



MEMORANDUM

TO: CHAIRMAN AND MEMBERS OF THE PLANNING COMMISSION

FROM: ARA MIHRANIAN, AICP, COMMUNITY DEVELOPMENT DIRECTOR 

DATE: NOVEMBER 29, 2016

SUBJECT: CODE AMENDMENT TO AFFIRM THE PROHIBITION OF SHORT TERM RENTALS AND TO PROHIBIT THE ADVERTISEMENT OF SHORT-TERM RENTALS IN THE CITY'S SINGLE-FAMILY RESIDENTIAL ZONING DISTRICTS (CASE NO. ZON2016-00188)

Project Manager: Octavio Silva, Associate Planner

RECOMMENDATION

Adopt P.C. Resolution No. 2016-___, thereby recommending to the City Council that an Ordinance be adopted amending Chapter 17.02 (Single-Family Residential Districts) and Chapter 17.96 (Definitions) of Title 17 of the City's Development Code to affirm the prohibition Short-Term Rentals and to prohibit the advertisement of Short-Term Rentals in the City.

BACKGROUND

On October 20, 2015, during discussions of future City Council Agenda items, the City Council requested that Staff research the issue of short-term rentals in neighboring cities and provide options for regulating such uses in the City.

On May 17, 2016, Staff reported to the City Council how other neighboring cities regulate short-term rentals, as well as recommending that the City Council consider initiating code amendment proceedings to prohibit short-term rentals in all of the City's single-family residential zoning districts. After some discussion and considering public

testimony, the City Council, on a 4-1 vote, initiated code amendment proceedings to prohibit short-term rentals in the City's single-family residential zoning districts.

On July 12, 2016, the Planning Commission opened the public hearing to review Staff's proposed code amendment language to prohibit short-term rentals and the advertisement of such rentals within the City's single family residential zoning districts. At that meeting, the Commission raised several questions pertaining to short-term rentals and directed Staff to provide more information, as well as to provide options for allowing short-term rentals through a permit process and in the City's multi-family zoning districts. The Commission continued the public hearing to its August 23, 2016, meeting.

On August 23, 2016, Staff presented responses to the Commission's questions, as well as options for addressing short-term rentals in the City. Given that the Commission's discussion at its July 12th meeting differed from the Council's discussion when initiating the code amendment, Staff recommended that the Commission identify and forward its preferred option to the Council for its review before proceeding with the preparation of specific code language, so as to ensure that the Council could receive the Commission's recommendations before giving staff final direction on the matter. At the August 23rd meeting, the Commission identified its preferred option on a 4-2 vote, which prohibited short-term rentals in the City, with the exception of such rentals that are limited to single rooms and guest homes where the property owner is present at all times.

On September 20, 2016, Staff presented the Planning Commission's preferred option to the City Council for consideration (Staff Report and Minutes attached). At that meeting, the City Council affirmed that pursuant to Section 17.86.030 the City's Development Code is a permissive code, in that if a land use is not specifically identified as a permitted use, then it is considered as prohibited. In doing so, the City Council determined that short-term rentals (a rental of less than 30 days) are prohibited within the City, since the use is not identified as a permitted use. At the end of the meeting, Staff was directed to return with any necessary processes, code amendment language updates and code enforcement steps to enforce the prohibition of short-term rentals in the City.

On October 18, 2016, Staff provided the City Council with an update on code enforcement activities related to the regulation of short-term rentals and asked the City Council to consider code amendments to further bolster the City's enforcement framework (Staff Report and Minutes attached). The Code Amendments that were presented to the City Council included:

- Prohibiting the advertisement of short-term rentals
- Creating a Prohibited Use List in the Development Code
- Increasing penalties for short-term rental violations

As a result, the City Council directed Staff to work with the Planning Commission in drafting amended code language that amend Chapter 17.02 of the Rancho Palos Verdes Municipal Code (RPVMC) to expressly prohibit Short-Term Rentals and the advertisement of Short-Term Rentals in the City's single-family residential zoning districts. In addition, the City Council directed the City Attorney's Office to amend RPVMC Section 1.08.10(B) and Section 1.16 to increase penalty fines to the maximum extent possible for the violation of the City's prohibition of short-term rentals. Proposed code amendments outside of Chapter 17 of the RPVMC will be presented directly to the City Council for consideration and are not part of this report.

On November 3, 2016, a public notice was published on in the *Palos Verdes Peninsula News* announcing tonight's agenda item to prohibit the advertisement of short-term rentals. To date, Staff has not received any public comments regarding the proposed code amendments.

DISCUSSION

Proposed Code Amendment Language

Pursuant to the City Council's direction, in order to bolster the enforcement of the City's prohibition of short-term rentals in all of the single-family residential zoning districts, Staff recommends that the following amendments be considered to Chapter 17.02 (Single-Family Districts) and Chapter 17.96 (Definitions) of the Rancho Palos Verdes Municipal Code. The proposed language deletions are shown in ~~strikethrough~~ text, and the proposed language additions are shown in underline text.

17.02.026 - Prohibition of Short-Term Rentals and Advertisement of Short Term Rentals

- a. No Person shall operate a Short-term rental in a single family residential zoning district as defined in Section 17.96.1705.
- b. No Responsible Party shall post, publish, circulate, or maintain any Advertisement of a Short-Term Rental prohibited in any of the City's single family residential zoning districts as defined in Section 17.96.025.

17.96.025 - Advertisement

"Advertisement" means any printed or lettered announcement, whether in a magazine, newspaper, handbill, notice, display, billboard, poster, email, internet website or application, or any other form.

17.96.1593- Responsible Party

"Responsible Party" means any property owner or tenant, or any agent or representative thereof.

17.96.1705 - Short-Term Rental

"Short-term rental" means:

- a. A rental of a dwelling unit or part of a dwelling unit to visitors where lodging is furnished for compensation for a period of less than thirty days, while at least one of the dwelling unit's owners or lessees lives on-site, in the dwelling unit, throughout the visitors' stay;
- b. A rental of a dwelling unit or part of a dwelling unit where lodging is furnished for compensation for a period of less than thirty days without concurrently being occupied by the dwelling unit's owner or lessee.

It should be noted that Staff will be preparing the Council-directed "Prohibited List" to Section 17.02 as part of a comprehensive update to the Development Code in Spring 2017. Lastly, if the Commission forwards its recommendation to the City Council this evening, the proposed Code Amendment language is tentatively scheduled to be considered by the Council at its December 20th meeting.

ADDITIONAL INFORMATION

Public Correspondence

As of the preparation of this report, Staff received no public comments germane to the proposed code amendment. Public correspondence germane to tonight's agenda item and received after the transmittal of this report will be provided to the Commission the night of the meeting as late correspondence.

Environmental Assessment

Staff has reviewed the proposed application for compliance with the California Environmental Quality Act (CEQA). It has been determined that the proposed Code Amendment is exempt from CEQA, pursuant to Section 15061(b)(3) because it consists only of minor revisions and clarifications to an existing zoning code and will not have the effect of deleting or substantially changing any regulatory standards or findings. The proposed Ordinance is an action that does not have the potential to cause significant effects on the environment, but rather will clarify prohibited uses of residential property in the City.

