

Short-Term Rental Ordinance Amendment

City Council

May 5, 2020

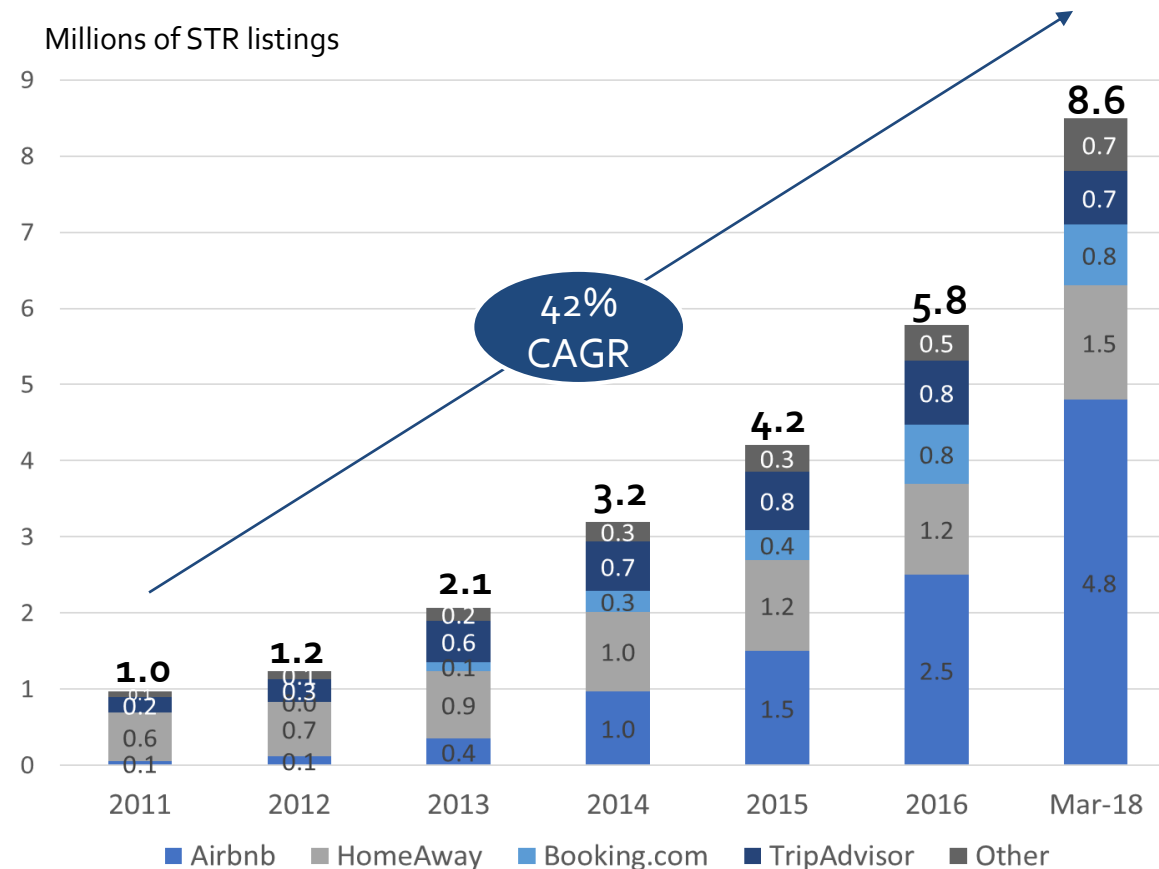


Market Growth

- 125+ vacation rental websites
- 42% growth
- Air BnB still the largest website



