



## CITY COUNCIL AGENDA REPORT

### City of Anaheim PLANNING AND BUILDING DEPARTMENT

**DATE:** SEPTEMBER 15, 2015  
**FROM:** PLANNING AND BUILDING DEPARTMENT  
**SUBJECT:** URGENCY ORDINANCE ADOPTING AN INTERIM MEASURE IMPOSING A MORATORIUM, WITH CERTAIN EXCEPTIONS, ON THE ISSUANCE OR RENEWAL OF USE PERMITS, VARIANCES, BUILDING PERMITS, BUSINESS LICENSES OR ANY OTHER ENTITLEMENTS OR PERMITS FOR THE USE, ESTABLISHMENT OR OPERATION OF SHORT-TERM RENTALS WITHIN THE CITY OF ANAHEIM AND DECLARING THE ORDINANCE AS AN URGENCY MEASURE WHICH SHALL TAKE EFFECT IMMEDIATELY.

**ATTACHMENT (Y/N):** YES **ITEM # 25**

#### **RECOMMENDATION:**

That the City Council take the following actions:

- 1) By motion, determine that this urgency ordinance imposing a moratorium, with certain exceptions, on the issuance or renewal of use permits, variances, building permits, business licenses or any other entitlement or permit providing for the use, establishment or operation of Short-Term Rentals is not subject to the California Environmental Quality Act (CEQA) pursuant to Sections 15060(c)(2) and 15060(c)(3) of the State CEQA Guidelines because it will not result in a direct or reasonably foreseeable indirect physical change in the environment and is not a project, as defined in Section 15378 of the State CEQA Guidelines; and
- 2) By motion, approve by at least a four-fifths (4/5) vote an urgency ordinance adopting an interim measure imposing a moratorium, with certain exceptions, on the issuance or renewal of use permits, variances, building permits, business licenses or any other entitlement or permit for the use, establishment or operation of Short-Term Rentals within the City of Anaheim.

#### **DISCUSSION:**

Over the course of the past several months, the City has received an increasing number of complaints regarding the proliferation and operation of Short-Term Rental (STR) properties in Anaheim's residential neighborhoods. Following a discussion at the August 4, 2015 City Council meeting, staff was directed to examine and report back to Council the City's existing STR regulations and identify any changes necessary to ensure that STRs are sited and operated in a manner that ensures neighborhood compatibility. Staff is currently analyzing several options for enhanced regulation. While staff is actively studying this issue, the number of

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STR properties continues to grow at a steady and significant rate. As a result, staff is recommending that the City Council approve an interim measure to enact a moratorium on the issuance or renewal of use permits, variances, building permits, business licenses or any other entitlements or permits providing for the use, establishment or operation of STRs. This would prevent the establishment of additional STRs while the City evaluates their impact to the community and how the impacts could be mitigated through enhanced regulation and enforcement. To protect the public safety, health and welfare, State law authorizes the City to adopt as an urgency measure an interim ordinance prohibiting uses that may be in conflict with a contemplated zoning proposal that the City is considering or studying or intends to study within a reasonable time. The proposed moratorium would remain in effect for forty-five (45) days but can be extended as discussed below. Once this analysis is complete, staff will present possible changes to the City's STR regulations to the Planning Commission and City Council for consideration at future public meetings.

**BACKGROUND:**

The City Council adopted a comprehensive ordinance regulating STRs in May 2014. At that time, there were approximately 200 known STRs in Anaheim. Since then, the City has issued permits for 197 STRs and an additional 176 STR applications are currently under review. The overwhelming majority of pending applications are for properties that are already operating as STRs; therefore, staff estimates that there are nearly 400 STRs currently operating in Anaheim. The City is currently receiving between five to ten STR applications per week with no slowing in sight. As illustrated in the attached location map, most STRs are concentrated in the neighborhoods surrounding the Anaheim Resort with some areas particularly impacted. As the number of STRs has grown, so has the number of complaints received from neighboring residents. The most common complaints received relate to excessive amounts of late night noise generated by renters, multiple visitor vehicles parking on adjacent streets, buses dropping off passengers in residential areas, and large groups of renters occupying a single STR. Within the past year, the Police Department registered approximately 300 calls for service relating to STR properties. Specifically, over 100 complaints were received regarding loud parties or disturbances, approximately 50 complaints were received regarding parking or traffic concerns, and approximately 150 calls were received for miscellaneous reasons including welfare checks, thefts and burglaries, and to investigate suspicious circumstances. Over one-third of the City's STR properties have generated at least one call for Police service within the past year. In addition to these operational issues, local residents frequently complain about the uneasy feeling caused by a constant and ever-changing influx of "strangers" into their neighborhood. Several community concerns have also been expressed regarding the common practice of STR owners adding multiple additional bedrooms to STR properties in order to maximize rental income. These expanded residences are often out of scale and character with surrounding properties. These identified impacts have the potential to affect the public health, safety and welfare of the community.

