

KICK-OFF WORKSHOP - SHORT-TERM RENTALS

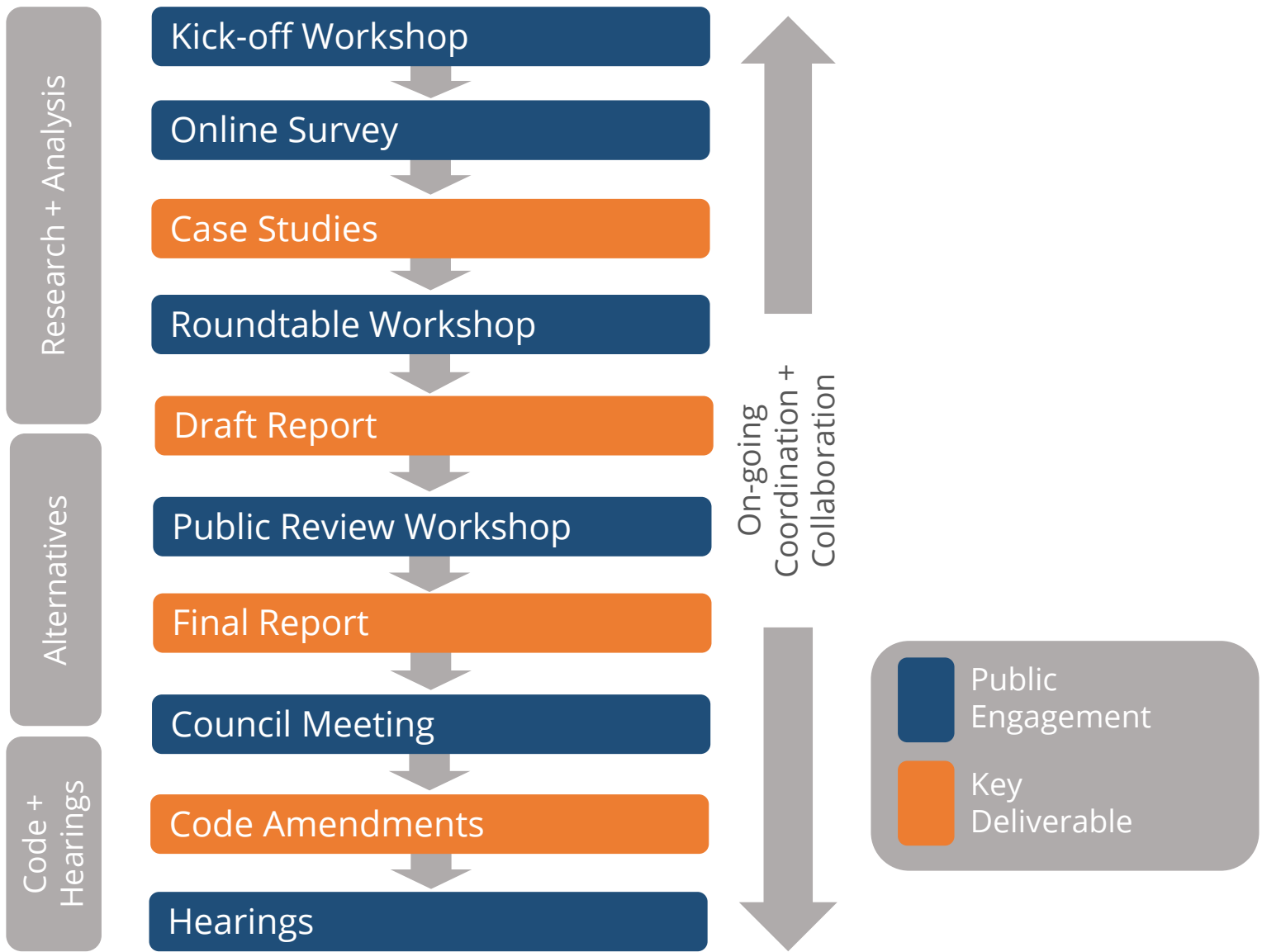
City of Long Beach
May 2, 2018



AGENDA

- 1 Background
- 2 Long Beach Profile
- 3 Short Term Rentals in Long Beach
- 4 Next Steps
- 5 Open House
- 6 Formal Public Comment

Short-Term Rental Ordinance Development Process



Short-Term Rental Ordinance Development Analysis

Key Deliverables

Municipal Code Diagnosis

Assessment of Current State of Long Beach STRs

Case Study Research Memo

City Revenue Assessment

City Resources Assessment

Considerations & Recommendations Report

Ordinance Language Memo

Ordinance

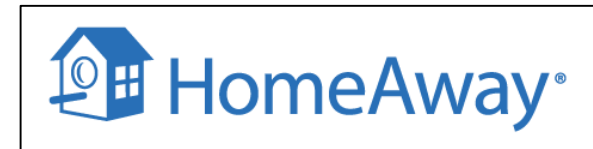
Short-Term Rental Ordinance Development Approach

All options are on the table

- STRs allowed with limited regulations
- STRs allowed with strict regulations
- STRs disallowed by regulations
- Etc.