The # of short-term rental listings has grown 850% since 2011

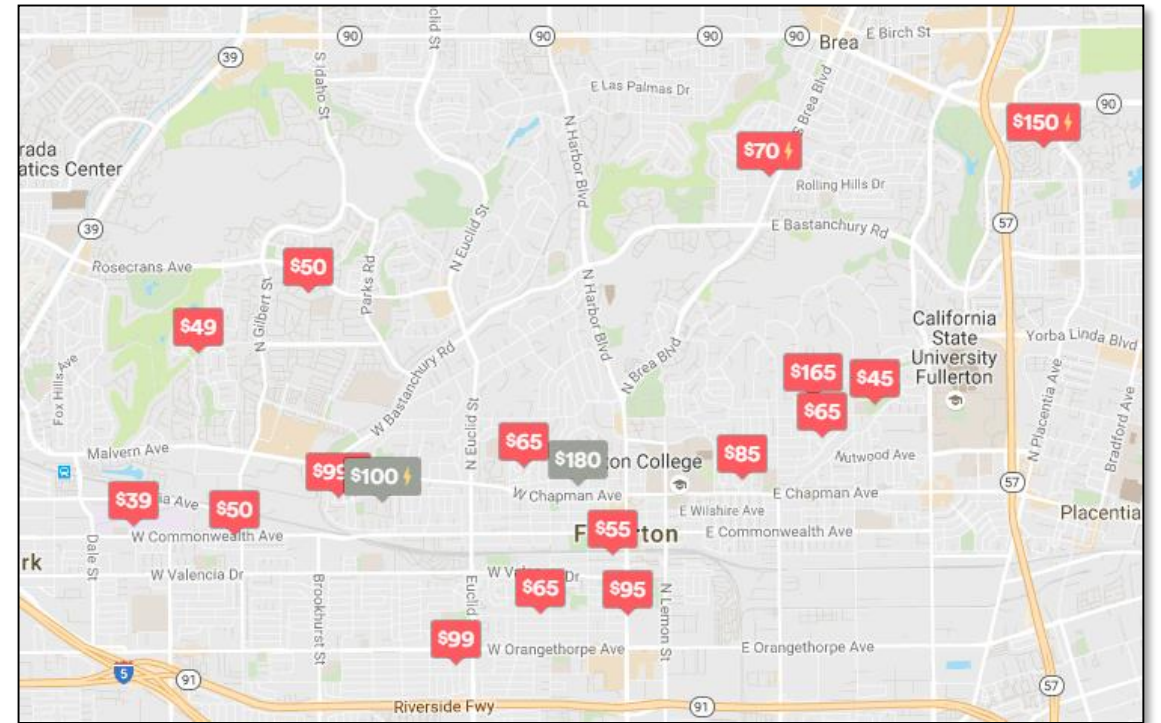


Sources: AirBnB, Expedia, TripAdvisor, Booking.com and Tripping.com



Short-term Rentals in Fullerton - February, 2017

