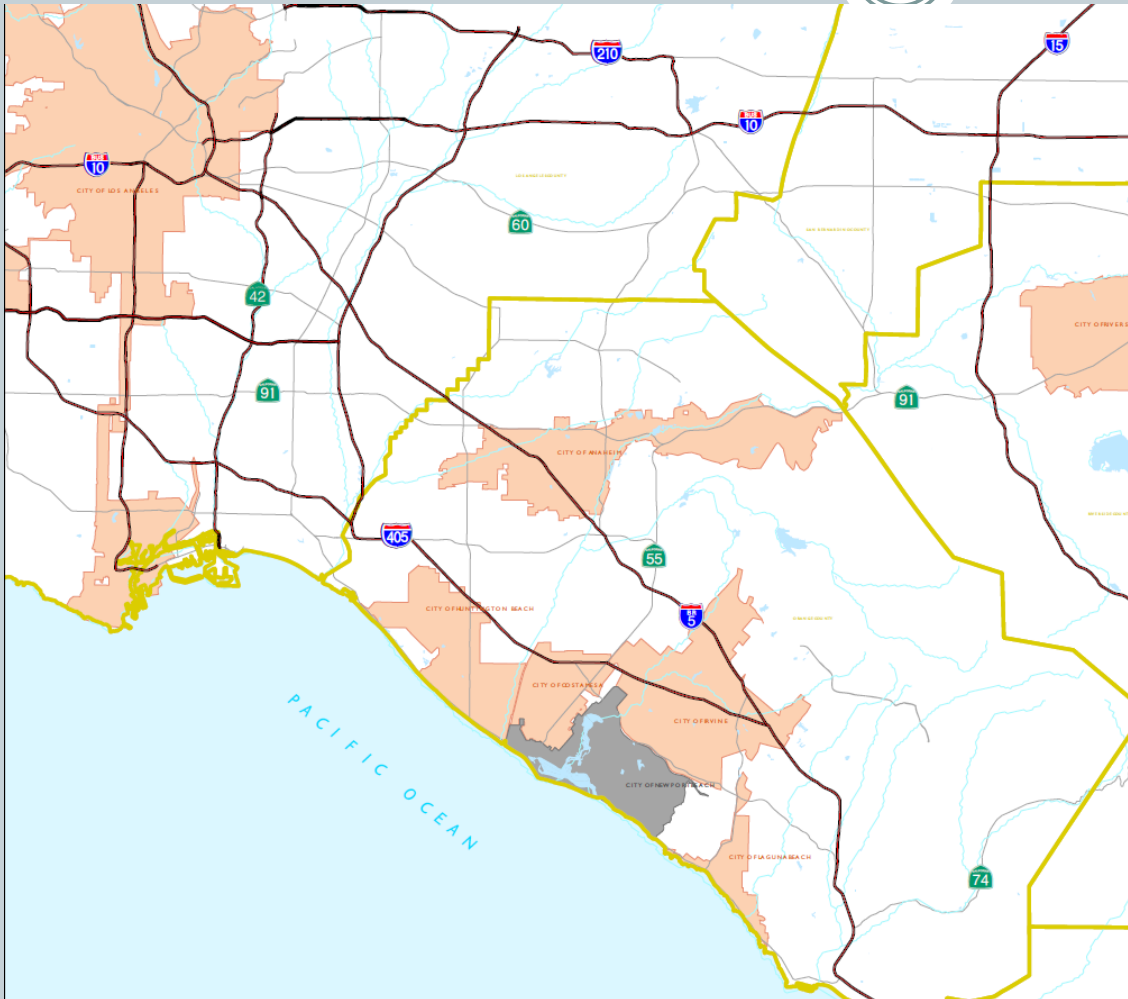


Short-Term Rentals City of Newport Beach



**South Bay Cities Council of Governments
SHORT TERM RENTAL TASK FORCE
December 7, 2016**



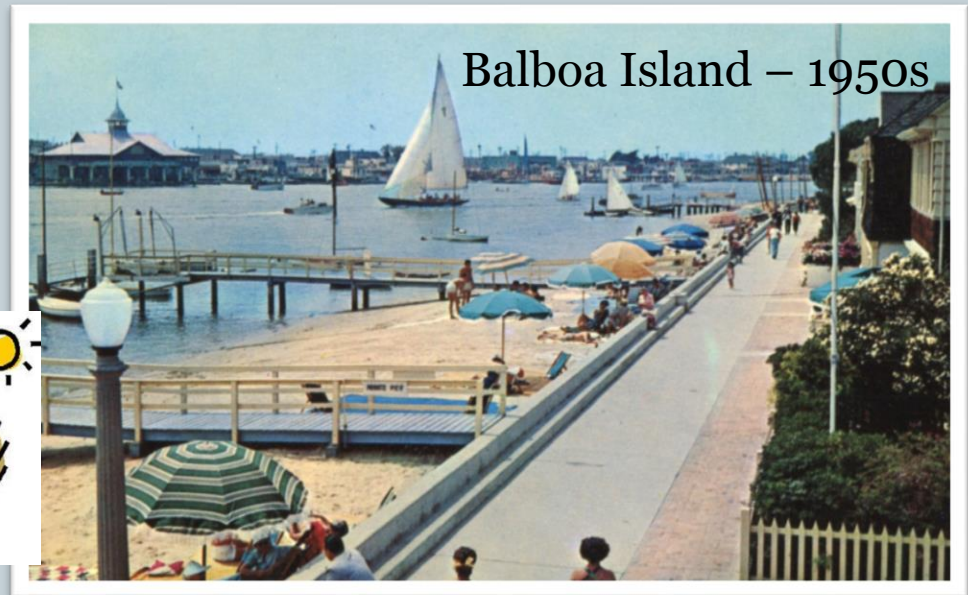


- Pop 87,000
- Summer increase to 100k

Newport Beach has a long history of Vacation Rentals

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- Balboa Island
- Balboa Peninsula
- Corona del Mar