CONCLUSION

For the reasons stated throughout the Staff Report, Staff recommends that the Planning Commission review the proposed code language and if the proposed language is acceptable, adopt P.C. Resolution No. 2016-___, thereby recommending to the City Council that an ordinance be adopted prohibiting the advertisement of short-term rentals in all of the City's single-family residential zoning districts.

ALTERNATIVES

In addition to Staff's recommendation, the following alternatives are available for the Planning Commission's consideration:

- 1) Direct Staff to come back with modified language for consideration at a continued public hearing; or,
- 2) Direct Staff to come back at the next meeting with a resolution recommending that the City Council reject the proposed code amendments.

ATTACHMENTS

- Draft P.C. Resolution No. 2016-__
 - Draft Ordinance No. ____
- October 18, 2016 City Council Minutes (excerpt)
- October 18, 2016 City Council Staff Report (due to the extensive amount of report attachments, they are available on the City's website at <http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>)
- September 20, 2016 City Council Minutes (excerpt)
- September 20, 2016 City Council Staff Report (due to the extensive amount of report attachments, they are available on the City's website at <http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>)
- Short-term rental news article provided by Planning Commissioner Nelson

P.C. RESOLUTION NO. 2016-_____

A RESOLUTION OF THE PLANNING COMMISSION OF THE CITY OF RANCHO PALOS VERDES RECOMMENDING TO THE CITY COUNCIL THAT AN ORDINANCE BE ADOPTED AMENDING CHAPTER 17.02 (SINGLE-FAMILY RESIDENTIAL (RS) DISTRICTS) AND CHAPTER 17.96 (DEFINITIONS) OF TITLE 17 OF THE CITY'S DEVELOPMENT CODE TO AFFIRM THE PROHIBITION OF SHORT TERM RENTALS AND TO PROHIBIT THE ADVERTISEMENT OF SHORT-TERM RENTALS IN THE CITY'S SINGLE-FAMILY RESIDENTIAL ZONING DISTRICTS AND TO CODIFY DEFINITIONS OF ADVERTISEMENT AND SHORT-TERM RENTALS.

WHEREAS, on May 17, 2016, the City Council initiated code amendment proceedings to prohibit short-term rentals within the City; and,

WHEREAS, on July 12, 2016, the Planning Commission considered proposed code amendment language to prohibit short-term rentals and the advertisement of such uses with the City, after which the Planning Commission continued the meeting to allow City Staff time to further research the issue of short-term rentals and to identify additional options for the regulation of such uses; and,

WHEREAS, on August 23, 2016, the Planning Commission was presented with options to regulate short-term rentals in the City, and after considering public testimony and evidence presented that evening, the Commission, on a 4-2 vote, identified its preferred option to be prohibition of short-term rentals in the City, with the exception of such rentals that are limited to single rooms and guest homes where the property owner is present at all times; and,

WHEREAS, on September 20, 2016, the Planning Commission's preferred option for the regulation of short-term rentals was presented to the City Council for consideration, to which the City Council affirmed that pursuant to Section 17.86.030, the City's Development Code (Title 17) is structured as a "permissive zoning system" such that short-term rentals are uses that are not specifically enumerated in the Zoning Code, and are thus currently considered to be prohibited in the City; and,

WHEREAS, on October 18, 2016, the City Council was presented with an update on code enforcement activities related to the regulation of short-term rentals, as well as possible code amendments to bolster the City's enforcement framework, to which the City Council, among other things, directed Staff to work with the City's Planning Commission to prepare amended code language that would prohibiting the advertisement of short-term rentals in the City's single-family residential zoning districts and the creation of a "prohibited use" list in the City's residential zoning districts; and,

WHEREAS, pursuant to the provisions of the California Environmental Quality Act,

Public Resources Code Sections 21000 *et. seq.* ("CEQA"), the State's CEQA Guidelines, California Code of Regulations, Title 14, Section 15000 *et. seq.*, the City's Local CEQA Guidelines, and Government Code Section 65962.5(f) (Hazardous Waste and Substances Statement), it has been determined that the proposed Code Amendment is exempt from CEQA, pursuant to Section 15061(b)(3) because it consists only of minor revisions and clarifications to an existing zoning code and will not have the effect of deleting or substantially changing any regulatory standards or findings. The proposed Ordinance is an action that does not have the potential to cause significant effects on the environment, but rather will clarify prohibited uses of residential property in the City; and,

WHEREAS, on November 3, 2016, a Public Notice was published in the *Peninsula News*, providing notice of a public hearing before the Planning Commission on November 29 2016; and

WHEREAS, on November 29, 2016, the Planning Commission held a duly-noticed public hearing, at which time all interested parties were given an opportunity to be heard and present evidence.

NOW, THEREFORE, THE PLANNING COMMISSION DOES HEREBY FIND, DETERMINE AND RESOLVE AS FOLLOWS:

Section 1: The Planning Commission finds that the facts set forth in the recitals of this Resolution are true and correct and are incorporated herein by reference as though set forth in full.

Section 2: The Planning Commission has reviewed and considered the amendments to Chapters 17.02 (Single-Family Residential (RS) Districts) and 17.96 (Definitions) of the City's Municipal Code of Title 17 of the City's Municipal Code to clarify the existing ban on short-term rentals, establish a ban on advertising of short term rentals, and provide relevant definitions.

Section 3: The Planning Commission finds that the amendments to Title 17 are consistent with the Rancho Palos Verdes General Plan and Coastal Specific Plan in that they uphold, and not hinder, the goals and policies of those plans.

Section 4: The Planning Commission finds that the amendments to Title 17 are necessary to preserve the public health, safety, and general welfare in the area.

Section 5: For the foregoing reasons and based on the information and findings included in the Staff Report, Minutes and other records of proceedings, the Planning Commission of the City of Rancho Palos Verdes hereby recommends to the City Council that an Ordinance be adopted entitled, AN ORDINANCE amending "CHAPTER 17.02 (SINGLE-FAMILY RESIDENTIAL (RS) DISTRICTS) AND CHAPTER 17.96

(DEFINITIONS) OF TITLE 17 OF THE CITY’S MUNICIPAL CODE TO AFFIRM THE PROHIBITION OF SHORT TERM RENTALS AND TO PROHIBIT THE ADVERTISEMENT OF SHORT-TERM RENTALS AND TO CODIFY DEFINITIONS FOR ADVERTISEMENT AND SHORT-TERM RENTALS” in the form attached to this Resolution as Exhibit “A”.

PASSED, APPROVED, AND ADOPTED this 29th day of November 2016, by the following vote:

AYES:

NOES:

ABSTENTIONS:

RECUSSALS:

ABSENT:

David L. Tomblin,
Chairman

Ara Mihranian, AICP
Community Development Director
Secretary to the Planning Commission

EXHIBIT "A"

DRAFT ORDINANCE NO. ____

Please see attached.