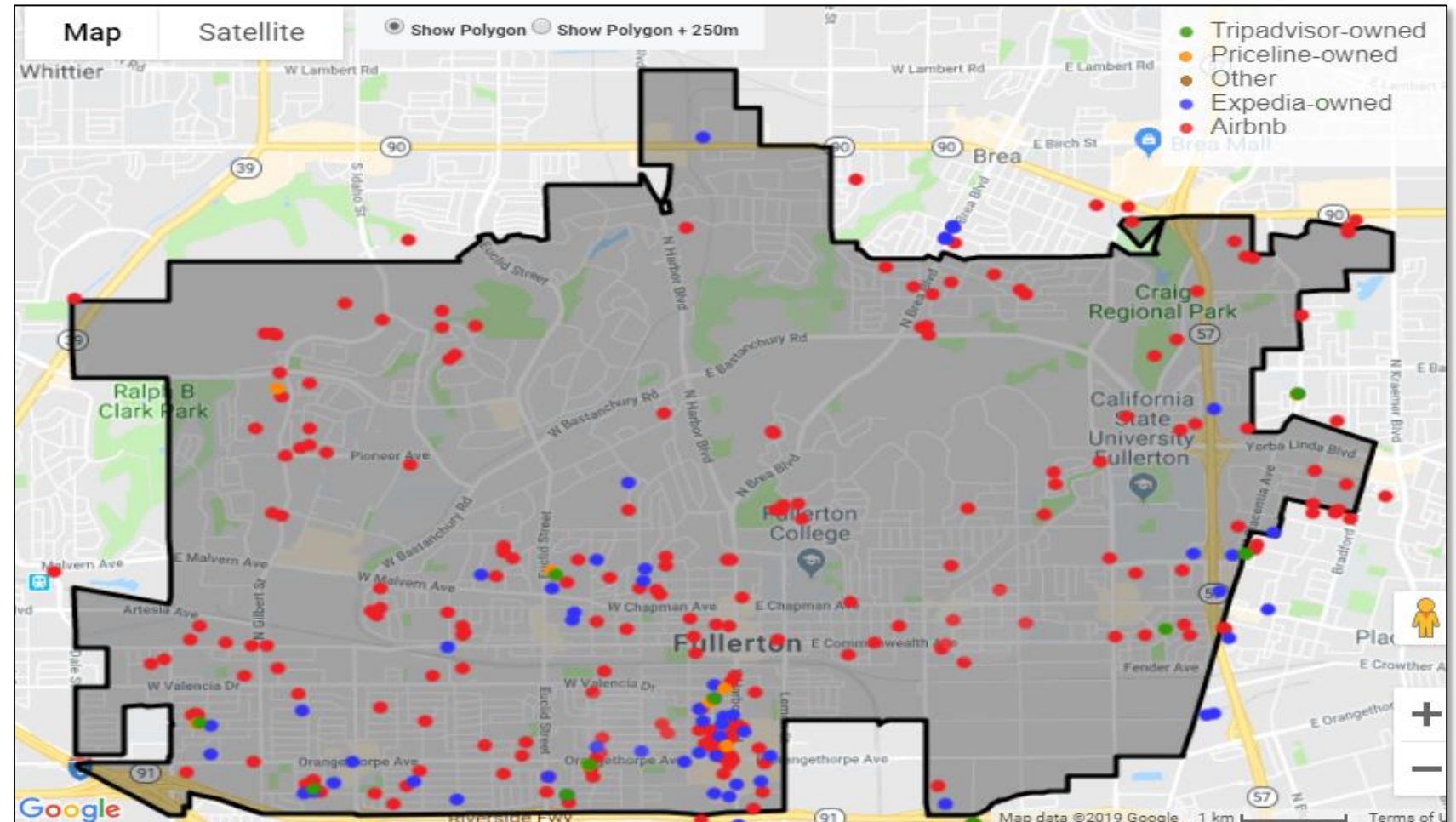
- Approximately 80 listings
- Range from whole-house to single bedroom
- Prices range from \$35 to \$300+ per night
- Looking to capitalize on proximity to Disneyland and Knott's Berry Farm



