



Agenda Report

Fullerton City Council

MEETING DATE: AUGUST 19, 2025

TO: CITY COUNCIL / SUCCESSOR AGENCY

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

PREPARED BY: TAYLOR SAMUELSON, SENIOR ADMINISTRATIVE ANALYST

SUBJECT: CITY OF FULLERTON RESPONSE TO 2024-2025 ORANGE COUNTY GRAND JURY REPORT “LONG-TERM SOLUTIONS TO SHORT-TERM RENTALS”

SUMMARY

The 2024-2025 Orange County Grand Jury (OCGJ) released a report titled “Long-Term Solutions to Short-Term Rentals” which includes findings and recommendations requiring formal responses from Orange County jurisdictions. Staff requests City Council approve the City of Fullerton response to the report.

PROPOSED MOTION

1. Review 2024-2025 Orange County Grand Jury Report “Long-Term Solutions to Short-Term Rentals”.
2. Approve the response letter to the Presiding Judge of the Orange County Superior Court.

ALTERNATIVE OPTIONS

- Approve the Proposed Motion
- Provide Direction for modifications to the response letter
- Decline to approve the response (not recommended due to legal compliance)
- 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

This item has no direct fiscal impact associated with submitting the Grand Jury response. Implementing recommendations in the response may require budgetary consideration and additional staff resources at a later time.

DISCUSSION

The 2024–2025 OCGJ released a report titled “Long-Term Solutions to Short-Term Rentals” on June 21, 2025. The report explores the rise of Short Term Rentals (STR), primarily facilitated by online booking agencies (OBAs) and the challenges they pose to local governance, including enforcement limitations, public nuisances and loss of Transient Occupancy Tax (TOT) revenue. California Penal Code Sections 933 and 933.05 require the City of Fullerton respond to the findings and recommendations by September 21, 2025.

The Grand Jury report includes 12 findings and nine recommendations. Notable findings include:

- Findings 2 and 3: Local bans alone do not prevent STR activity, especially with limited enforcement resources.
- Findings 4, 6 and 8: Direct booking practices hinder a TOT collections and mandatory OBA tax reporting.
- Findings 5 and 9: Proactive inspections and foreign-language enforcement gaps are critical areas needing attention.
- Findings 11 and 12: Regional collaboration is lacking and STR demand is expected to surge with major upcoming events like the 2026 World Cup and 2028 Olympics.

City Council adopted an urgency ordinance on July 15, 2025 enacting a 22-month-and-15-day moratorium on all new STR permits and phasing out non-compliant operators in response to these challenges. This policy pause will give staff time and flexibility to assess enforcement capacity, community impacts and potential code amendments in a comprehensive and data-informed manner.

The Fullerton Draft Response agrees with most of the Grand Jury findings. The City acknowledges STRs have become increasingly difficult to monitor, particularly when operators attempt to disguise short-term use as long-term tenancy or use unregulated platforms. Some owners have improperly used Accessory Dwelling Units (ADUs) for

STRs which violates state housing laws and Fullerton Regional Housing Needs Assessment (RHNA) obligations. The City uses advanced web-scraping tools to monitor listings but limitations exist in detecting foreign-language content and ensuring TOT compliance. Ordinance No. 3290 provides a foundation for enforcement but may require strengthening - particularly around OBA reporting mandates and desk audit capabilities.

The City supports several Grand Jury recommendations in concept but notes that the moratorium prevents the City from taking immediate action on many recommendations. For example, Fullerton supports exploring monthly TOT reporting, regional coordination and random audits, however staff must reevaluate these efforts closer to the end of the moratorium in 2027. Overall, the City sees the moratorium as an opportunity to reset and realign STR policies to reflect legal, economic and neighborhood considerations. The proposed response letter (Attachment 2) provides detailed responses to each Grand Jury finding and recommendation with a commitment to revisit implementation strategies as conditions and resources allow.

.

Attachments:

- Attachment 1 – 2024-2025 Orange County Grand Jury Report
- Attachment 2 – Draft City of Fullerton Response Letter to Judge Maria Hernandez

cc: Interim City Manager, Eddie Manfro