Balboa Island – 1950s

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

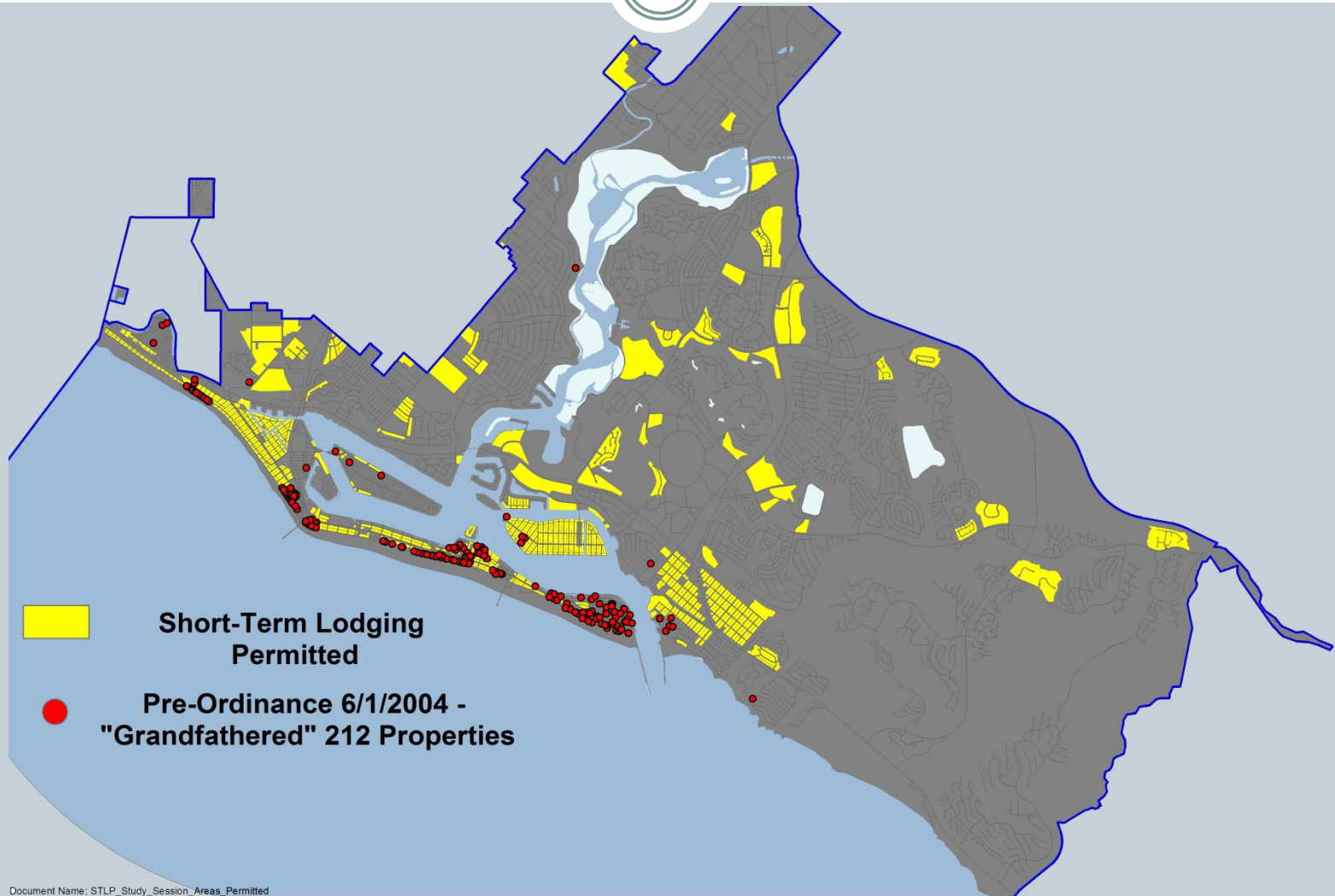
Newport Beach Regulations

4

- 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Short-term lodgings in R-1 Single Family zones unless a permit was issued prior to June 1, 2004 and that permit has not been revoked.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.