ORDINANCE NO. ____

AN ORDINANCE OF THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES AMENDING CHAPTER 17.02 (SINGLE-FAMILY RESIDENTIAL (RS) DISTRICTS) AND CHAPTER 17.96 (DEFINITIONS) OF TITLE 17 OF THE CITY'S DEVELOPMENT CODE TO AFFIRM THE PROHIBITION OF SHORT TERM RENTALS AND TO PROHIBIT THE ADVERTISEMENT OF SHORT-TERM RENTALS IN THE CITY'S SINGLE-FAMILY RESIDENTIAL ZONING DISTRICTS AND TO CODIFY DEFINITIONS OF ADVERTISEMENT, RESPONSIBLE PARTY, AND SHORT-TERM RENTALS.

WHEREAS, on May 17, 2016, the City Council initiated code amendment proceedings to prohibit short-term rentals within the City; and,

WHEREAS, on July 12, 2016, the Planning Commission considered proposed code amendment language to prohibit short-term rentals and the advertisement of such uses with the City, after which the Planning Commission continued the meeting to allow City Staff time to further research the issue of short-term rentals and to identify additional options for the regulation of such uses; and,

WHEREAS, on August 23, 2016, the Planning Commission was presented with options to regulate short-term rentals in the City, and after considering public testimony and evidence presented that evening, the Commission, on a 4-2 vote, identified its preferred option to be prohibition of short-term rentals in the City, with the exception of such rentals that are limited to single rooms and guest homes where the property owner is present at all times; and,

WHEREAS, on September 20, 2016, the Planning Commission's preferred option for the regulation of short-term rentals was presented to the City Council for consideration, to which the City Council affirmed that pursuant to Section 17.86.030, the City's Development Code (Title 17) is structured as a "permissive zoning system" such that short-term rentals, are uses that are not specifically enumerated in the Zoning Code, and are thus currently considered to be prohibited in the City; and,

WHEREAS, on October 18, 2016, the City Council was presented with an update on code enforcement activities related to the regulation of short-term rentals, as well as possible code amendments to bolster the City's enforcement framework, to which the City Council, among other things, directed Staff to work with the City's Planning Commission to prepare amended code language that would prohibit the advertisement of short-term rentals in the City's single-family residential zoning districts and the creation of a "prohibited use" list in the City's residential zoning districts; and,

WHEREAS, pursuant to the provisions of the California Environmental Quality

Act, Public Resources Code Sections 21000 *et. seq.* ("CEQA"), the State's CEQA Guidelines, California Code of Regulations, Title 14, Section 15000 *et. seq.*, the City's Local CEQA Guidelines, and Government Code Section 65962.5(f) (Hazardous Waste and Substances Statement), it has been determined that the proposed Code Amendment is exempt from CEQA, pursuant to Section 15061(b)(3) because it consists only of minor revisions and clarifications to an existing zoning code and will not have the effect of deleting or substantially changing any regulatory standards or findings. The proposed Ordinance is an action that does not have the potential to cause significant effects on the environment, but rather will clarify prohibited uses of residential property in the City; and,

WHEREAS, on November 3, 2016, a Public Notice was published in the *Peninsula News*, providing notice of a public hearing before the Planning Commission on November 29 2016; and

WHEREAS, on November 29, 2016, the Planning Commission reviewed and considered the proposed code amendments to Chapter 17.02 (Single-Family Residential (RS) Districts) and Chapter 17.96 (Definitions) of Title 17 of the Municipal Code Municipal Code, and adopted P.C. Resolution No. 2016-___, recommending that the City Council adopt this Ordinance; and,

WHEREAS, on _____, after notice issued pursuant to the provisions of the Rancho Palos Verdes Municipal Code, the City Council of the City of Rancho Palos Verdes conducted and concluded a duly noticed public hearing concerning the Municipal Code amendments contained herein as required by law, and received testimony from City staff and all interested parties regarding the proposed amendments; and,

WHEREAS, all legal prerequisites to the adoption of the Ordinance have occurred; and,

NOW, THEREFORE, THE CITY COUNCIL OF THE CITY OF RANCHO PALOS VERDES DOES ORDAIN AS FOLLOWS:

Section 1. The facts set forth in the Recitals are true and correct.

Section 2: The City Council finds that the amendments to the Title 17 are consistent with the Rancho Palos Verdes General Plan and Coastal Specific Plan in that they uphold, and not hinder, the goals and policies of those plans.

Section 3: The City Council finds that the amendments to Title 17 prohibiting short – term rentals are necessary to preserve the public health, safety, and general welfare and the advertisement thereof in the City’s single-family residential zoning districts.

Section 4. 17.02 (Single-Family Residential (RS) Districts) and Chapter 17.96 (Definitions) of the Rancho Palos Verdes Municipal Code are hereby amended to read as follows (proposed deletions ~~struck-out~~; proposed additions underlined):

17.02.026 - Prohibition of Short-Term Rentals and Advertisement of Short Term Rentals

- a. No Person shall operate a Short-term rental in a single family residential zoning district as defined in Section 17.96.1705.
- b. No Responsible Party shall post, publish, circulate, or maintain any Advertisement of a Short-Term Rental prohibited in any of the City’s single family residential zoning districts as defined in Section 17.96.025.

17.96.025 - Advertisement

“Advertisement” means any printed or lettered announcement, whether in a magazine, newspaper, handbill, notice, display, billboard, poster, email, internet website or application, or any other form.

17.96.1593- Responsible Party

“Responsible Party” means any property owner or tenant, or any agent or representative thereof.

17.96.1705 - Short-Term Rental

“Short-term rental” means:

- a. A rental of a dwelling unit or part of a dwelling unit to visitors where lodging is furnished for compensation for a period of less than thirty days, while at least one of the dwelling unit’s owners or lessees lives on-site, in the dwelling unit, throughout the visitors’ stay;
- b. A rental of a dwelling unit or part of a dwelling unit where lodging is furnished for compensation for a period of less than thirty days without concurrently being occupied by the dwelling unit’s owner or lessee.

Section 5. Severability. If any section, subsection, subdivision, paragraph, sentence, clause or phrase of this ordinance or its application to any person or circumstance, is for any reason held to be invalid or unenforceable by a court of competent jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remaining sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases of this ordinance, or its application to any other person or circumstance. The City Council declares that it would have adopted each section, subsection, subdivision, paragraph, sentence, clause, phrase hereof, irrespective of the fact that any one or more sections, subsections, subdivisions, paragraphs, sentences, clauses or phrases hereof be declared invalid or unenforceable.

Section 6. Certification and Posting. The City Clerk shall cause this Ordinance to be posted in three (3) public places in the City within fifteen (15) days after its passage, in accordance with the provisions of Section 36933 of the Government Code. The City Clerk shall further certify to the adoption and posting of this Ordinance, and shall cause this Ordinance and its certification, together with proof of posting, to be entered in the Book of Ordinances of the Council of this City.

PASSED, APPROVED and ADOPTED this ___TH day of _____ 2016.

