Short-Term Rental Policy

The city of Anaheim's rules and regulations covering short-term rentals, including those brokered by Airbnb, HomeAway, VRBO and others

- **What:** an 18-month phase out of short-term rentals in the city and new operating rules during the phase-out period

- **Adopted:** July 12, 2016

- **Effective date:** Aug. 11, 2016

- **Key provisions:**
  - Prohibits permitting of any new short-term rentals
  - Owners have 18 months to phase out rentals and recoup their investment before a ban on short-term rentals takes effect on Feb. 12, 2018
  - Permitted short-term rentals can continue to operate and pay city transient occupancy tax during the phase-out period
  - Visitors can continue to book with permitted short-term rentals in Anaheim during the phase out
  - Short-term owners must renew permits by Oct. 10, 2016, and show they are in compliance with new rules and regulations

- **Occupancy:** Effective Jan. 1, 2017, the number of short-term rental guests is limited by the number of rooms at a property

<table>
<thead>
<tr>
<th>Bedrooms</th>
<th>Occupancy</th>
</tr>
</thead>
<tbody>
<tr>
<td>Studio</td>
<td>2</td>
</tr>
<tr>
<td>1</td>
<td>4</td>
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<tr>
<td>2</td>
<td>7</td>
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<tr>
<td>3</td>
<td>9</td>
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<td>4</td>
<td>11</td>
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<td>5</td>
<td>13</td>
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<td>15</td>
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<td>7</td>
<td>17</td>
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<tr>
<td>8</td>
<td>19</td>
</tr>
</tbody>
</table>

Winter 2017
• **Other provisions:**
  o Short-term rental owners and operators are required to designate a local contact who can respond around the clock to reported violations
  o Short-term rental owners and operators must verify that they have supplied contact information to neighbors
  o Additions to houses permitted as short-term rentals are prohibited
  o Fire sprinklers and secondary exits are required for short-term rentals with four or more bedrooms or occupancy of more than 10 people
  o Guests renting a short-term rental in Anaheim must be 21 or older
  o Guests must adhere to quiet time from 10 p.m. to 9 a.m.

• **Fees:**
  o Onetime permit renewal, ordinance compliance review $1,094
  o Annual permit renewal $536
  o Change of ownership $498
  o Property modifications $415

• **Tax:** Short-term rentals are required to pay Anaheim’s transient occupancy tax, equal to 15 percent of their gross rental revenue

• **Annual short-term rental transient occupancy tax:** about $3 million, out of Anaheim’s nearly $150 million in yearly transient occupancy tax revenue

**Enforcement**

• **Citations:** may be issued to owners, operators and guests without warning

• **Violations:** violation fall under two categories, major and minor
  o Two major violations within 12 months are grounds to revoke a permit
  o Violations result in fines for owners, operators and renters

• **Fines:**

<table>
<thead>
<tr>
<th>Owner/Operator</th>
<th>First offense</th>
<th>Second offense within 12 months</th>
<th>Third offense within 12 months</th>
</tr>
</thead>
<tbody>
<tr>
<td>Minor</td>
<td>$200</td>
<td>$400</td>
<td>$1,000</td>
</tr>
<tr>
<td>Major</td>
<td>$1,000</td>
<td>$1,500</td>
<td>$2,500</td>
</tr>
<tr>
<td>Guest</td>
<td>Each offense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Minor</td>
<td>$200</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Major</td>
<td>$500</td>
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</tbody>
</table>

Winter 2017
Online Hosting Sites

- **What:** companies such as Airbnb, HomeAway, VRBO and others that list short-term rentals on their websites

- **Anaheim policy:** the city's short-term rental policy calls for fines against online hosting sites that list unpermitted short-term rentals in the city

- **Status:** After a review of federal communications law, in August 2016 Anaheim opted not to enforce provisions of its short-term rental policy that call for fines on online hosting sites, opting instead to continue enforcement of unpermitted short-term rentals through Code Enforcement

- **Update:** Enforcement of the online hosting sites provision is currently under consideration and is expected to go before the City Council in early 2017

**Hardship Application**

- **What:** a program to consider hardship among short-term rental owners under the phase out

- **Provisions:** could allow some short-term rental operators to operate beyond the phase-out deadline of Feb. 11, 2018, to recoup investment if they are able to demonstrate financial hardship

- **Hardship application availability:** Nov. 9, 2016

- **Hardship application deadline:** March 24, 2017

- **Hardship applications received:** two as of January 2017

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**Enforcement**

**150**

Short-term rental code violations addressed since August 2016

**125**

Short-term rental code cases opened since August 2016

**30**

Cease-and-desist letters issued to unpermitted short-term rentals since August 2016

**14**

Notices of pending power and water shut-offs to unpermitted short-term rentals since May 2014

**11**

Denials of short-term rental permits since May 2014

**7**

Shut-offs of power and water to unpermitted short-term rentals since May 2014

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Winter 2017
Short-Term Rental Policy Timeline

- **February 2013:** The City Council requests a review to address short-term rental policies for residents and owners

- **December 2013:** A City Council workshop is held on a program framework to ensure compatibility between neighborhoods and short-term rentals, with input from residents and the Anaheim Rental Alliance

- **May 13, 2014:** The City Council finalizes its first short-term rental ordinance

- **Aug. 4, 2015:** The City Council hears resident comments regarding short-term rentals

- **Sept. 15, 2015:** The City Council adopts a temporary moratorium on new short-term rental permits

- **Feb. 23, 2016:** The City Council holds a workshop to hear staff recommendations to address immediate and long-term concerns about short-term rentals and receive input from the community and owners on those recommendations

- **June 29, 2016:** The City Council holds a special meeting and votes 5-0 to impose tighter regulations and votes 3-2 to ban and phase out short-term rentals over 18 months

- **July 12, 2016:** The City Council by second reading formally adopts two ordinances
  - Tighter regulations and a ban on new short-term rentals
  - A ban and 18-month phase out period for existing short-term rentals

- **July 13 to Aug. 12:** Public invited to submit comments on a home sharing pilot program

- **Aug. 11, 2016:** New ordinances take effect banning new short-term rentals and imposing 18-month phase-out of existing ones

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Home sharing program

**What:** A proposed pilot program that would allow individual property owners to rent out a room or second unit of their primary residence for 30 days or less

**Status:** Conceptual review presented at an Anaheim City Council workshop on Nov. 1, 2016, with policy adoption consideration at a later date

**Details:**
- Home sharing would be allowed as part of an 18-month pilot program
- Home sharing would require a business license
- Permit holders would pay the city's transient occupancy tax, or 15 percent of the cost of a nightly stay
Short-Term Rental Policy Timeline

- **Nov. 1, 2016:** City Council hears a conceptual review of a home sharing pilot program with potential policy consideration at a later date

- **Nov. 9, 2016:** Hardship applications available

- **Jan. 10, 2017:**
  - Adoption of 45-day extension for filing of hardship applications to allow applicants more time to meet city documentation requirements
  - Clarification of Code Enforcement property access rules for reported issues at short-term rentals

- **March 24, 2017:** Hardship applications due

- **Feb. 11, 2018:** Last day to legally operate a short-term rental in Anaheim unless a hardship extension is granted