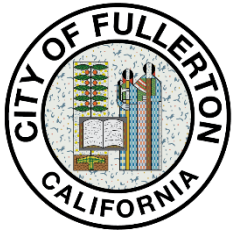


Short-term Rentals in Fullerton - April, 2019

246 listings,
representing 197
unique rental
units

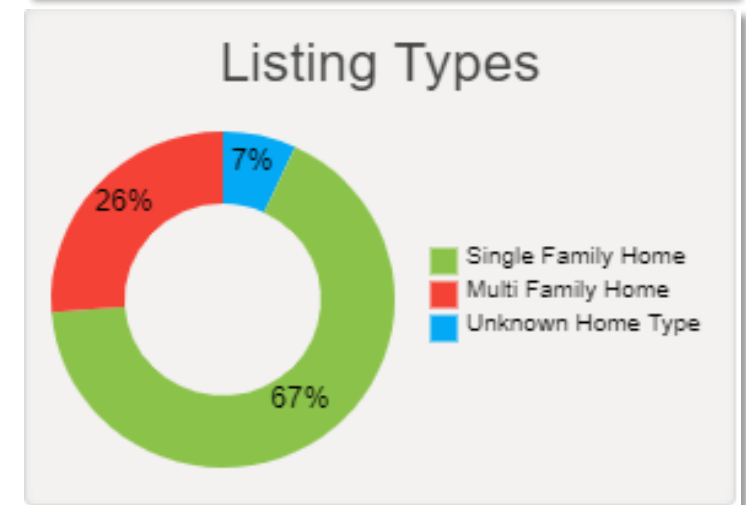
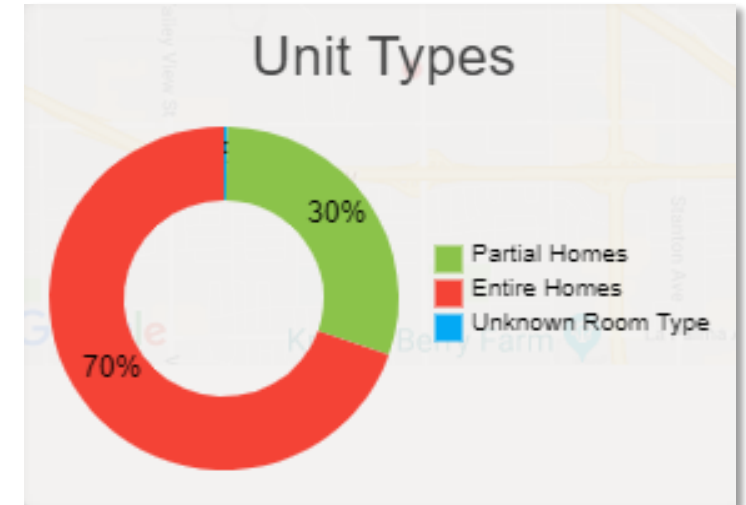


Sources: Host Compliance proprietary data



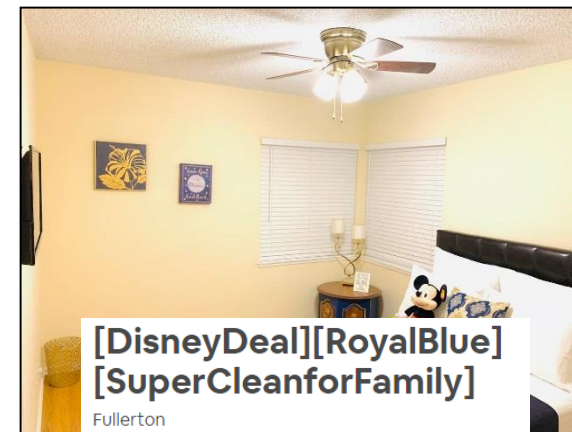
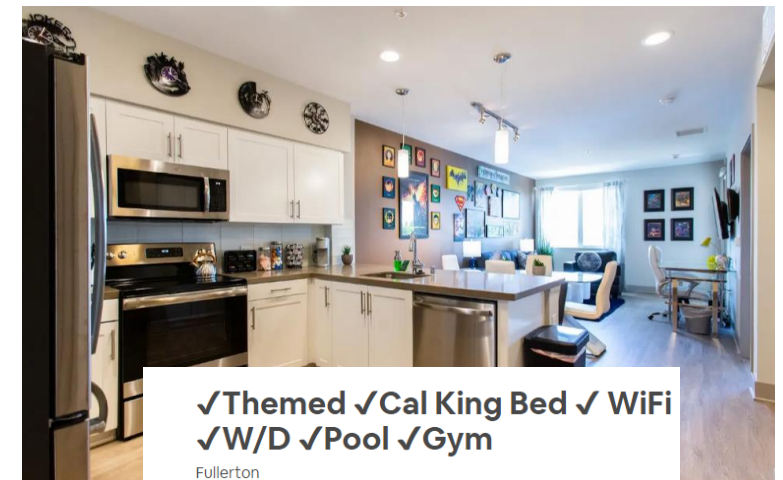
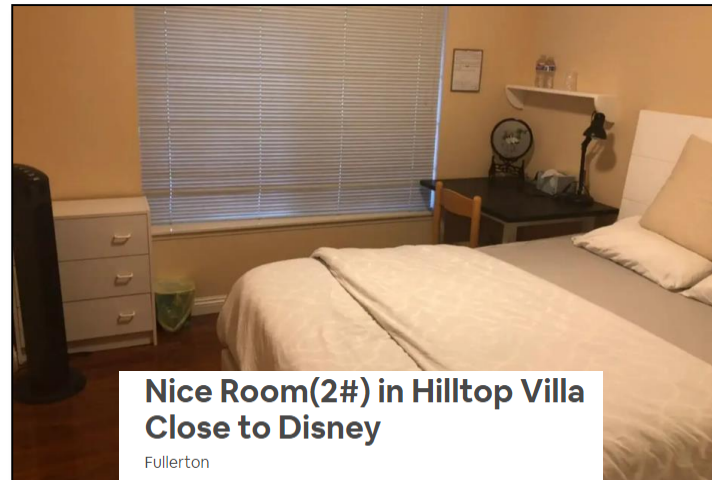
Short-term Rentals in Fullerton - November, 2019