The Sharing Economy

- **Peer-to-peer consumer market** for goods and services
- Result of **technological advancements**, primarily the internet, that allow for easy transactions
- **Impacting the broader economy:** transportation, financial services, lodging
- Sharing economy profits estimated to grow from \$15 billion in 2014 to **\$335 billion by 2025**
- Airbnb offers **more rooms than the largest hotel companies**



What is a Short-Term Rental (STR)?

A home, or portion of a home, rented by paying guests for short stays (30 days or less)

Potential Advantages

- Supplemental income
- New lodging opportunities
- City revenue
- Increase utilization of unused rooms or homes

Potential Disadvantages

- Increased competition for housing
- Change in neighborhood character
- Enforcement challenges

The City's Code and Short-Term Rentals

Hosted STRs are allowed with limitations

"Room Rental" Allowed

- Owner must live in home
- Two-room maximum
- Not detached
- No independent exterior entrance
- No kitchen

Un-hosted STRs are prohibited (many cities prohibit STRs based on zoning codes, but STRs occur regardless)

Loud parties are prohibited

Lodging must comply with certain standards (parking, inspections, buffers)

California Coastal Commission promotes STRs



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<https://commons.wikimedia.org/w/index.php?curid=12719556>*

The City's Code and Short-Term Rentals

- City Code needs updating to respond to the sharing economy
- Inconsistent definitions (e.g., “hotel”, “guestroom”)
- Business tax license required for bed and breakfasts, but not for short-term rentals



Short-Term Rental Enforcement

Current Enforcement Process

- Initiate action when three requirements are met:
 - Complaints from two individuals
 - Calls for service
 - STR web posting
- Notify host of Municipal Code violation and to cease activity
- Burden of proof high to take further action

LONG BEACH PROFILE

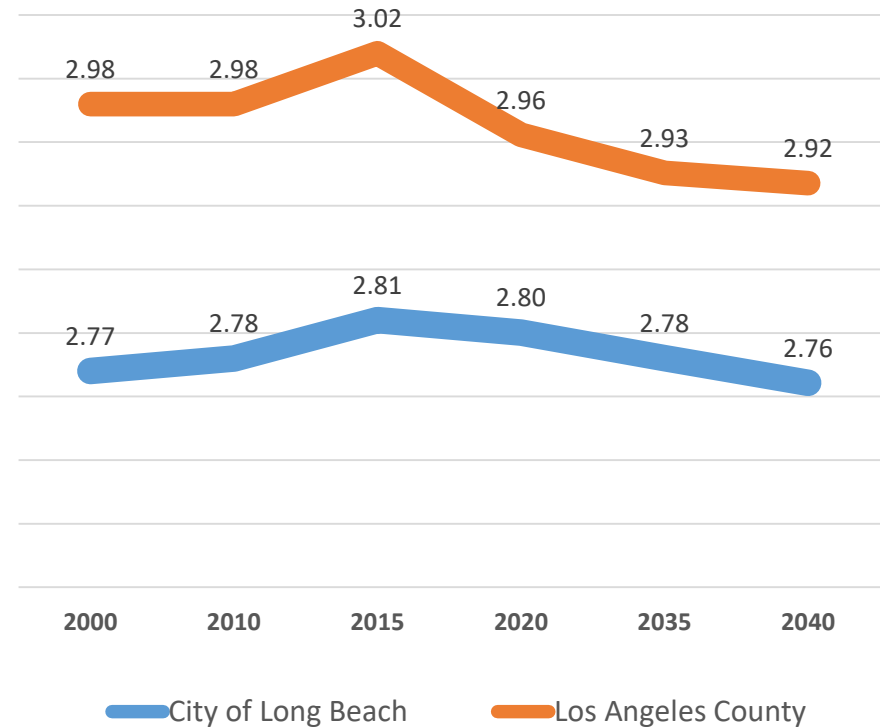


Long Beach Profile

Population is **growing faster than projected** – 2016 population surpassed 2040 estimate

Household sizes are smaller than households in the County, and **household size is forecasted to decline**

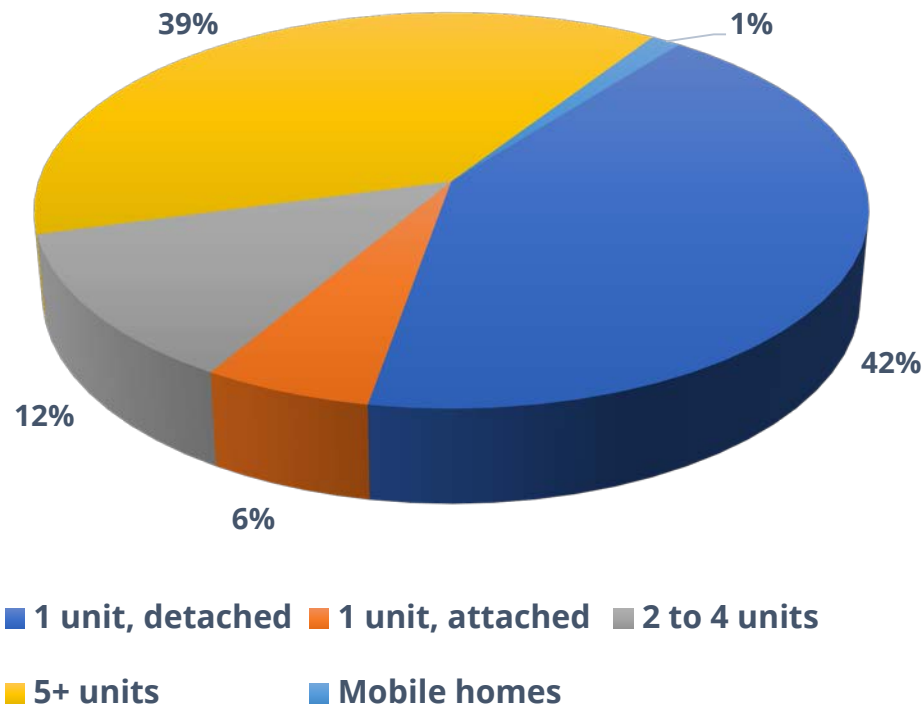
Household Size by Year (2000-2040)



