



Legislation Text

File #: 19-0108, **Version:** 1

TO:

Honorable Mayor and Members of the City Council

THROUGH:

Bruce Moe, City Manager

FROM:

Anne McIntosh, Community Development Director

SUBJECT:

Consider Introduction of Ordinance Nos. 19-0007 and 19-0008 Amending the Zoning Code and Local Coastal Program to Reinforce the Prohibition on Renting Residential Property for Less Than 30 Days, Except Under Limited Circumstances (Community Development Director McIntosh).

a) CONDUCT PUBLIC HEARING

b) INTRODUCE ORDINANCE NOS. 19-0007 AND 19-0008

RECOMMENDATION:

Staff recommends that the City Council:

1. Introduce Ordinance No. 19-0007 amending the Manhattan Beach Municipal Code to allow an ancillary activity of guest transient rental of single-family houses under limited circumstances.
2. Introduce Ordinance No. 19-0008 amending the Manhattan Beach Local Coastal Program to allow an ancillary activity of guest transient rental of single-family houses under limited circumstances in the Coastal Zone.

FISCAL IMPLICATIONS:

The City has engaged the services of Host Compliance to assist with short term rental enforcement. The annual cost for assistance enforcing the City's short-term regulations is approximately \$20,000. If the City Council adopts these ordinances, the Council may direct staff to collect Transient Occupancy Tax (TOT) on residential transient rentals. There is no estimate of how much revenue this would generate because it depends on how many homeowners engage in this activity.

BACKGROUND:

Manhattan Beach has a ban on commercial short term rental residentially zoned properties. The City Council has directed staff to step up its enforcement efforts and has discussed options which would allow homeowners to rent their homes to guests under limited circumstances that would eliminate the impacts that commercial short term rental businesses have on residential neighborhoods. This is becoming a more common practice in all parts of the world, particularly as it is aided by hosting platforms.

Multiple public meetings on short term rentals have taken place as follows:

- May 13, 2015 - Planning Commission Public Hearing

- May 3, 2017 - City Council Retreat & Strategic Planning Session
- March 6, 2018 - City Council Meeting
- July 19, 2018 - City Council Study Session
- November 6, 2018 - City Council Public Hearing
- January 15, 2019 - City Council Public Hearing

At the meeting of January 15, 2019, the City Council directed staff to bring an ordinance forward that would:

1. Allow homeowners to rent their homes to guests with a 7 day minimum stay;
2. Limit hosted stays to 60 days per year;
3. Limit unhosted stays to 21 days per year;
4. Prohibit issuance of permits to the property upon three violations to the Ordinance.

Further, City Council directed staff to research the option of making it unlawful for hosting platforms to advertise short term rentals for properties without a permit.

DISCUSSION:

During the course of the City Council's review of this item, staff researched the policies enacted by many jurisdictions. Staff found that there is no one-way cities are addressing short-term rentals and various policies/guidelines associated with short term rentals that include: time limits, distancing requirements, permitting processes, etc.

Many members of the community have spoken at one or more of the Council meetings on this matter. A common concern has been that commercial short term rental businesses harm residential neighborhoods. However, homeowners who want to rent their homes out on occasion have indicated their preference to lawfully abide by practical regulations of such rentals.

In order to address the concerns, and allow law abiding Manhattan Beach homeowners some ability to conduct rentals, staff is suggesting that the City Council agree to distinguish between commercial short-term rental operations and occasional rentals by residential homeowners to guests. Rather than enacting a comprehensive short-term rental program, staff is suggesting that two actions take place.

First, the attached ordinance contains a provision that reinforces the ban on commercial short term rental operations. This includes new language as follows:

"It shall be unlawful for any person or entity to: offer or make available for rent or to rent (by way of a rental agreement, lease, license or any other means, whether oral or written) for compensation or consideration a residential dwelling, a dwelling unit or a room in a dwelling for less than 30 consecutive days; occupy a residential dwelling, a dwelling unit or a room in a dwelling for less than 30 consecutive days pursuant to a rental agreement, lease, license or any other means, whether oral or written, for compensation or consideration; or maintain any advertisement of a residential dwelling, a dwelling unit or a room in a dwelling for less than 30 consecutive days..."

Second, it is suggested that an exemption from the ban be made and defined as an ancillary residential use for homeowner occupants, much like garage sales are ancillary and not deemed to be commercial uses on residential properties. To enact this, the draft ordinance attached adds a subsection Q in the residential regulations, and a subsection O in the commercial regulations, as

follows:

“The homeowner of an owner-occupied primary residence may rent his or her home to guests for less than 30 consecutive days a maximum of three times per year with a minimum stay of seven consecutive days per stay, provided the homeowner has obtained a permit from the City’s Licensing Authority for each stay prior to the stay. Each permit shall be valid for the number of consecutive days (less than 30) specified by the resident homeowner and may include standard regulations. “Owner-occupied primary residence” is defined as a single-family dwelling unit in which the property owner lives as a resident at the dwelling unit for at least 270 days per year.”

The identical language is in the companion LCP Amendment Ordinance.

It should be noted that this language does not distinguish between hosted and unhosted stays, and therefore does not have the same time limit cap that was directed by City Council. This ordinance proposes three times per year between 7 and 29 days each regardless of whether the stay is hosted or unhosted. If the City Council wants to amend the time limits as previously directed, that can be done.

Code Enforcement

An ongoing concern has been raised regarding the City’s enforcement of a ban on commercial short-term rental activities. The City has engaged the services of Host Compliance to identify, inform and enforce the ordinance. This is an annual contract based on the number of short term rental listings and the activities included in the contract. The current agreement is for less than \$20,000 and includes the following components:

1. Address Identification - Monthly email-delivered report and live web-delivered dashboard with complete address information and screenshots of all identifiable STRs in City of Manhattan Beach's jurisdiction;
2. Compliance Monitoring - Ongoing monitoring of the short-term rentals operating in City of Manhattan Beach's jurisdiction for zoning and permit compliance coupled with systematic outreach to non-compliant short-term rental property owners (using City of Manhattan Beach's form letters);
3. 24/7 Short-term Rental Hotline - 24/7 staffed telephone and email hotline for neighbors to report non-emergency problems related to STR properties.

Additional modules can be added if the City chooses to tax the transient rentals that are allowed in the proposed exemption.

POLICY ALTERNATIVES:

The City Council may wish to 1) distinguish between hosted and unhosted stays, and/or change the proposed time limits; 2) visit previous draft ordinances that establish formal short term rental programs. Alternatively, the City Council can take no action and leave the current ban in place with no means for homeowners to legally rent their homes for stays of less than 30 days.

PUBLIC OUTREACH/INTEREST:

Numerous public notices have published during the course of this review. Most recently, a notice for this hearing was published in the Beach Reporter on February 28, 2019.

ENVIRONMENTAL REVIEW

The Ordinance is exempt from review under the California Environmental Quality Act pursuant to Title 14, Section 15061(b)(3) of the California Code of Regulations.

LEGAL REVIEW

The City Attorney has reviewed this report and determined that no additional legal analysis is necessary.

Attachment:

1. Draft Ordinance No. 19-0007
2. Draft Ordinance No. 19-0008
3. Public Comments (Received After January 15, 2019)