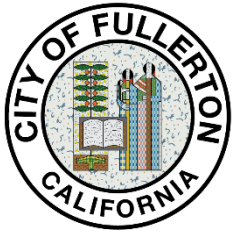
- 404 listings at 329 unique rental properties (162% growth over the last 6-months)
- 60+ different websites are listing properties in Fullerton
- Average nightly rate = \$119





Types of Short-term Rentals in Fullerton





What are Other Cities Doing?

City	Short-Term Rentals Allowed?
Brea	Not allowed
Yorba Linda	Not allowed
Buena Park	Yes, with restrictions
Placentia	Yes, with restrictions
Anaheim	Not allowed
Garden Grove	Not allowed



Current Enforcement Efforts

- Municipal Code does not define short-term rental use (room rental permitted)
- Enforcement is reactive only
- Complaints primarily regard secondary impacts of STRs
 - Parking
 - Trash
 - Property maintenance
 - Noise



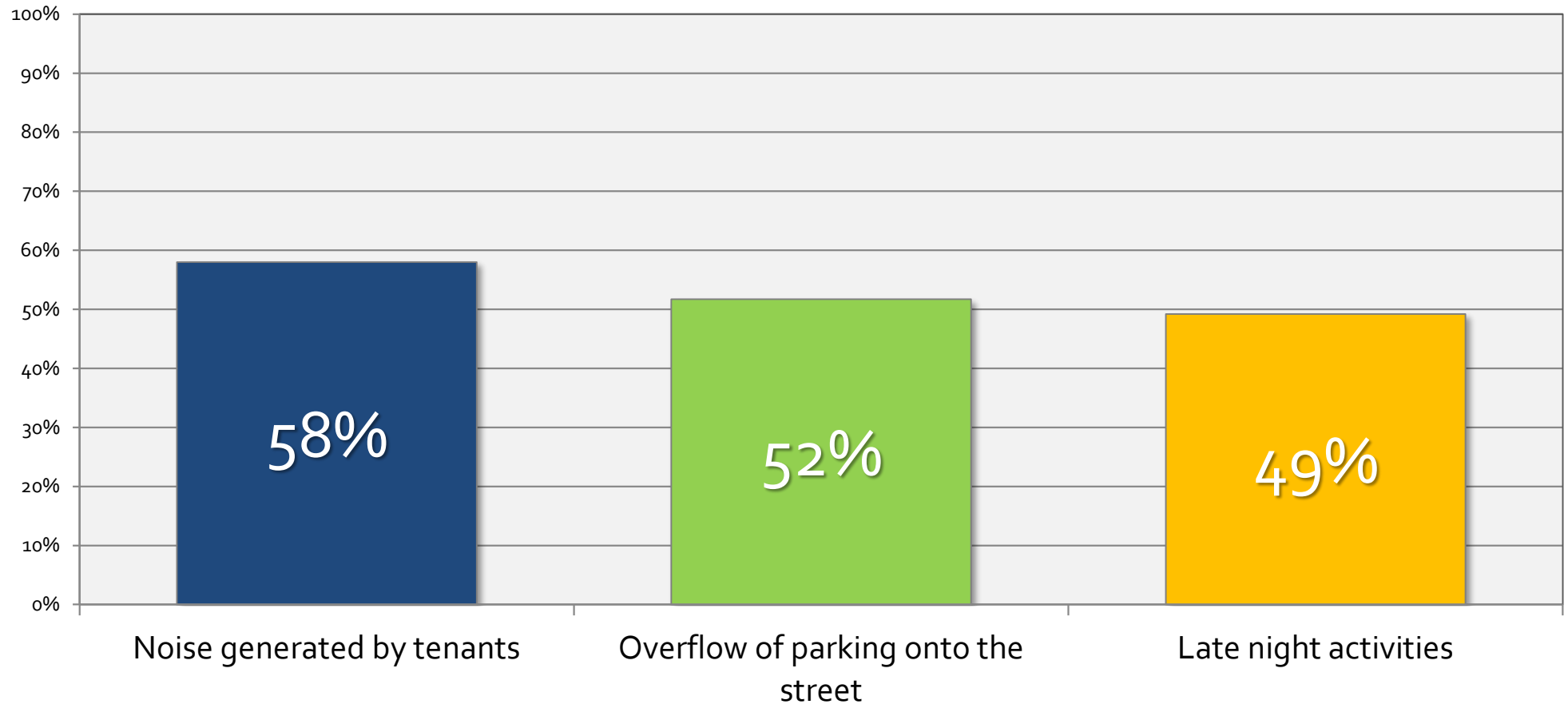
STR Regulations Timeline

- 2015** • **December** – City Council approved Resolution of Intent to direct staff to develop regulations for short-term vacation rentals.
- 2016** • **February** – Online survey and community meeting held to receive comments on possible regulations