Sources: U.S. Decennial Census, 2000, Summary File 1, Table QT-P11
U.S. Census Bureau, 2011-2015, American Community Survey 5-year Estimate, Table S1101
SCAG Regional Growth Forecast 2016-2040

Long Beach Profile

Long Beach Housing Stock by Unit Type
(2015)

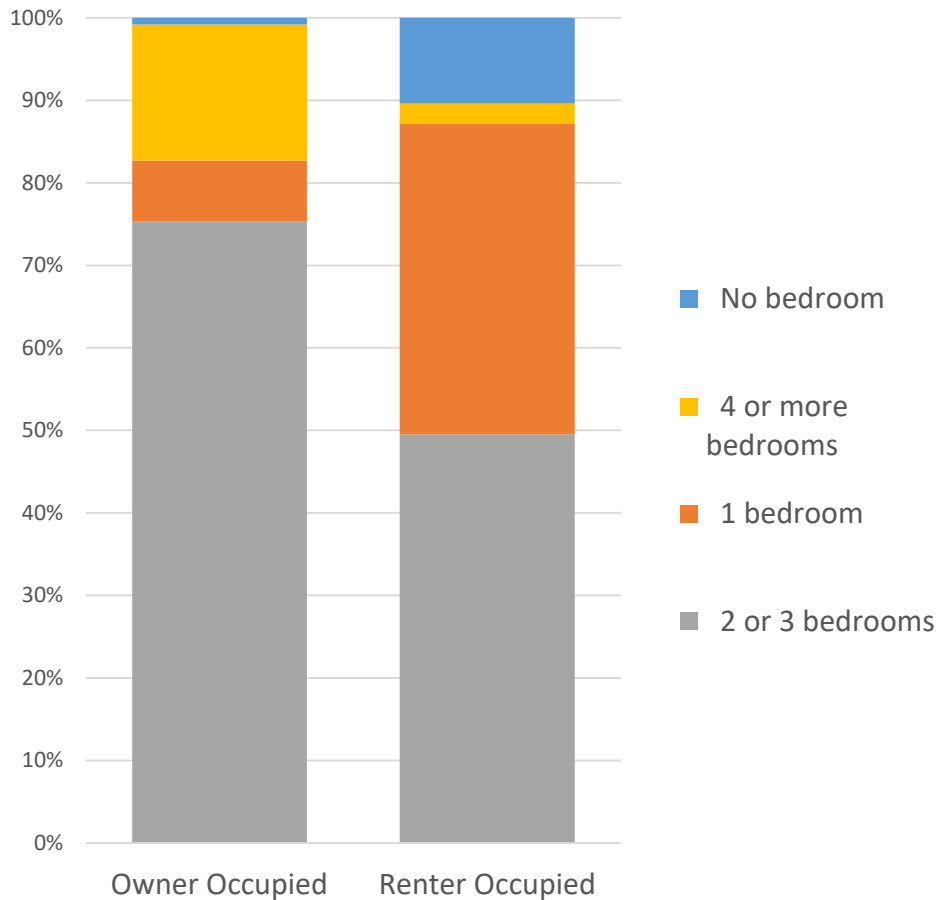


Source: California Department of Finance: Report E-5

- The number of housing units has not kept pace with household growth
- Most units are single family homes or in complexes that contain five or more units
- About a 40/60 split between owner and renter-occupied units

Long Beach Profile

Units by Number of Bedrooms (2015)