Mayor

ATTEST:

Teri Takaota, Acting City Clerk

would be best if Mr. Hummel presented the recording, rather than a proxy, in the event there were questions Mr. Hummel could address them directly.

Jim Lehman, Rancho Palos Verdes; Amanda Wong, Rancho Palos Verdes; Barry Hildebrand, Rancho Palos Verdes; Gene Dewey, Rancho Palos Verdes; provided comments regarding the Master Plan and their desire for a less is more approach, safety concerns, storage issues and traffic/safety issues.

Marty Foster, Rancho Palos Verdes; Herb Stark, Rancho Palos Verdes; Bill Foster, Rancho Palos Verdes; and Sandra Valeri, Rancho Palos Verdes; provided their comments regarding Ladera Linda including their desire for a smaller structure, clarity on who the stakeholders are, storage concerns, and the need for some minor improvements.

Jim Hevener, Rancho Palos Verdes, spoke in favor of improvements at the facility and to consider the needs of all the residents, stakeholders, and users.

Carl Mangameli, Rancho Palos Verdes; Jessica Vlaco, Rancho Palos Verdes; Mickey Rodich, Rancho Palos Verdes; and Gene Dewey, Rancho Palos Verdes; provided their comments regarding repairing the structure rather than replacing it, concerns regarding storage, traffic and safety issues, and to look at the Master Plan before undertaking any changes at Ladera Linda.

Councilman Duhovic moved to extend the meeting to 11:00 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

Councilwoman Brooks moved, seconded by Councilman Misetich, to approve the Staff recommendation to: receive and file the report.

The motion passed on the following roll call vote:

- AYES:** Brooks, Campbell, Duhovic, Misetich and Mayor Dyda
- NOES:** None
- ABSENT:** None

Councilman Misetich moved to extend the meeting to 12:00 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

Mayor Dyda called a brief recess from 10:30 P.M. to 10:41 P.M.

Consideration and Possible Action to Receive and File a Report on the City's Enforcement of the Prohibition of Short-term Rentals, Including Initiating a Code

Amendment to Add Language that Bolsters the Enforcement of the City's Prohibition of Short-term Rentals

Acting City Clerk Takaoka reported that late correspondence was distributed prior to the meeting and there were three requests to speak regarding this item.

Associate Planner Silva presented a brief staff report and Powerpoint presentation.

Discussion ensued among Council Members and Staff.

Chris Huang, Rancho Palos Verdes; Alan Siegel, Rancho Palos Verdes; Tracy Burns, Rancho Palos Verdes; and Noel Weiss, Rancho Palos Verdes; provided comments regarding continuing the ban; the need for enforcement; the suggestion of increasing the fines; and possibly using civil lawsuits for abatement.

Tobin (no last name provided), provided comments regarding the enforcement issues, the possibility of allowing the rentals, and putting the taxes collected to good use.

Councilman Misetich moved, seconded by Mayor Dyda, to 1) receive and file an update report on the City's enforcement of the prohibition of short-term rentals in the City; 2) Direct Staff to continue working with the Planning Commission in preparing code amendment language that further bolsters the enforcement of the City's prohibition of short-term rentals; and, 3) Direct the City Attorney to amend RPVMC Section 1.08.010(B) and Section 1.16 to increase the penalty fines to the maximum extent possible for the violation of the City's prohibition of short-term rentals; and to also review Redondo Beach's penalties and fines as well as other cities.

The motion passed on the following roll call vote:

AYES: Brooks, Campbell, Duhovic, Misetich, and Mayor Dyda
NOES: None
ABSENT: None

Review and Consider the Introduction of an Ordinance Adopting the 2016 California Building Standards Code and the Adoption of a Resolution making certain findings to modify the 2016 California Building Code

Councilman Misetich moved, seconded by Councilwoman Brooks to waive Staff report.

Without objection, Mayor Dyda so ordered.

Councilman Misetich moved, seconded by Councilwoman Brooks to: Introduce ORDINANCE NO. 589, AN ORDINANCE OF THE CITY OF RANCHO PALOS VERDES ADOPTING BY REFERENCE THE 2016 CALIFORNIA BUILDING STANDARDS CODE WHICH INCLUDES THE 2016 EDITION OF THE CALIFORNIA

AGENDA DESCRIPTION: Consideration and possible action to receive and file a report on the City's enforcement of the prohibition of short-term rentals, including initiating a Code Amendment to add language that bolsters the enforcement of the City's prohibition of short-term rentals.

RECOMMENDED COUNCIL ACTION:

- (1) Receive and file an update report on the City's enforcement of the prohibition of short-term rentals in the City;
- (2) Direct Staff to continue working with the Planning Commission in preparing code amendment language that further bolsters the enforcement of the City's prohibition of short-term rentals; and,
- (3) Direct the City Attorney to amend RPVMC Section 1.08.010(B) and Section 1.16 to increase the penalty fines to the maximum extent possible for the violation of the City's prohibition of short-term rentals.

FISCAL IMPACT: As a result of a comprehensive code enforcement program to address unpermitted short-term rentals, Staff anticipates that approximately \$27,000 - \$30,000 (non-benefitted, maximum 950 work hours annually) would have to be allocated for the annual salary of a part-time Code Enforcement Officer.

ORIGINATED BY: Octavio Silva, Associate Planner *O.S.*

REVIEWED BY: Ara Mihranian, AICP, Director of Community Development *Ara*

APPROVED BY: Doug Willmore, City Manager *DW*

ATTACHED SUPPORTING DOCUMENTS:

- A. RPVMC Chapter 9.24 "Law Enforcement Expended Caused by Unruly Parties and Gatherings" (page A-1)
- B. Public Comments received since September 20, 2016 (page B-1)

All previous Staff Reports, Meeting Minutes, and public comments on this topic can be found on the City's website via the September 20, 2016, City Council Agenda at <http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>

BACKGROUND AND DISCUSSION:

At the September 20, 2016, City Council meeting, the City Council affirmed that the City's Development Code is a permissive code, in that if a land use is not specifically identified as a permitted use, then it is to be considered as prohibited. In doing so, the City Council determined that short-term rentals (a rental of less than 30 days) are

prohibited within the City's Single-Family Residential Zoning Districts since they are not enumerated as a permitted use. At the meeting, the City Council directed Staff to return with any necessary processes, code amendment language updates, or code enforcement steps to enforce the ban.

