated listings to appear compliant (e.g., toggling listings on/off to give the appearance of 31+ day rentals).
- Staff anticipates additional cases will be opened as monitoring of the 77 non-compliant and denied permit holders continues.

- Continued coordination between Community & Economic Development (CED), and Finance to ensure violations involving unpermitted construction and unpaid TOT are addressed.

2. Policy, Fullerton Municipal Code (FMC), and Legal Review

- Reviewed existing STR regulations under FMC 15.55.020(F) and FMC 4.92 to identify gaps and legal limitations.
- Engaged the City Attorney's Office to evaluate expanded enforcement authority, updated penalty schedules, and cease-and-desist tools.
- Explored additional third-party monitoring platforms to supplement or enhance capabilities currently provided by Host Compliance/Granicus.

3. Data Gathering and Impact Assessment

- Engaged with Host Compliance to provide TOT and payment audit training to Finance Staff.
- Initiated a comprehensive impact assessment with participation from Code Enforcement, Planning, Finance, and Legal departments.
- Reviewed STR-related TOT revenue to date (\$1,054,000) versus the administrative and enforcement costs, which continue to outpace revenue.
- Began quantifying staff time and resource demands to inform long-term policy solutions.
- Identification of the need to assign a dedicated Code Enforcement Officer to ensure enforcement tools and fine issuance are consistently applied.

4. Public Feedback and Outreach to be Conducted over the Next Six Months

- The CED Department is exploring options to engage stakeholders, including residents, STR operators, neighborhood representatives and housing advocates, citywide to better understand share concerns and identify consensus-based solutions.
- The CED Department is preparing a mandatory compliance meeting for STR property owners and operators to clarify permit requirements and penalties for violations.

5. Policy Development Framework

Staff has begun drafting policy options for a revised STR ordinance. Key considerations under review include:

- Updated operational and safety standards.
- Updated permit fees, permit duration, and renewal process.
- Mandatory pre-approval safety and code inspections for STR permits.

- Required pre-approval inspection of property by Planning Division.
 - Mandatory Annual Property Inspection for all STR permits by the Code Enforcement Division.
 - Review of the Good Neighbor Guidelines and neighborhood compatibility standards along with enforcement protocols to address repeat violations.
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NEXT STEPS (Post-Moratorium and Extension Period)

- Conduct a comprehensive audit of STR activity and compliance to inform policy changes.
- Draft a revised STR ordinance for City Council consideration by January 2026.
- Continue enforcement actions targeting unpermitted STRs and associated building code violations.
- Expand Finance Department efforts to audit and recover unpaid TOT.
- Evaluate staffing and resource needs to inform budget allocations to support long-term STR oversight and compliance.