

Date: April 5, 2021

To: Thomas B. Modica, City Manager *It for*

From: Oscar W. Orci, Director of Development Services *OW*

For: Mayor and Members of the City Council

Subject: **Short-Term Rental Program Update**

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On June 25, 2020, the City Council approved Ordinance [ORD-20-0024](#) establishing and regulating the use of Short-Term Rentals (STR's) in Long Beach. The Ordinance permits operators to register a unit if it is located within their primary residence. Additionally, rental activity would be restricted to "hosted" units only, meaning the applicant would need to reside onsite and be present during their guest's stay. Upon the effective date of the Ordinance (October 24, 2020), the Department of Development Services (Department) began registering operators.

On December 8, 2020, the City Council approved Ordinance [ORD-20-0045](#) amending the STR regulations allowing a STR operator to register one non-primary unit in the City. Under this Ordinance, registered operators of non-primary units are allowed to conduct "un-hosted" rentals year-round and the STR operator need not be present during their guests' stay. Additionally, registered operators of primary units are allowed to conduct un-hosted rentals for 90 days per year. The amended regulations also establish a limit of 800 non-primary registered STR units within Long Beach.

With the addition of un-hosted rental activity, provisions were also added to allow for an "opt-out" petition process that would restrict un-hosted STRs within a census block group. Upon a request to initiate a petition, the City will mail out the petition to all the residential property owners of the respective census block group. A majority of the petitions will need to be returned signed for the petition to be successful.

### **Coastal Zone**

The STR regulations are not effective in the Coastal Zone until the California Coastal Commission (CCC) approves the Ordinance. On December 30, 2020, a Local Coastal Program Amendment (LCPA) was submitted to the CCC, and they informed the City on January 14, 2021, that the LCPA was found to be complete and it would be agenized at a future meeting on an undetermined date. On March 11, 2021, the CCC passed an action to extend their deadline for review of the LCPA to April 14, 2022. Although STR operators of primary and non-primary units in the Coastal Zone may not register, they will be placed on a waiting list and will be notified when registration is permitted.

**Registration**

Operators of primary residence STR units have been able to register since the effective date of the Ordinance. As of this writing, 123 registration requests have been received with 84 requests approved. A random lottery was conducted to select the 800 non-primary operators. Non-primary operators within the Coastal Zone were allowed to participate. During this time, a total of 250 valid lottery entries were submitted with 105 entries located within the Coastal Zone. The coastal STR hosts will be notified and given the opportunity to register after the CCC reviews and approves the STR regulations. The remaining participants were invited to register beginning March 8, 2021.

<b>STR Activity</b>			
<b>STR Applications</b>	<b>Primary STR Registrations</b>	<b>Non-Primary STR Registrations</b>	<b>Opt-Out Petitions</b>
Received	123	87	0
Approved	84	45	0
Pending	28	41	0
Denied	11	1	0

Since the program began, the City has received 210 registration requests with 129 approved locations. An additional 69 applications are pending due to missing information, the need for an inspection of the property, or staff review.

**Enforcement**

In accordance with the Ordinance, STR enforcement will begin on April 22, 2021, and the STRs that are not registered will be removed from their hosting platforms websites. In advance of the enforcement date, staff will compile a list of unregistered STRs and will subsequently work with the Hosting Platforms, such as Airbnb and VRBO, to remove these listings from their websites. Staff witnessed a noticeable decrease in the number of STR advertisements once information of the program was disseminated, including the City's letter campaign informing owners and landlords of STRs advertisements by their renters. On January 31, 2021, there were 773 rental units advertised; however, as of March 14, 2021, there were only 632, a difference of 141, or approximately 18 percent, of unregistered STR advertisements. Current enforcement efforts are largely based on nuisance activities that are, in large part, more rigorous, as it requires reporting and documentation of nuisance activities before citations can be issued. To date, the Department has conducted 15 investigations into suspected unregistered STRs, 7 investigations related to suspected unpermitted structures used for STR activity, and 1 investigation into a possible nuisance case related to a suspected STR. No citations have been issued and no nuisance cases have been opened to date.

**COVID Impacts**

The current Safer at Home Health Order (Order) allows the use of STRs provided that the host of the unit does not also occupy or live in the unit at any time during the duration of the guest

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stay; unless the host has a separate exterior point of entrance and exit and no facilities such as a kitchen area, bathroom, or other living space is shared with the guest for the duration of the rental period. This provision would mainly impact the ability to operate primary hosted units. To date, only one complaint has been received related to a suspected STR not adhering to the Order. As a result of this complaint, the Department issued a warning letter to the property owner but has not yet investigated the property for Order violations.

The STR program is administered by a full-time Administrative Analyst and by a part-time Combination Building Inspector. Staff have engaged Host Compliance, a leader in the field of Short-Term Rental identification, to assist in matching hosting platform listings to real property. Host Compliance also assists the City's with STR registration, transient occupancy tax collection, and data collection. In addition, Host Compliance offers a hotline for registering and resolving complaints. Code Enforcement and other relevant City departments will also be engaged in addressing nuisance-related complaints. Although this is a new enforcement model, the Department believes the collaboration with Host Compliance and the hosting platforms will lead to thorough enforcement of the Ordinance. The Department will be monitoring the program as it progresses and will consider an increase in registration/renewal fees if a need for additional staffing arises.

If you have additional questions, please contact Scott Baldwin at [Scott.Baldwin@longbeach.gov](mailto:Scott.Baldwin@longbeach.gov) or by phone at (562) 570-6820.

OWO/KW/SB

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