



COUNCIL AGENDA REPORT

City of Anaheim OFFICE OF THE CITY MANAGER

DATE: MAY 6, 2014
FROM: OFFICE OF THE CITY MANAGER
SUBJECT: SHORT-TERM RENTAL PROGRAM

ATTACHMENT (Y/N): YES **ITEM# 09**

RECOMMENDATION:

That the City Council, by Motion, introduce an Ordinance adding Chapter 4.05 to Title 4 of the Anaheim Municipal Code relating to Short-Term Rental Permits.

DISCUSSION:

In February 2013, City staff was asked to research the short-term rental industry in the City of Anaheim and to come back with some recommendations for regulating short-term rentals in Anaheim. Since that time, staff has conducted preliminary research to determine: the number of short-term rentals currently operating in Anaheim; the impact of short-term rentals on neighborhoods; and what other cities, both in California and across the United States, have done to regulate this emerging lodging option.

Anaheim offers many unique recreational and entertainment options that make it a world-class destination for individuals and families from across the globe. This creates a constant demand for short-term lodging options and the internet has changed the way many travelers book their vacation stays. Short-term rentals are frequently booked online, and there are a number of popular internet sites that offer a vast database of available properties (www.vrbo.com, www.homeaway.com, www.booking.com, etc.). This makes it easy for individuals to find homes, condominiums, and apartments in Anaheim that are being offered as short-term rentals.

Currently, there is no program in place to regulate short-term rentals in the City. This has led to concern on the part of City staff and community members who have seen an influx of short-term rentals in local neighborhoods. Initial research conducted in March of 2013 identified 132 Short-Term Rentals in the City; however, this number grew to 206 by the end of the 2013 calendar year. This increase validates the popularity of these rentals and makes it necessary to pursue a program to regulate and monitor the growth of the short-term rental industry.

On December 17, 2013, staff presented the Short-Term Rental Workshop to Council which summarized staff research and presented the framework for a regulatory program designed to address short-term rentals in the City. Throughout this process, staff has

worked with the Anaheim Rental Alliance, (ARA), a coalition of short-term rental owners formed in an effort to responsibly monitor and develop this industry in Anaheim. With their input, a mutually beneficial program has taken shape. Alterations to staff's initial proposal have been made in order to allow the Short-Term Rental Program to fit seamlessly into the City's existing regulatory structure, and address ongoing community concerns related to quality of life issues such as parking, noise, and trash.

The goal of the Short-Term Rental Program is to regulate these properties to ensure that all short-term rentals are accounted for in City records, and that no property operating as a short-term rental causes an ongoing nuisance to the surrounding residential community. In addition to working with the ARA, City staff also surveyed a number of cities to compare how short-term rentals are regulated in other jurisdictions. Overwhelmingly, it was found that tourist destinations, urban centers, and coastal cities in Orange County all actively regulate short-term rentals. These various programs provided staff with a series of best practices that have been adapted to create a Short-Term Rental Program that will work for the City of Anaheim.

PROGRAM COMPONENTS:

For the purposes of the Short-Term Rental Program, the term "Short-Term Rental" shall mean the rental to a person or group of persons of a unit leased or owned by an owner for occupancy, for dwelling, lodging or sleeping purposes for a period of thirty (30) consecutive calendar days or less in a zoning district where residential uses are allowed. A residential property rented for a period of more than 30 days would be considered a conventional rental property and thus would not be subject to the Short-Term Rental Program.

Participation/Registration – Any residential property that would like to operate as a short-term rental will be required to register for the Short-Term Rental Program and apply for a Short-Term Rental Permit. Property owners, or Agents acting on their behalf, must fill-out the Short-Term Rental Permit Application and submit a \$250 registration fee in order to receive a permit.

Short-Term Rental Permit – Each property registered with the City will be issued a Short-Term Rental Permit and a Regulatory Identification Number (REG-ID#) that is to be included on all advertisements and literature related to the property. Before receiving a permit, the owner must ensure that the short-term rental property complies with all applicable codes regarding fire, building and safety, and all other relevant laws and regulations.