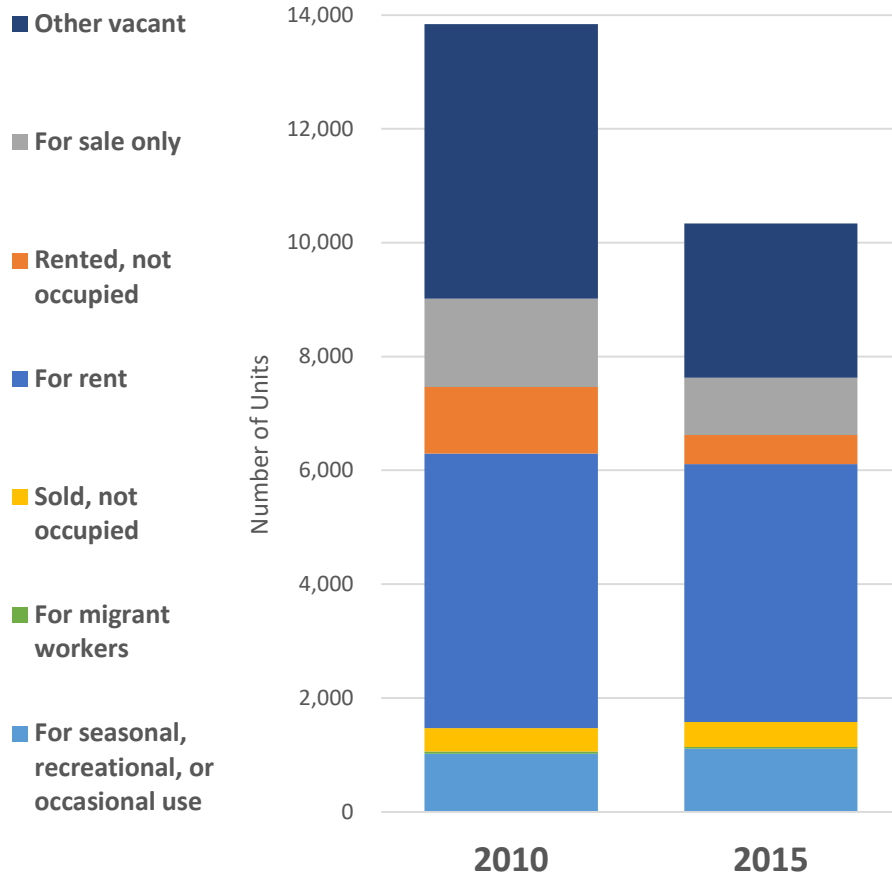


- 60% are two- or three-bedroom units
- 25% are one-bedroom units
- Owner-occupied units typically have more bedrooms
- Renter-occupied units are more diverse, but have higher rates of one-bedroom and studio units

Source: U.S. Census Bureau, 2011-2015, American Community Survey, 5-year Estimate: Table DP03

Long Beach Profile

Vacancy Status by Type (2010 - 2015)



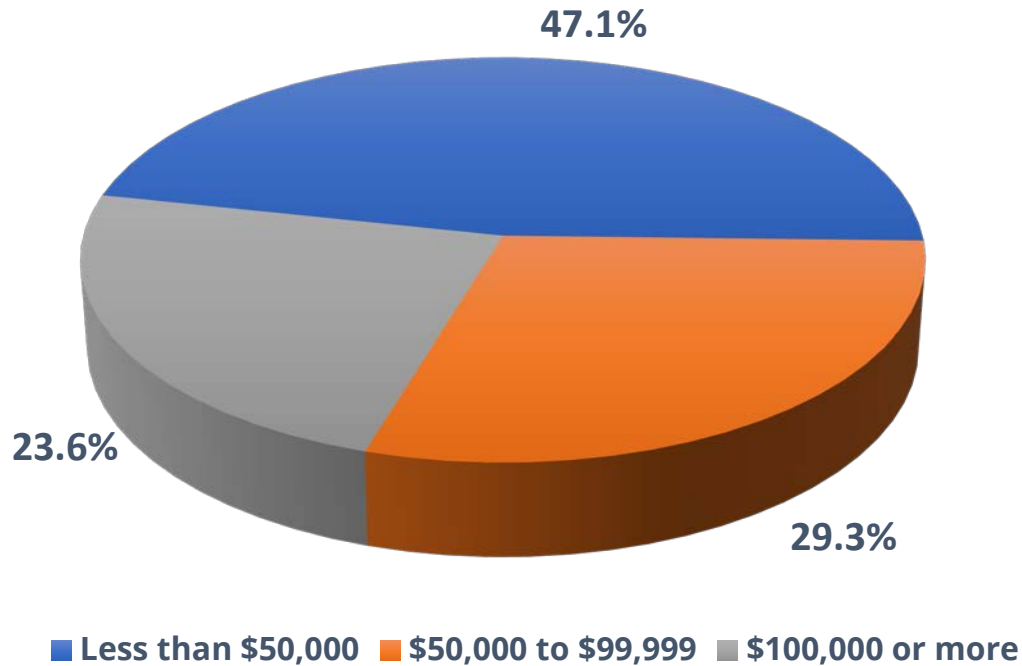
Source: U.S. Census Bureau, 2011-2015, 2006-2010, American Community Survey, 5-year Estimate: Table B25004

Residential vacancy is declining

- Vacancy rates
 - Homeowner < 2%
 - Renter < 5%
- The number of vacant units is declining (reduced by 25% or 3,500 units)
- “For seasonal, recreational, or occasional use” increased 8.5% (87 units)

Long Beach Profile

Income Distribution by Household
(2015)



Source: U.S. Census Bureau, 2011-2015, American Community Survey, 5-year Estimate: Table DP03