- 2016** • **July** – Planning Commission public hearing of revised regulations. Recommended approval with revisions.
- 2016** • **September** – City Council continued item to a Study Session in early 2017 to learn more about this issue before providing direction.
- 2017** • **February 21** – City Council Study Session
- 2020** • **May** – City Council hearing



2016 Survey Findings

Respondents top 3 concerns



*199 responses received



How Big is the Problem?



- Are we a solution in search of a problem?
- Number of complaints received and calls for service are difficult to determine
- Anecdotal information from PD and Code
- E-mails / requests from the public



Goals of Proposed Regulations

1. Allow the use.
2. Protect the character of residential neighborhoods.
3. Address “bad actors”.
4. Ensure operators pay the proper taxes and licensing fees.



Proposed Code Amendments

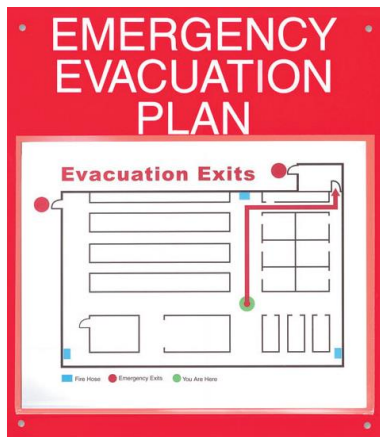
Regulation Categories:

1. Life Safety / Building Code Requirements
2. Regulating Commercial Activity
3. Preserving Neighborhood Character
4. Addressing “bad actors”