Enforcement of the City's Prohibition of Short Term Rentals

Soon after the September 20, 2016, City Council meeting, the City's Code Enforcement Division began to enforce the prohibition, as summarized below:

1. Cease and Desist Letters: On September 27, 2016, the City sent out the first batch of letters to eleven (11) property owners known to host short-term rentals in the City that have received multiple resident complaints. The notice informed property owners that short-term rentals are prohibited, and that such must cease and desist immediately. In order to send out the next batch of letters to the remaining host property owners (estimated to be approximately another 70 properties), Staff intends to canvass the various website host platforms to identify where these properties are located. This research can be done by Staff, but it will likely be time consuming and challenging in that addresses are not usually posted on the host platforms. Furthermore, because there is only one Code Enforcement Officer who will be managing this assignment along with the other tasks (i.e. property violations, peafowl management plan, coyote management plan, and other responsibilities), this will likely occur in phases over the next several months. Alternatively, the City Council may consider hiring additional part-time Staff to assist with the enforcement of the short-term rental prohibition.¹ The annual cost of this part-time position is estimated to be \$27,000 to \$30,000. Alternatively, the City could look at contractors who may be able to provide this service.
2. Public Outreach: In order to ensure that the community is aware of the ban, the City will be launching a public campaign to raise awareness of the short term rental prohibition. In addition to posting information on the City's website and social media platforms (Facebook and Nextdoor), the City intends to meet with the Rancho Palos Verdes Council of Homeowners Associations (CHOA) and individual homeowners associations in the coming months to explain the prohibition. An article will also be published in the City's next quarterly newsletter. Increased public awareness will assist City Staff with the enforcement of the prohibition because residents will most likely self-police this activity by reporting it to the City.
3. Collaborating with Other Beach Cities: The majority of the South Bay beach cities have banned short-term rentals and are experiencing similar challenges in enforcing the prohibition. Staff has been communicating and collaborating with other local

¹ Staff previously reported that there was an outside vendor (Host Compliance) that could assist the City in providing the enforcement service at a nominal cost. However, Staff has recently learned that this vendor is no longer providing such services.

beach cities to better understand how the enforcement of the prohibition can occur in a more efficient and enforceable manner. On September 26, 2016, City Staff attended a South Bay Cities Council of Government (SBCCOG) meeting to discuss the issue of short-term rentals in the area. At the meeting, representatives from various cities throughout the South Bay exchanged information related to short-term rental complaints, enforcement costs, options and challenges, as well as greater involvement by the SBCCOG to bring awareness to the issue. At this meeting, it was agreed to continue to meet on a regular basis to exchange information. The next meeting will occur in December 2016.

On October 6, 2016, City Staff also attended a roundtable meeting in the City of Newport Beach, at which additional information was shared by Orange County cities, regarding their efforts and strategies to address short-term rentals. At the meeting, representatives from the cities of Anaheim and Irvine also provided an update on enforcement challenges related to their approaches in regulating short-term rentals. Many of the cities that attended the meeting indicated that their current enforcement programs required code amendments to bolster enforcement capabilities, as well as additional staff to assist in the enforcement efforts.

4. Collaboration with the Sheriff's Department: Staff recently met with Captain Beringer of the Los Angeles County Sheriff's Department (LASD) in order to discuss short-term rental concerns, and to identify effective strategies to collaboratively address complaints associated with short-term rentals in the City. At the meeting, Staff learned that the LASD would not be able to easily enforce the prohibition because it would be very difficult to prove that a guest staying at a host property is using a short-term rental without obtaining a copy of the contract, which would require the lengthy process of obtaining a subpoena. However, Captain Beringer did point out that Chapter 9.24 of Rancho Palos Verdes Municipal Code (RPVMC) codifies an "Unruly Parties and Gatherings" ordinance that would allow the LASD to cite and for the City to collect expenses from property owners for extraordinary law enforcement services when responding to unruly parties, gatherings or other assemblages of persons on private property (Attachment A). In addition, Staff agreed to provide the Sheriff's Department with a list of known short-term rentals in the City, in order for the Sheriff's Department to create a database to monitor calls for service related to short-term rental activities, and to allow for the exchange of information with the City for reporting purposes.
5. Prosecution of Short-Term Rental Ban: Once the City has amended its code to prohibit the advertising of short-term rentals, the City has at least two (2) paths to enforce its ban. The City could criminally prosecute short-term rental advertisers or operators by filing a misdemeanor complaint against the responsible party. Criminal prosecution would allow the City to seek up to \$1,000 per violation or per day of non-compliance. The City could also issue Administrative Citations under RPVMC Chapter 1.16. This administrative process could be handled internally by Staff with assistance from the City Attorney's office. It is important to note that criminal

prosecution and administrative citation processes are not mutually exclusive, and the City could opt to pursue both processes.

Proposed Code Amendments

A robust enforcement framework is essential in achieving successful implementation of the short-term rental ban. A key component of an effective enforcement program includes a comprehensive code amendment, which expressly prohibits short-term rental activities, including the advertisement of such use. As such, Staff has identified possible code amendments that the City Council might consider to enhance the enforcement of the City's prohibition of short-term rentals:

1. Prohibiting the Advertisement of Short-Term Rentals: An effective strategy in the enforcement of eliminating short-term rentals throughout the City is to prohibit the advertisement of such uses. Typically, the availability of a short-term rentals is advertised on a host websites such as Airbnb and VRBO. Prohibiting the advertisement of a short-term rentals in the City's Single-Family Residential Zoning Districts will allow the City to cite a property owner that advertises this prohibited use. It should be noted that the burden of compliance with the advertisement prohibition should not be placed on the website host platform, but rather on the property owner. If desired, the City Council could direct Staff to continue working with the Planning Commission to prepare code language that prohibits the advertisement of short-term rentals.
2. Creating a Prohibited Use List in the Development Code: The City's Development Code is considered to be a permissive code, meaning that if a use is not identified as permitted, then it is assumed to be prohibited. In order to provide further clarification as to whether a use is permitted or not, consideration should be given to the possibility of amending the Development Code (Title 17) to establish lists of prohibited uses within the City's various zoning districts. If desired, the City Council could direct Staff to continue working with the Planning Commission to prepare code language that includes lists of unpermitted uses.
3. Increasing Penalties for Short-Term Rental Violations: RPVMC Section 1.08.010(B) code violations as infractions, which typically range from \$100 for a first violation to a fine not exceeding \$1,000 for any conviction for a violation of a City building and safety code. While such infraction amounts assist in deterring individuals from engaging in activities that violate the code, in the case of short-term rentals, consideration should be given to pursuing a code amendment to increase infraction amounts to be more punitive and reflective of the potential revenue that may be collected from conducting short-term rental activities. If desired, the City Council could direct the City Attorney to amend RPVMC Section 1.08.010(B) to increase the penalty fine to the maximum extent possible for the violation of the City's prohibition of short-term rentals. In addition, the City Council could direct the City Attorney's office to amend RPVMC Chapter 1.16, which provides for the imposition of

administrative penalties, to increase the penalty fine to the maximum extent possible for the violation of the City's prohibition of short-term rentals

PUBLIC COMMENTS:

Since the September 20, 2016 City Council Meeting, Staff has received several public comments (Attachment B) regarding the City's affirmation that short-term rentals are not permitted within the City's Single-Family Residential Zoning Districts. The comments generally support the City Council's recent actions regarding short-term rentals, as well as provide notification regarding properties in the City that are offering short-term rentals.