- Median household income \$52,783 (\$4,399/month)
- Median monthly homeowner costs \$2,147
- Average monthly rent \$1,333 (long-term rental unit)

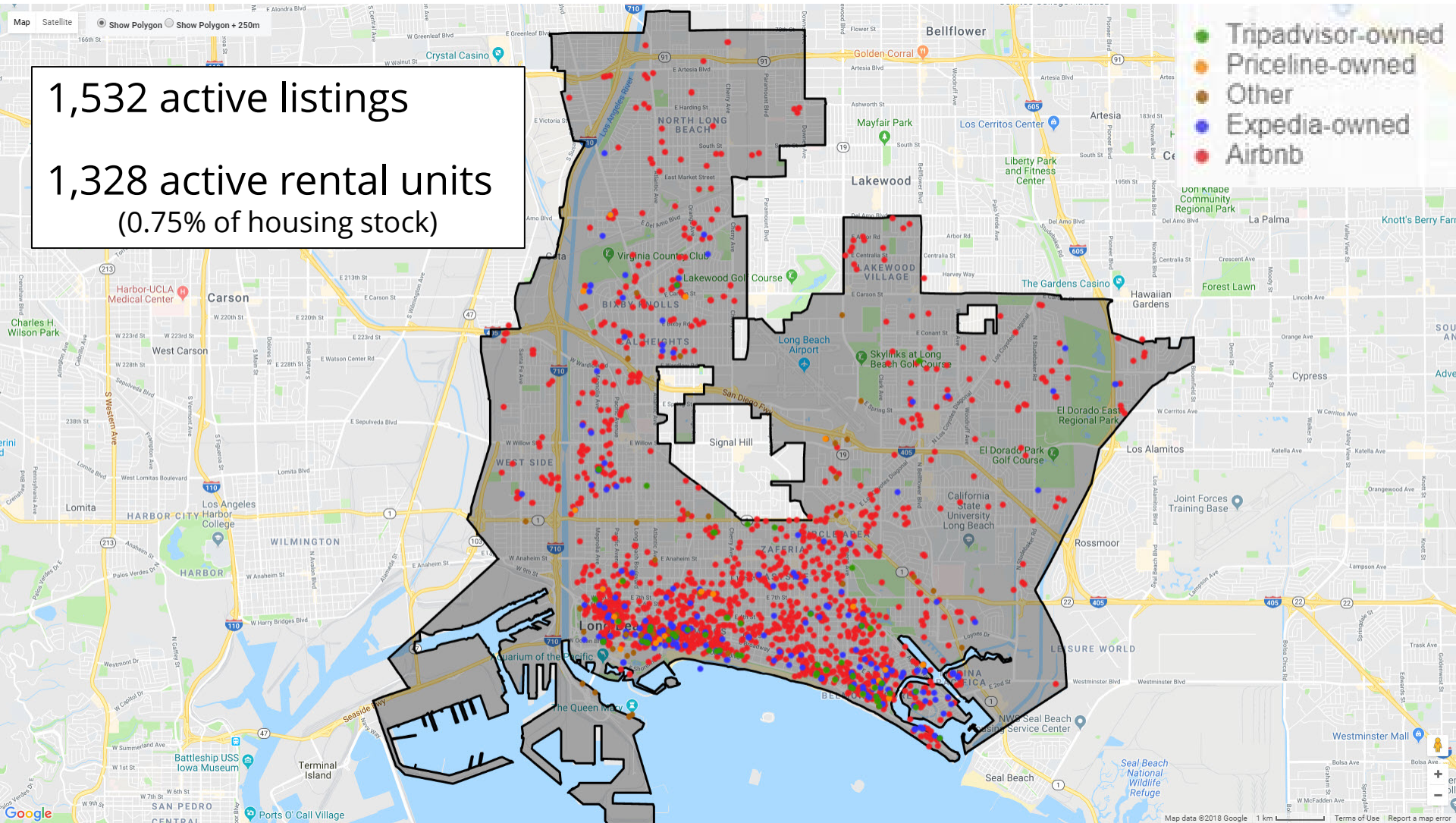
SHORT-TERM RENTALS IN LONG BEACH



Short-Term Rentals in Long Beach

1,532 active listings

1,328 active rental units
(0.75% of housing stock)



Source: Host Compliance

Short-Term Rentals in Long Beach

Listing Types



- Single-Family [48%]
- Multi-Family [52%]
- Unknown [0%]



- Partial Home [33%]
- Entire Home [67%]
- Unknown [0%]

