



Agenda Report

City Council

Date: December 10, 2024

To: Brian Saeki, City Manager

From: Ben Pongetti, Community Development Director
Luis G. Escobedo, AICP, Assistant Director of Community Development
Monique Garibay, Senior Planner

Subject: Update on City's Regulation of Short-Term Residential Rentals

RECOMMENDATION

Review the information provided regarding short-term rentals, and if appropriate, provide staff with additional direction to finalize an ordinance to bring back for consideration by the City Council.

BACKGROUND

City Council was first presented with proposed short-term rental (STR) regulations in March of 2023. Since then, the City Council has held four meetings to discuss possible guidelines for these types of businesses. As of the last meeting, held July 23, 2024, the City Council directed staff to incorporate in a draft ordinance the following items:

1. STR operators will be required to obtain a Business License, STR Permit, and Collection of 10% Transient Occupancy Tax (TOT).
2. The STR permit shall be up for renewal every 6-months.
3. Prohibition of events, such as parties.
4. Good neighbor policy shall be provided to STR operators upon permit issuance.
5. The minimum number of days per stay shall be seven.
6. The owner must live on the STR property for 50% plus one day of the year or if the owner doesn't live on the STR property, they must live elsewhere within the City.
7. Major violations shall warrant a \$1,000 fine for the first offense, \$2,000 fine for the second offense, and initiation of the process for revocation/non-renewal for the third offense.
8. STR offenses would be distinguished between either minor or major violations.
9. When calculating allowable occupancy for overnight stays, studio units shall have a maximum of two guests and units with one bedroom or more will be allowed a maximum of 2 guests per bedroom plus 2 additional guests.
10. The number of STR applications shall be limited to one per individual or entity, regardless of whether it is a multi-family or single-family property.
11. All STRs shall be required to be no less than 1,000 feet from a neighboring STR.
12. STR approvals shall only be issued to property owners who are able to demonstrate that they meet the off-street parking requirements as listed in the Whittier Municipal Code.

DISCUSSION

At the July 23, 2024, meeting, staff was directed to bring back a draft ordinance containing the previously agreed-upon items; however, a number of public comments regarding short-term rentals were received following that meeting. The comments range from being in support of STRs to having some reservations regarding the proposed regulations. Most comments did not ask for an outright ban of STRs throughout the City, which has been a common reoccurrence during this process. Public comments are on file with the City Clerk Department, but a summary is provided below for convenience.

Public Concerns

- Heightened risk of fires in hillside areas due to STR guests being unfamiliar with fire restrictions
- STRs create nuisance-type issues such as noise, traffic congestion, parking, and littering
- STRs take away from the “neighborhood character” and turn residential communities into “business districts”
- STRs in the hillside areas may not have sufficient off-street parking, the on-street parking may be used by guests, further congesting narrow streets which may create difficulties for emergency vehicle access
- “Grandfathering” in is a bad idea since it would reward those not conforming to the current code, which does not allow STRs

Public Support

- STRs boost local businesses, provide jobs (housekeeping, maintenance, etc.) and could generate Transient Occupancy Tax (TOT) revenue
- There are many hosts with good track records and positive reviews currently operating in the City
- Some residents, especially older residents, rely on STR income for financial stability and to remain living in their homes

This summary reflects a deep divide between residents who view STRs as beneficial to the local economy and those who see them as detrimental to community safety and quality of life. The majority of opposing comments specifically cite hillside areas as being the most problematic regarding STRs. Both sides agree on the importance of clear regulations and consistent enforcement. Based upon the updated information provided, City Council may want to consider these points and provide further direction to staff so that the draft ordinance can be prepared. Adjustments would be made to the draft ordinance prior to consideration by the Planning Commission and City Council. It is anticipated that the Planning Commission will consider the draft ordinance in the first quarter of 2025.

FISCAL IMPACT

There is no fiscal impact to providing direction on a potential STR ordinance. If the City Council decides to authorize STRs, the fees associated with the rentals could generate additional revenue for the City, and the City would incur some staff costs in enforcing any new regulations.

STRATEGIC PLANNING GOAL

- Promote a Strong Local Economic Base

ATTACHMENTS

- A. Good Neighbor Handout- Draft
- B. Distance Buffer Maps
- C. High Fire Severity Zone Map