Short-Term Rentals
City of Newport Beach

South Bay Cities Council of Governments
SHORT TERM RENTAL TASK FORCE
December 7, 2016
- Pop 87,000
- Summer increase to 100k
Newport Beach has a long history of Vacation Rentals

- Balboa Island
- Balboa Peninsula
- Corona del Mar

Short-term rentals:
- Part of the culture of certain neighborhoods for decades.
- Provide lodging with kitchens that accommodates families and other larger groups.
- Provides property owner with an annual overall rental income that is higher when compared to a long-term rental.
In 1992 the City adopted Short-term lodging regulations (Title 5):

- Defined “short term” as an occupancy that is 30 consecutive days or less
- Required a Permit
- Prohibited Short-term lodgings in R-1 Single Family zones unless a permit was issued prior to June 1, 2004 and that permit has not been revoked.
  - There are 212 “grandfathered” properties in R-1 zones:
    - 93 have an active STLP
    - 119 properties do not have an active STLP, but could get one.
Short-Term Lodging Permitted

Pre-Ordinance 6/1/2004 - "Grandfathered" 212 Properties
Active Short-Term Lodging Permits
Concentrated Areas

Active Short-Term Lodging Permits (Concentrated Areas)

- **124** West Newport / Newport Shores
- **736** Balboa Peninsula
- **244** Balboa Island
- **77** Corona del Mar Village
- **21** All other Areas

Account for:
- 6% of 1,933 Housing Units in Area
- 12% of 5,877 Housing Units in Area
- 11% of 2,123 Housing Units in Area
- 2% of 3,298 Housing Units in Area

1202 Active Permits
As of August 5, 2016
Concerns with Short-term Lodgings

- Nonpayment of TOT
- The “internet effect”
- Commercial use in a residential neighborhood
- Potential adverse impacts to neighborhoods
- Lack of Management
Engaging the Community
Interactive Map

- Find out where STL is: permitted, not permitted and the status of existing permits.
Are Changes Needed?

- 2016 Public outreach
  - Residents, property owners, and property managers
- Multi-Department Approach: Police, Finance, City Manager’s Office, City Attorney’s Office, Code Enforcement, and Planning
- Evaluate filling in gaps in R-1 zones on the Peninsula
- Expand operational standards for vacation rentals
- Pursue Agreement with one online service to disclose rental information and submit TOT to City
1. Expand STL Operational Requirements – No
2. HOA Verification Required - No
3. Minimum 4 night stay - No
4. Define Homesharing - No
5. Renew STL Permits Annually - Yes
6. Increase Code Enforcement Program - Yes
7. Continue Negotiations with On-line Platforms - Yes
8. Increased Audits to Improve Compliance with TOT Requirements - Maybe
Code Enforcement

- Enforcement is key
  - 2015 – 23 Administrative Citations Issued
  - June 2015 – seasonal employee hired to assist in enforcement
    - Over 250 non-compliant on-line listings identified
    - Of those, 131 obtained the required permits
    - City collected $218,700 in fees and TOT as a result of the enforcement effort

- Increased Enforcement
  - Summer 2016 – Seasonal employee to focus on on-line listings
  - Proactive Enforcement Program
  - Noise Abatement: DAC/LUGO Enforcement
  - Use of Tier 2 Fines ($1,000, $2,000, $3,000)
  - Weekly Communication with Police Department
Proactive Code Enforcement Services

- Contract with professional service for a more robust list of unpermitted Short-term rentals
- Part-time Code Enforcement Officer focused on Short-term Rentals
- Part-time Revenue Position to provide Admin Support
- Additional Cost: $204,000 to $211,000
- Cost can be offset by the collection of unpaid TOT, business license and permit fees
Take Aways

- Respect vacation rentals are part of the culture
- Establish effective operational standards to encourage neighborhood compatibility
- Create system for ease for compliance and public awareness
- Establish resources for effective enforcement ***
- Draw upon multiple entities to assist in enforcement, all city departments, rental agencies, public
Questions