Source: Host Compliance

Partial home listings – 438

Entire home listings – 890

Short-Term Rentals in Long Beach

Minimum Nights

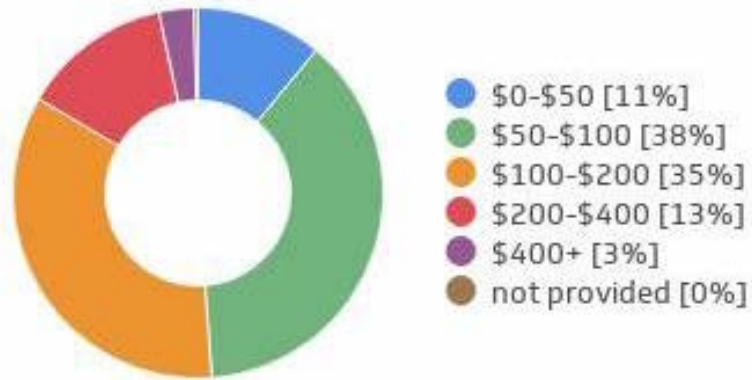


Source: Host Compliance

91% require minimum length of stay between one and seven nights

Short-Term Rentals in Long Beach

Nightly Rate



49% listed for no more than \$100/night

Source: Host Compliance

Short-Term Rentals in Long Beach

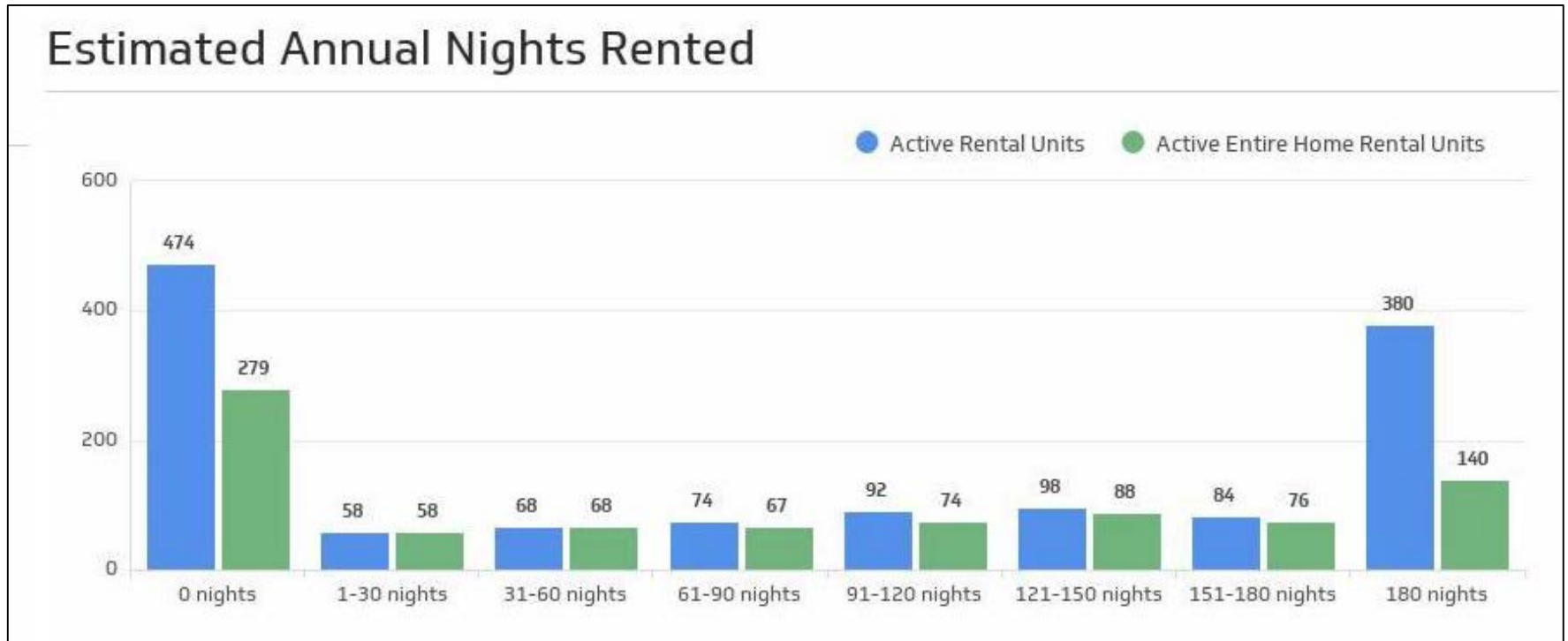
Estimated Annual Rental Revenue to the Property Owner



51% estimated to make no more than \$10,000/year in revenue for the property owner