Life Safety / Building Code Requirements

- Smoke/carbon monoxide detectors installed
- No open Building Code violations (unpermitted work)
- Provide emergency exiting plan for guests





Regulating Commercial Activity

- Payment of Transient Occupancy Tax (TOT)
- Obtain a Business License
- Obtain a permit from the Community and Economic Development Department



Preserving Neighborhood Character

- Prohibit use of STR as an “event space” (weddings, film shoots, etc.)
- Good Neighbor Guidelines (trash, noise, property maintenance)
- Separation between whole-house rental STRs (300-feet on same street)
- Annual notification to adjacent properties that provides contact info for complaints/issues
- Prohibit onsite advertising



Addressing Bad Actors

Provide tools for Code Enforcement and Police Department:

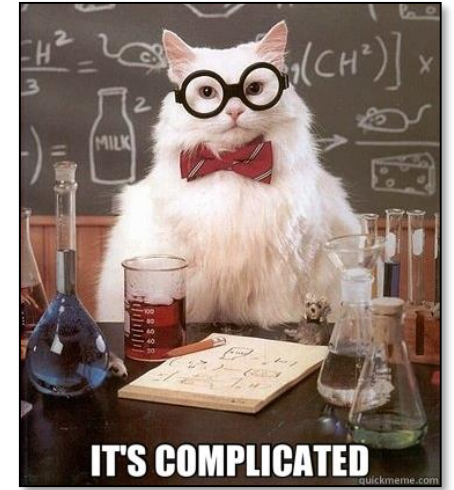
- Clear definition of short-term rental use
- Nuisance abatement procedure
- Permit revocation process





The Bad News...

- STR property listings are spread across many different websites
- Manually monitoring 100s of properties is practically impossible; listings are regularly added, changed or removed
- Specific address data is hidden from listings making it time-consuming to locate the exact properties and owners
- TOT collection is difficult; hard to determine how often properties are rented and for how much
- Vacation rental sites are reluctant or refuse to provide data

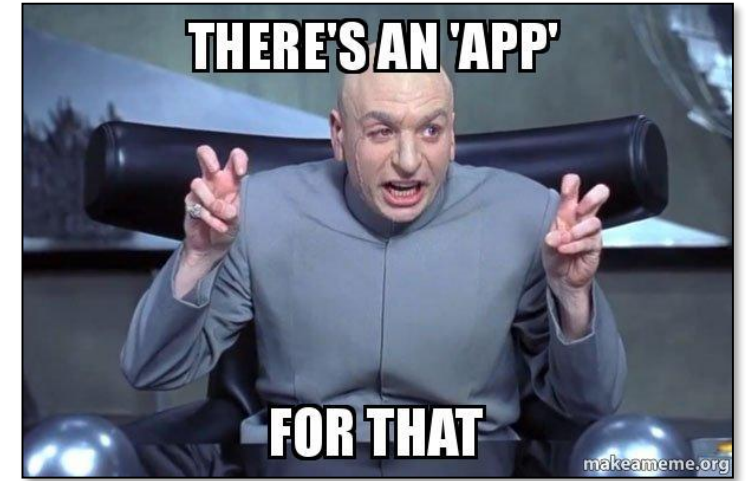




The Good News...

Use of 3rd Party Services (Host Compliance, Harmari, etc.)

- Ensures fair, continuous and consistent compliance monitoring and enforcement
- Minimizes the impact on City Staff (PD, Code Enforcement) to focus on other activities
- 24/7 hotline routed to the property contact before further enforcement action
- Maximizes Fullerton's TOT tax collection
- Annual permitting fees cover 3rd party service costs (cost recovery)
- No additional technology infrastructure required (web-based software)





Recommended Action

- Introduce Ordinance approving amendments to the Fullerton Municipal Code Titles 4 and 15 pertaining to Short-term Rentals citywide.
- Find the ordinance amendment is Categorically Exempt under section 15061(b)(3) of state CEQA Guidelines



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