CONCLUSION:

Since the City Council's affirmation that short-term rentals are prohibited in the City's Single-Family Residential Zoning Districts, Staff has taken steps to notify property owners in the City of known violations. In addition, Staff has continued to gather additional information on the best enforcement practices to address short-term rental violations. As a result, Staff has outlined possible code amendments for the City Council's consideration to bolster the City's code enforcement framework to prohibit short-term rentals in the City's Single-Family Residential Zoning Districts.

ALTERNATIVES:

In addition to the Staff recommendations, the following alternatives are available for the City Council's consideration:

1. Identify additional options for Staff to research for Council consideration at a future meeting; or
2. Direct Staff to take no further action at this time.

Jeff Lewis, attorney representing sixty homeowners in Elkmont Canyon area, stated he was available for questions.

Gregory Schill, Merin Dahlerbruch, Rancho Palos Verdes; and Marc Artino commented on access issues; drainage issues; formally requested that no other vegetation be removed without prior notification of homeowners in the canyon; and spoke in opposition to the project.

Patty Naegely, attorney for applicant, noted that the access application request was withdrawn so no formal action is needed by council tonight.

Sharon Yarber, Rancho Palos Verdes, spoke in opposition to the project and encouraged staff to not bifurcate the CEQA process.

April Sandell, Rancho Palos Verdes, encouraged staff to consider all the issues as the project is located in a canyon.

Discussion ensued among Council Members, staff and City Attorney Aleshire.

Councilman Misetich moved, seconded by Councilwoman Brooks, to receive and file a status report regarding the City Attorney's opinion concerning the access issues for the vacant lot known as Elkmont Canyon.

The motion passed on the following roll call vote:

AYES: Brooks, Campbell, Duhovic, Misetich and Mayor Dyda
NOES: None
ABSENT: None

#

PUBLIC HEARINGS:

Consideration and Possible Action to Review Development Code Amendment Options for Addressing Short-Term Rentals (Case No. ZON2016-00188)

Acting City Clerk Takaoka reported that the notice of the public hearing was duly published and written protests were received and included as part of late correspondence and there were 45 requests to speak regarding this item.

Councilman Misetich noted his attendance at a recent planning commission and clarified there was no ethical issue as it is his right to attend meetings as a resident.

Associate Planner Silva provided a brief staff report and Powerpoint presentation.

Director Mihranian provided brief comments regarding the subject matter.

Discussion ensued among Council Members, Staff and City Attorney Aleshire.

Mayor Dyda called a brief recess from 8:20 P.M. to 8:31 P.M.

Mayor Dyda declared the public hearing open.

The following members of the public provided comments regarding short term rentals and spoke in support of a full ban due to numerous issues including safety; loss of privacy; loss of a peaceful neighborhood; quality of life; and the potential for diminished home values: Greg Mitre, Carmen Mitre, Michael Huang, George Cinfo, Dr. Michael Friedman, Margy Bloom, Betty Riedman, Dana Graham, and Chris Huang.

The following members of the public provided comments regarding short term rentals and spoke in favor of reviewing the information before making a decision and to consider not banning the rentals: Irene Henrikson, Mickey Rodich, Ying Sai, Maura Mizuguchi, Mark Coleman, Lucas Coleman, and Pantea Sharifi Hannanier.

The following members of the public provided comments regarding short term rentals and spoke in support of a full ban: Noel Park, Jeff Lewis, Tracy Burns, Joyce Nitz, Janet Nitz, Ralph Quakenbush, Mallika, and James Huang.

The following members of the public provided comments regarding short term rentals and spoke in favor of reviewing the information before making a decision and to consider not banning the rentals: Millie Lee, Cindy Quimbayo, Yolanda Quimbayo, David Quimbayo, John Quimbayo, David Gregg, Alan Siegel, and Ron Reto.

The following members of the public provided comments regarding short term rentals and spoke in support of a full ban: Nelly Bertolina, James Bertolina, Mary Gordon, Steve Gordon, Gloria Schack, Pete Gasteiger, Sandra Hammersmark, Wei Chen, Jarrold Koch, John Bradley, Guy Grant, Minas Yerelian, Karen Chuang, and Carolynn Petru.

Mayor Dyda declared the public hearing closed.

Mayor Dyda called a brief recess from 10:01 P.M. to 10:11 P.M.

Councilman Misetich moved to extend the meeting to 11:00 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

Discussion ensued among Council Members, staff and City Attorney Aleshire.

Councilwoman Brooks moved to extend the meeting to 11:20 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

Discussion ensued among Council Members.

Councilwoman Brooks moved, seconded by Councilman Misetich, moved to: 1) affirm the City's existing prohibition (100%) of short term rentals in single family residential zoning areas; and 2) direct staff to return with any necessary processes, code amendment language updates, or code enforcement steps to enforce the prohibition.

The motion passed on the following roll call vote:

AYES: Brooks, Duhovic, Misetich and Mayor Dyda
NOES: Campbell
ABSENT: None

REGULAR BUSINESS:

Consideration and Possible Action to Receive a Status Update Regarding the Placement of Soil at Palos Verdes Peninsula Unified School District's Ladera Linda Fields

Acting City Clerk Takaoka reported that late correspondence was distributed and there were seven requests to speak regarding this item.

Mayor Pro Tem Campbell left the dais at 10:54 P.M. and returned at 11:00 P.M.

Councilwoman Brooks moved to extend the meeting to 11:20 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

Senior Administrative Analyst Fox presented a brief staff report.

Discussion ensued among Council Members and staff.

Councilwoman Brooks moved to extend the meeting to 11:35 P.M. for the consideration of new business.

Without objection, Mayor Dyda so ordered.

The following members of the public provided comments regarding the dirt at Ladera Linda fields; the need for transparency from other agencies; a desire for answers and

AGENDA DESCRIPTION:

Consideration and possible action to review Development Code Amendment options for addressing Short-Term Rentals (Case No. ZON2016-00188).

RECOMMENDED COUNCIL ACTION:

- (1) Review the Planning Commission's preferred option to address short-term rentals in the City; and,
- (2) Provide the Planning Commission with direction regarding how to proceed with drafting code language to address short-term rentals in the City, and to which zoning districts the amended Code language should apply.

FISCAL IMPACT:

Depending on the option chosen, it is anticipated that code enforcement activities will increase. At this time, utilizing a private vendor to assist with enforcement, the estimated cost may be approximately \$4,500 and \$7,800 a year, based on the desired monitoring services.

ORIGINATED BY: Octavio Silva, Associate Planner *O.S.*

REVIEWED BY: Ara Mhramian, AICP, Director of Community Development *A*

APPROVED BY: Doug Willmore, City Manager *DW*

ATTACHED SUPPORTING DOCUMENTS:

- A. August 23, 2016, Draft Planning Commission Minutes (page A-1)
- B. Public comments in opposition to short-term rentals in the City, received since August 23, 2016 (page B-1)
- C. Public Comments in support of short-term rentals in the City, received since August 23, 2016 (page C-1)
- D. Information provided by short-term rental advocates (D-1)

All previous Staff Reports, Meeting Minutes, and public comments on this topic can be found on the City's website via the August 23, 2016, Planning Commission Agenda at <http://www.rpvca.gov/772/City-Meeting-Video-and-Agendas>

BACKGROUND AND DISCUSSION:

Planning Commission Review and Recommendations

On October 20, 2015, during discussions of future City Council Agenda items, the City Council requested that Staff research the issue of short-term rentals in neighboring cities and provide options for regulating such uses in the City.