Source: Host Compliance

Short-Term Rentals in Long Beach



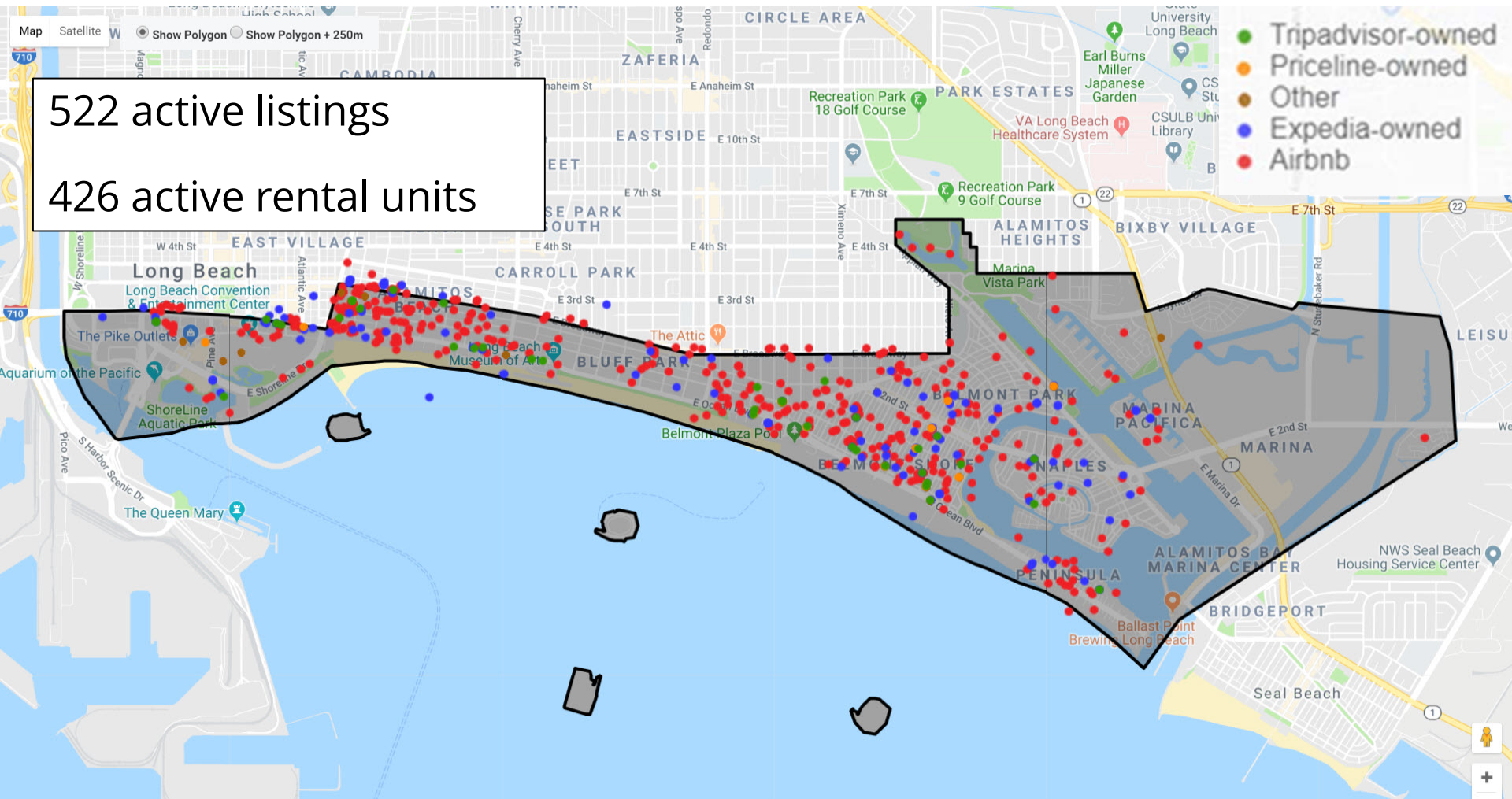
Source: Host Compliance

Almost half are estimated to be rented for more than 90 days/year
17% of hosts have more than one STR (this may be understated)

Short-Term Rentals in Long Beach: Coastal Zone

522 active listings

426 active rental units



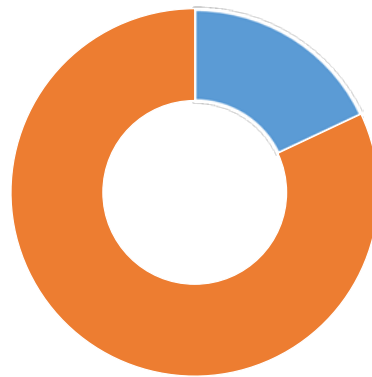
Source: Host Compliance

Short-Term Rentals in Long Beach: Coastal Zone

Listing Types



- Single-Family [42%]
- Multi-Family [58%]
- Unknown [0%]



- Partial Home [18%]
- Entire Home [82%]
- Unknown [0%]