The proliferation and, in certain areas, concentration, of these quasi-commercial uses in residential neighborhoods raises policy issues that require careful consideration and thorough study. Staff has identified some preliminary measures that could be evaluated to ensure that

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STRs do not permanently alter the fabric of the City's existing residential neighborhoods. For example, many communities limit the geographic concentration of STRs by establishing minimum separation requirements, thereby ensuring that neighborhoods are not over-impacted. Staff believes that minimum separation requirements may be appropriate based on the existing concentration of STRs in certain areas and the resulting change in neighborhood character. In addition, as part of the study effort during the moratorium, staff would evaluate and provide recommendations on the efficacy of limiting the number of bedrooms that STR operators can add to existing residences in order to maintain the physical character of affected neighborhoods while ensuring that the City's existing infrastructure is not overtaxed by oversized homes. Such limits would also help address concerns that some STRs operate as "mini-hotels" to the detriment of the surrounding community. In order to ensure that the City is able to provide the Code Enforcement resources necessary to effectively monitor the operation of STRs and respond to complaints, the City could also consider raising the current \$250 annual registration fee to help fund additional staffing resources.

A moratorium would provide staff with the time necessary to further study the issue and formulate recommendations for changes to the City's regulations, and subject to the provisions noted below, halt the issuance of new permits and entitlements during the moratorium period. As proposed, the ordinance would not affect the operation or status of existing, licensed STRs. These facilities would be able to continue operating in accordance with the existing ordinance; however, permits for existing STRs would not be renewed during the moratorium. The ordinance also contains language that would allow the continued processing of complete STR applications that have been filed prior to the effective date of the ordinance, September 15, 2015, including the issuance of permits and licenses for those units. However, staff will remain diligent in enforcing the operational requirements of the existing STR ordinance during the moratorium. Under the City's existing regulations and as augmented by the proposed urgency ordinance, operation of an STR in violation of the City's codes would be subject to civil citation with escalating penalties in cases of non-compliance. Under the terms of the urgency ordinance, any unlicensed STR operating during the moratorium period would be considered a public nuisance subject to local abatement laws. The Planning Director also has the ability to revoke an STR permit in instances where an operator is found to be breaking the law. To this end, staff is evaluating immediate steps that can be taken to focus existing staff resources on proactive enforcement of STRs and the potential of additional part-time staff to assist during evenings and weekends when issues may be the most prevalent. In addition, staff plans to prepare a letter to all existing, licensed STRs and those currently in the process, emphasizing the importance of being a "good neighbor, reiterating the operational requirements of the ordinance, and advising of the City's plans for strict enforcement.

The findings necessary to support the adoption of this emergency measure are included in the attached ordinance. Per State law, the initial moratorium period would be 45-days. Limited extensions of the initial moratorium period are available following a public hearing and findings that there is a current and immediate threat to the public health, safety or welfare and that the approval of additional STRs would result in that threat. Adoption of the proposed urgency ordinance, including any further extensions, requires at least a 4/5 vote by the City Council.

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**IMPACT ON BUDGET:**

This interim ordinance would have minimal impact to the City's General Fund as the recommended action would only place a hold on the issuance of new STR permits during the moratorium period. Existing, licensed STRs, as well as STRs approved from pending applications, could continue operating during the moratorium period.

Respectfully submitted,

David Belmer  
Planning and Building Director

**Attachment:**

1. STR Location Map
2. Ordinance