On May 17, 2016, Staff reported to the City Council how other neighboring cities regulate short-term rentals, as well as recommending that the City Council consider initiating code amendment proceedings to prohibit short-term rentals in all of the City's single-family residential zoning districts. After some discussion and considering public testimony, the City Council, on a 4-1 vote, initiated code amendment proceedings to prohibit short-term rentals in the City's single-family residential zoning districts.

On July 12, 2016, the Planning Commission opened the public hearing to review Staff's proposed code amendment language to prohibit short-term rentals and the advertisement of such rentals within the City's single family residential zoning districts. At that meeting, the Commission raised several questions pertaining to short-term rentals and directed Staff to provide more information, as well as to provide options for allowing short-term rentals through a permit process and in the City's multi-family zoning districts. The Commission continued the public hearing to its August 23, 2016, meeting.

On August 23, 2016, Staff presented responses to the Commission's questions, as well as options for addressing short-term rentals in the City (see link to the August 23rd PC Staff Report). Given that the Commission's discussion at its July 12th meeting differed from the Council's discussion when initiating the code amendment, Staff recommended that the Commission identify and forward its preferred option to the Council for its review before proceeding with the preparation of specific code language, so as to ensure that the Council could receive the Commission's recommendations before giving staff final direction on the matter. At the August 23rd meeting, the Commission identified its preferred option on a 4-2 vote, which involves the prohibition of short-term rentals in the City, with the exception of such rentals that are limited to single rooms and guest homes where the property owner is present at all times (Attachment A).

Options to Address Short-Term Rentals

At the August 23rd meeting, Staff presented the Planning Commission with the following three options to address short-term rentals in the City:

1. Short-Term Rentals Permitted by Discretionary Permit

This option would permit short-term rentals through the issuance of a discretionary permit, such as a Conditional Use Permit (CUP) or a newly created permit (i.e. Short-term Rental Permit), by which conditions of approval can be imposed on the hosting property to mitigate impacts to the surrounding neighborhood. This approach provides a mechanism for permitting and regulating short-term rentals with conditions, and collecting application fees and taxes (Transient Occupancy Tax) typical to a short-term lodging use. However, it is important to note that such an approach may discourage hosting properties from seeking such a permit if the conditions of approval and permitting process are too complex, burdensome, and/or

costly. With regards to enforcement of this option, actions against a violating property may be difficult for the City to demonstrate, as the City would have to show that a violation of a particular condition of approval occurred or the property is operating an unpermitted short-term rental. However, this discretionary permit option could provide the City with a revenue source to offset the costs associated with enforcement actions.

2. Short-Term Rentals Permitted By-Right

This option would permit the operation of short-term rentals “by-right” by allowing this use in the City. This approach would require a host property to register with the City, obtain a business license, and pay the City’s 10% Transient Occupancy Tax (TOT) without having to obtain some form of discretionary approval by the Planning Division. Although the regulation of short-term rentals is fairly new to local jurisdictions, Staff found that the City of Los Angeles is currently in the process of establishing a “registration” approach, and is seeking to adopt a Home-Sharing Registration ordinance. The City of Los Angeles believes that a “registration” option would encourage participation and payment of taxes because heavy financial penalties (including back taxes, penalties, and interest) could be imposed upon noncomplying hosting properties. In terms of City enforcement, the fees collected by the registration process and remittance of TOT, along with the fines collected from violating host properties, could help to off-set the City-incurred costs for regulating “by-right” short-term rentals. Similar to Option No. 1, the “by-right” regulation of short-term rentals may also provide the City the opportunity to establish regulatory measures on short-term rentals through specific Code requirements, such as minimum on-site parking requirements, monitoring requirements, etc.

3. Prohibition of Short-Term Rentals

As previously reported to the City Council, a common approach taken by cities to regulate short-term rentals is to prohibit them altogether. Currently, the three other Peninsula cities have either adopted an ordinance or are in the process of finalizing an ordinance to prohibit short-term rentals. Currently, short-term rentals are considered to be prohibited by the City’s Development Code because the Development Code is a permissive Code (as described in Section 17.86.030) and short-term rentals are not a listed permitted use in single-family or multi-family zoning districts. Staff’s original recommendation during the City Council initiation process was to add code language that clarified the prohibition of short-term rentals and their advertisement. By prohibiting short-term rentals, the City can take a proactive enforcement approach against a violating property owner, and once a violating property is found, it can be monitored by the City. Although a ban may appear to eliminate short-term rental uses from the City, it may also drive the hosts underground. Some hosts may disguise their properties online, or eliminate the rental paper trail, which makes enforcement even more costly and time consuming, with no tax or filing fee revenue to offset the cost of enforcement.

After considering the options listed above, at its August 23rd meeting, the Planning Commission identified a hybrid-approach as its preferred option, as described below:

4. Prohibition of Short-Term Rentals with Exceptions

The Commission's preferred option bans short-term rentals with an exception to allow a property owner living on the property to rent a room or guest house on the property through some form of a regulatory process. For example, if a property owner is physically residing in the home during the rental period, a short-term rental could be permitted by the City via a permit or registration process. This hybrid approach was recommended in response to a number of residents who attended the public hearings and noted that their short-term rentals provide a necessary secondary source of income. Some of these members of the public noted that they are actively living on the property while they rent out rooms or guest homes on a short-term basis, and therefore are able to properly manage on-site activities. The Planning Commission believes that this hybrid option would provide the City the ability to prohibit short-term rentals that are not owner-occupied and as a result are often "party-houses," which have been a source of many of the complaints from neighboring residents. Enforcement of this option would involve monitoring website platforms and City-permitted properties to determine whether they are operating in compliance with the Code's criteria.

Based on the foregoing discussion, Staff seeks City Council direction so the Planning Commission can develop Code language to address short-term rentals in the City, and to which zoning districts (single-family residential and/or multi-family residential) the amended Code language should apply.

ADDITIONAL INFORMATION:

Enforcement Vendor

As previously reported to the City Council, there is a private vendor (Host Compliance) that provides monitoring services of short-term rentals, whether they are banned or permitted uses. The cost for such services varies between approximately \$4,500 and \$7,800 a year based on the desired services. The use of monitoring services by this vendor, which is the only vendor currently in this niche industry, may provide the City an opportunity to take a more pro-active enforcement approach in identifying violating properties and will minimize potential Staffing costs to enforce the prohibition of short-term rentals. If the Council is interested in utilizing services provided by this vendor, Staff will return with a professional service agreement and budget appropriation.

In addition, after researching the experience of other cities in dealing with this issue, enforcement is possible, although, admittedly problematic. Nevertheless, staff sees no significant difference between enforcement ability in any of the options.