Source: Host Compliance

Larger percentage of listings for entire home
349 listings for entire home

Short-Term Rentals in Long Beach: Coastal Zone

Minimum Nights

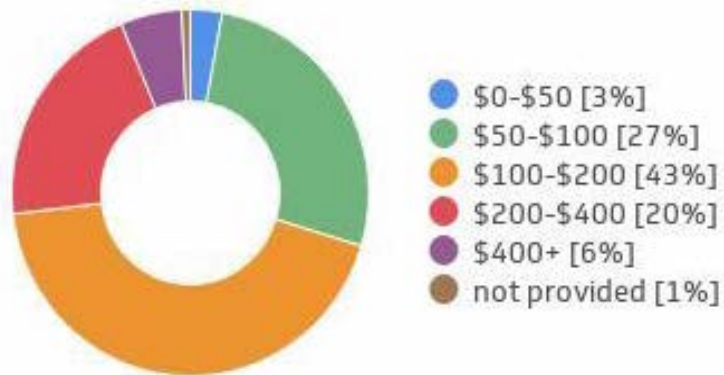


Similarly, 88% require minimum length of stay between one and seven nights

Source: Host Compliance

Short-Term Rentals in Long Beach: Coastal Zone

Nightly Rate

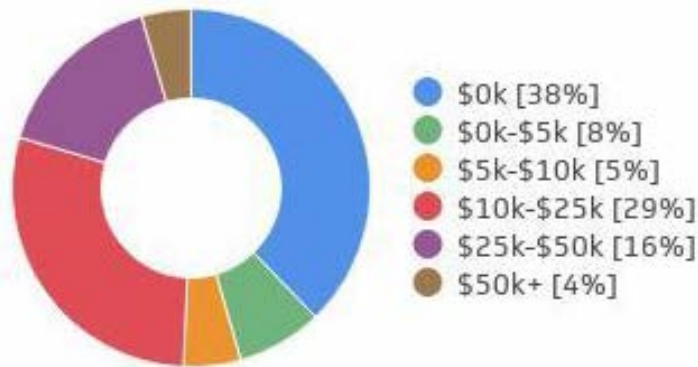


Source: Host Compliance

Higher nightly rates
Only 30% listed for no more
than \$100/night

Short-Term Rentals in Long Beach: Coastal Zone

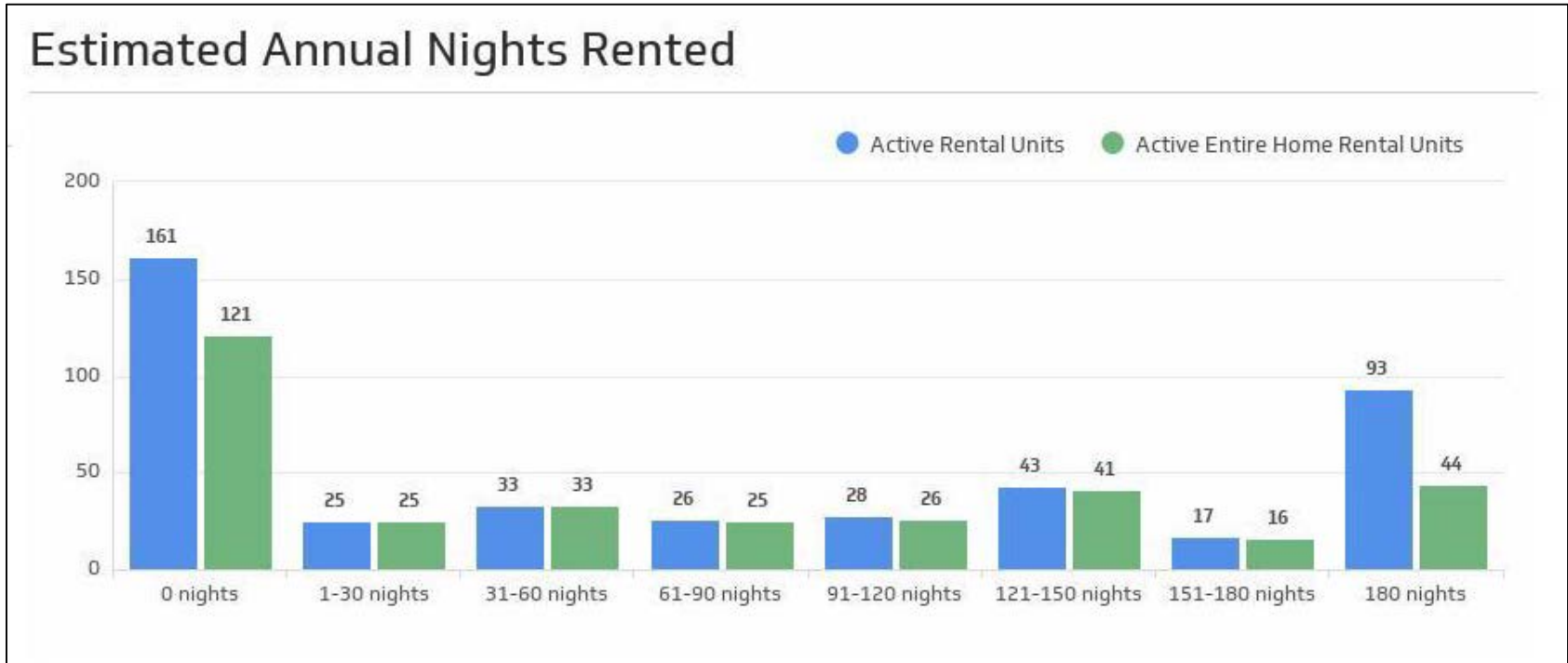
Estimated Annual Rental Revenue to the Property Owner



Similarly, 51% estimated to make no more than \$10,000/year for the property owner

Source: Host Compliance

Short-Term Rentals in Long Beach: Coastal Zone



Source: Host Compliance

A slightly lower percentage of units are estimated to be rented for more than 90 days/year compared to citywide

Next Steps

Event	Timeframe
Online Survey	June 2018
Case Study Research	Summer 2018
Community Roundtable Workshop	Summer 2018
Public Review Workshop	Fall 2018
City Council direction on preparing ordinance	Fall 2018

Open House / Agenda

- **Walk Around – Check out informational boards**
- **Ask questions!**
- **Fill out comment sheets**
- **Public comment to follow open house**
- **8:00pm - End**

THANK YOU!