Property Database – The City will maintain an internal record of all properties operating as short-term rentals in order to ensure compliance with program guidelines. Complaints lodged against a specific property will be recorded, tracked, and investigated. The database will serve as a tool to administer the Short-Term Rental Program, and not a means for community members to identify properties operating as short-term rentals.

Good Neighbor Brochure – The City will publish a brochure containing the most important aspects of the Short-Term Rental Program. More importantly, the brochure will be made available to all guests of short-term rentals and outline certain rules and expectations regarding noise, parking, trash, and other important information about respecting our neighborhoods. The brochure will be available at City Hall, online, and in all short-term rental properties.

24-Hour Contact – Each Property will be required to provide the City with the name and contact information of an emergency contact available to respond to any issues, at any time, within forty-five minutes.

City Webpage – A webpage on www.anaheim.net will contain all of the necessary information related to the Short-Term Rental Program. Community members will be able to learn about the program, and property owners will be able to access the forms needed to register their property as a short-term rental.

Incident Reporting – Community members will be able to use the City’s existing 24-hour telephone support lines and online programs to report any incidents related to the Short-Term Rental Program (311/Code Enforcement/Anaheim Anytime).

IMPORTANT RULES AND REGULATIONS:

The following provides a brief overview of some of the important conditions that must be met by each of the short-term rental properties:

Minimum/Maximum Stay – The minimum stay in a Short-Term Rental is 3 nights, and the maximum stay is 30 nights. The minimum stay is required to reduce the impact of arriving and departing guests on residential neighborhoods.

Display of Short-Term Rental Permit – Each registered property must display a valid Short-Term Rental Permit in a visible location within the property. It is recommended that the Permit be displayed near the main egress.

Occupancy - The maximum occupancy of each short term rental property shall not exceed 3 persons per bedroom with an additional 2 persons allowed in a non-bedroom living area.

Trash and Refuse Restrictions – Trash must be out of public view except in proper containers for the purpose of collection by the responsible trash hauler between the hours of 5:00 p.m. the day before and 8:00 p.m. the day after the scheduled trash collection days.

Parking - Each property must provide a minimum of two off-street parking spaces for guests in order to minimize the impact to neighborhoods.

Noise Restrictions – Each Short-Term Rental must comply with the City’s Loud and Unreasonable Noise Ordinance and make all attempts to limit noise produced between the hours of 10:00 p.m. and 7:00 a.m.

FEES, FINES, AND ENFORCEMENT:

Enforcement for violating the terms of the Short-Term Rental Program could result in Civil Citations, Criminal Charges, Revocation, and/or payment of inspection fees dependent upon the type, frequency, and seriousness of the violation. Per the Ordinance, the first violation in a 12-month period can result in a fine of **\$200**. The second violation in a 12-month period can result in a fine of **\$400** and the third violation in a 12-month period can result in a fine of **\$1000**. If City staff believes that a violation has occurred, the Planning Director or her authorized representative shall conduct an investigation and ultimately determine whether to impose a citation, suspension, and/or revoke a short-term rental permit.

In addition to assurances that the short term rental property is in compliance with all applicable codes, City staff may conduct an inspection of a property if deemed necessary by the Planning Director or upon any complaints or violations that occur. For each inspection, the property owner will be subject to paying the City inspection fee. Furthermore, if criminal charges are necessary, any penalties would be issued upon conviction for the alleged violations.

By mirroring the penalty structure already employed by the City's Code Enforcement Division, the Short-Term Rental Program will be easily adopted into the City's existing regulatory structure.

IMPLEMENTATION TIMELINE:

If approved by Council, City staff will begin the process of reaching out to all of the existing properties that are currently operating as short-term rentals and informing them of the new regulatory program. All existing short-term rental property owners will receive a letter asking them to comply with this Ordinance and to apply for a Short-Term Rental Permit no later than July 31, 2014.

IMPACT ON BUDGET:

Permit registrations fees are expected to be sufficient to pay the costs associated with program administration, which will include the addition of a part time license specialist to facilitate outreach and compliance.

Respectfully submitted,

Greg Garcia
Deputy City Manager

Attachment:

- 1) Ordinance
- 2) Ordinance (red-lined)