Public Outreach

Due to the heightened interest in the issue of short-term rentals within the City, Staff has increased public notification to include publication of larger-sized notices in the *Peninsula News*, as well as advertising in the *Daily Breeze*. In addition, Staff has created a dedicated webpage on the City’s website, and a listserv to ensure that the most up-to-date information related to short-term rentals in the City is being shared with the public interested in this subject.

As a result of the recent public notification, Staff has received 118 written correspondences from the public related to short-term rentals since the August 23, 2016 Planning Commission meeting. More specifically, approximately 82 or 69% of the correspondences received are in opposition to short-term rentals (Attachment B), while approximately 36 or 30% of the correspondences received are in support of short-term rentals within the City (Attachment C). Of the 82 correspondences received, 10 correspondences express a concern related to short-term rental activities along Crest Road, 6 correspondences express concerns with activities along Hightide Drive, and 6 correspondences express concerns with short-term rentals along Avenida Altisima. The table below provides a summary of the main themes characterized in the 118 correspondences received:

Opposed to Short-Term Rentals	Supportive of Short-Term Rentals
<ul style="list-style-type: none">• The City should adopt a ban on short-term rentals, to be consistent with all of the Cities on the Peninsula.• Short-term rentals introduce a commercial element to residential neighborhoods.• Short-term rentals lead to increased traffic, noise, parking and safety issues.• Concerns with the enforcement of the exceptions of the Planning Commission’s preferred option to regulate short-term rentals.	<ul style="list-style-type: none">• Short-term rentals provide secondary income to residents and TOT revenue to the City.• Short-term rentals provide alternative accommodations for guests visiting the City.• Short-term rental guests shop and dine in local businesses and restaurants.• Short-term rental ordinances, allowing such activities, are effectively administered in cities such as Newport Beach.

In addition, on September 9, 2016, City Staff met with a group of short-term rental hosts who shared information that supports their position to allow short-term rentals in the City including, but not limited to, documents from the City of Los Angeles and the Los Angeles County Sheriff’s Department (Attachment D).

CONCLUSION:

The regulation of short-term rentals in the City has generated a great deal of public interest, which is an indicator of the importance of ensuring that the questions,

comments and concerns involving short-term rentals are thoroughly vetted and considered. The City's measured approach to ensuring that the Planning Commission's and City Council's preferred option for regulating short-term rentals is consistent demonstrates the City's willingness to draft code language that encompasses all of the issues raised through the public hearing process.

ALTERNATIVES:

In addition to the Staff recommendations, the following alternatives are available for the City Council's consideration:

1. Identify additional options for Staff to research for City Council consideration at a future meeting.
2. Direct Staff to take no action at this time.

Octavio Silva

From: Ara Mihranian
Sent: Tuesday, November 15, 2016 7:01 PM
To: Octavio Silva
Subject: FW: AIRbnb: Hermosa Beach Advertising Saga

Follow Up Flag: Follow up
Flag Status: Flagged

[Please include this article as an attachment to the str staff report.](#)

From: Nelsongang [mailto:nelsongang@aol.com]
Sent: Monday, November 14, 2016 4:08 PM
To: Ara Mihranian <AraM@rpvca.gov>
Subject: AIRbnb: Hermosa Beach Advertising Saga

Ara,
When this comes up before our Commission, could you add this to correspondence? Thanks!
Bob Nelson

Easy Reader Electronic Edition: November 13, 2016

Owner of former short-term rental property in Hermosa Beach disputes city penalties

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Hermosa Beach City Hall. File photo

As the city continues enforcement of its prohibition of short-term rentals in residential areas, a property owner who previously sued the city to block the law is again in the crossfire, this time as the recipient of some of the hefty fines that the law imposes.

Jim Holtz, owner a South Hermosa property that until recently operated as a short-term rental, says he complied with the new law, but is now facing \$15,000 in fines. He believes he has been treated harshly because “the city wants to make a statement with me.”

“I thought it was going to be about compliance. But it now seems to be about punishment,” Holtz said in an interview.

The city, for its part, says that the law is being administered uniformly, and that any claims Holtz has must be addressed through the traditional appeals process.

The fines stem from three alleged violations of laws passed by the city in June. Notably, the law made punishable advertising of short-term rentals. Police and code enforcement officials had struggled to address the problem by responding to nuisance calls at problem properties. And Airbnb, VRBO and other websites have still not responded to outreach from Hermosa, according to Community Development Director Ken Robertson. (A search for “Hermosa Beach” on Airbnb reveals hundreds of properties still available.) So the city targeted online ads, imposing an escalating schedule of fines on property owners who offer their homes for rent for periods of less than 30 days.

The city began enforcing the advertising provision in the end of August, according to Code Enforcement Officer Justin Edson. **Holtz said that he changed the online settings for his property in late June to indicate that it could only be rented for 30 days or more. But at least one site, Dreamcatcher, continued to run Holtz’s listing as a short-term rental.**

Holtz, a San Pedro resident, said he did not become aware until October, when he came by the Hermosa property to check on an occupant with two-month tenancy. He found three certified letters from the city in the mailbox: a warning letter dated Sept. 14, a first violation notice dated Sept. 24, and a second violation dated Oct. 9.

Under the law, the first violation carries a penalty of \$2,500, the second \$5,000. On seeing this, Holtz said he attempted to get the owner of Dreamcatcher to take down the listing and, when this did not work, contacted the web hosting company to temporarily shut down the site. Holtz tallied a third violation, for \$7,500, on Oct. 24, **from an advertisement on a Manhattan Beach-based website that he said he was unaware of.**

State law requires Holtz to pay the money owed prior to going before an appeals officer. Holtz has filled out a request for a financial exemption, and said that, because he attempted to take the listings down, his violations are not the kind of thing the city intended to target with its law.

Robertson said that the city looks at the circumstances of all claims and, if Holtz’s claims are true, he will have an opportunity to make his case.

“That’s something we’re trying to figure out. If that’s true, he can make that case through the appeals process,” Robertson said.

Holtz also claims that his situation reveals underlying problems with the advertising provision of the law. He said he often finds fraudulent listings for his property, for he which he could theoretically be held responsible.

“I am constantly finding my ad copied on Craigslist. Some person in Nigeria will say ‘short-term rental,’ at my place, and ‘pay in Bitcoin,’” Holtz said.

Because rental websites do not list the addresses of offered homes, the law’s enforcement scheme included a contract with Host Compliance, a San Francisco web site that uses Internet metadata to link listings with addresses. Ulrik

Binzer, founder and CEO of Host Compliance, said that the company relies on 18 different publicly available data sources, but that “it would be hard” for the company to identify fraudulent listings with its software, and that such an issue would be dealt with on the city’s end.

Edson said that the city’s code enforcement operation thoroughly investigates all claims. He noted that the city has identified 180 properties through Host Compliance’s database, but that only a fraction of those have received citations.

“Before we issue any citation, we make sure that all the evidence, everything that we have been provided, is accurate in our belief,” Edson said.