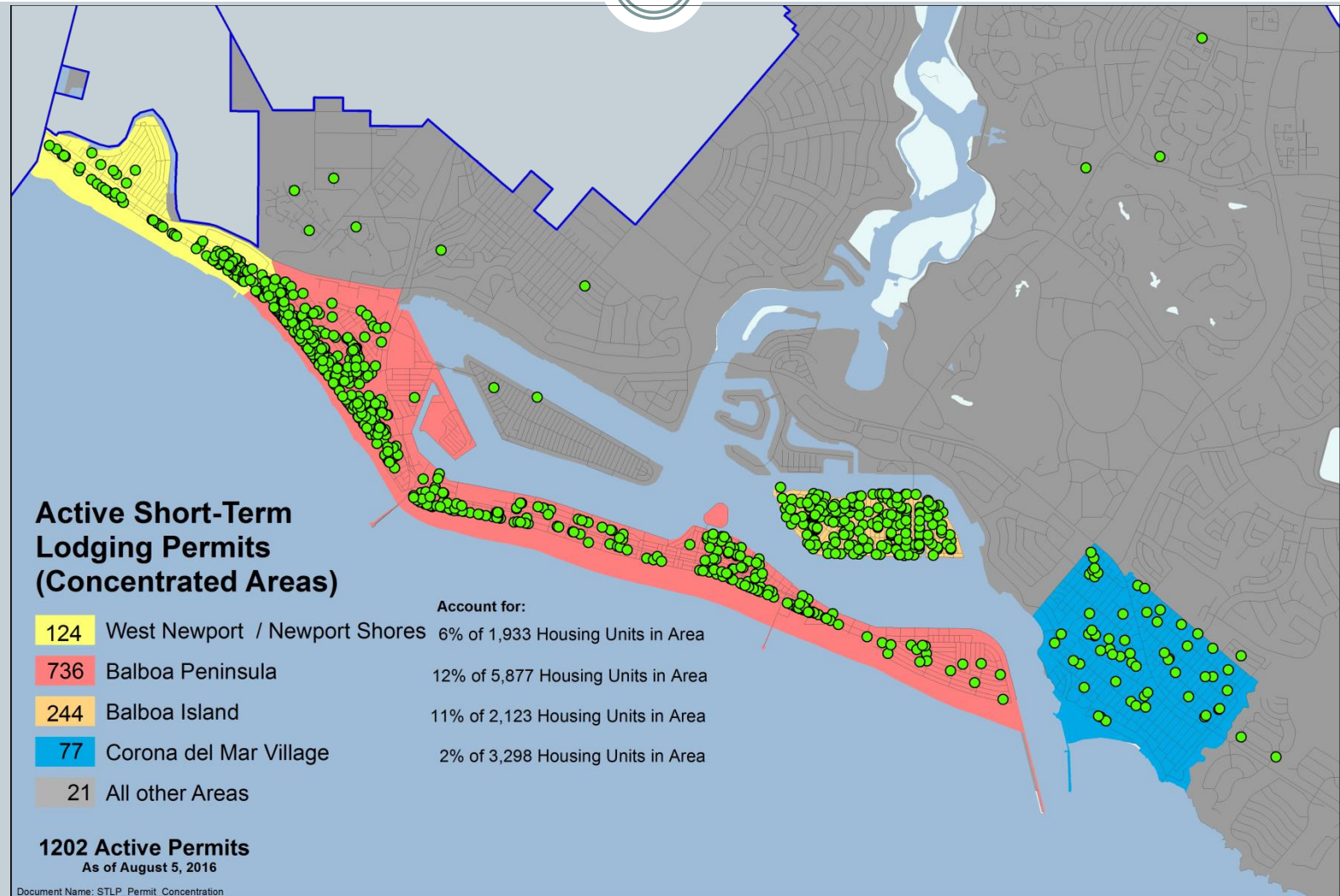
Short-Term Lodging Permitted

5



Active Short-Term Lodging Permits Concentrated Areas

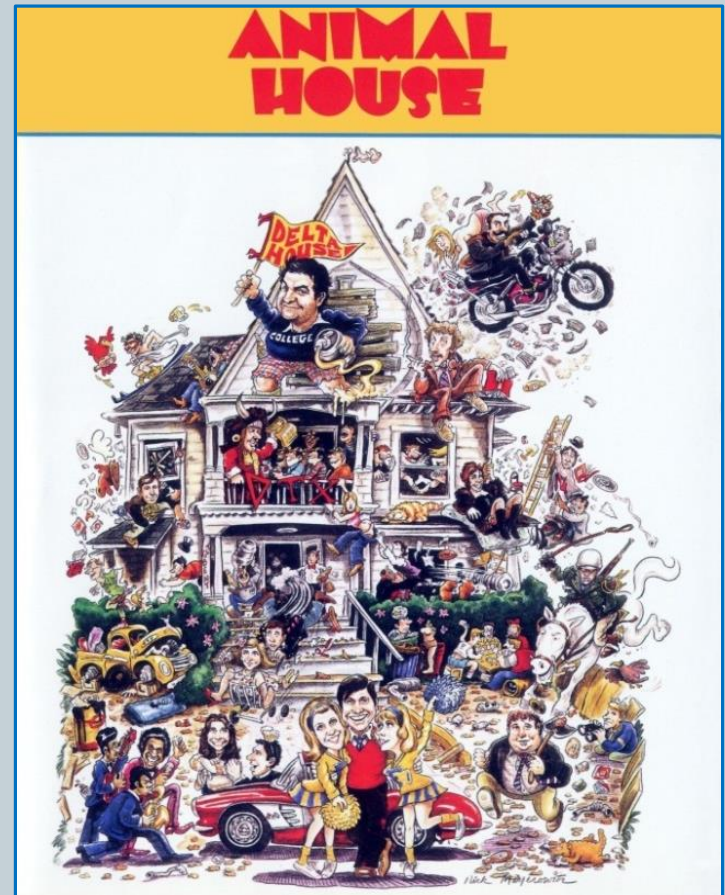
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Concerns with Short-term Lodgings

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

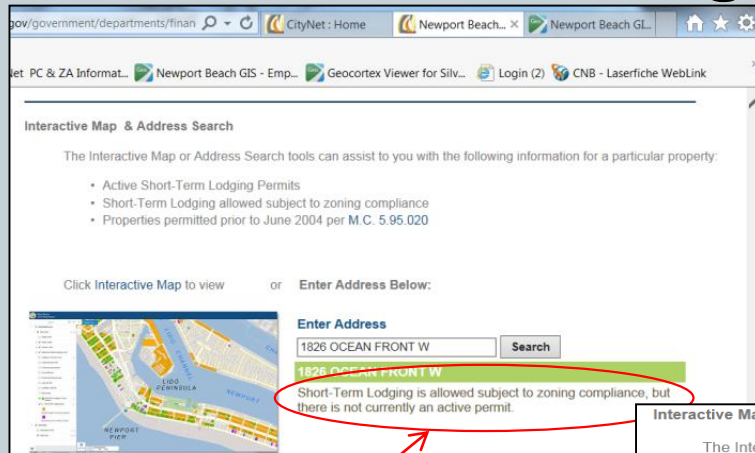


Engaging the Community

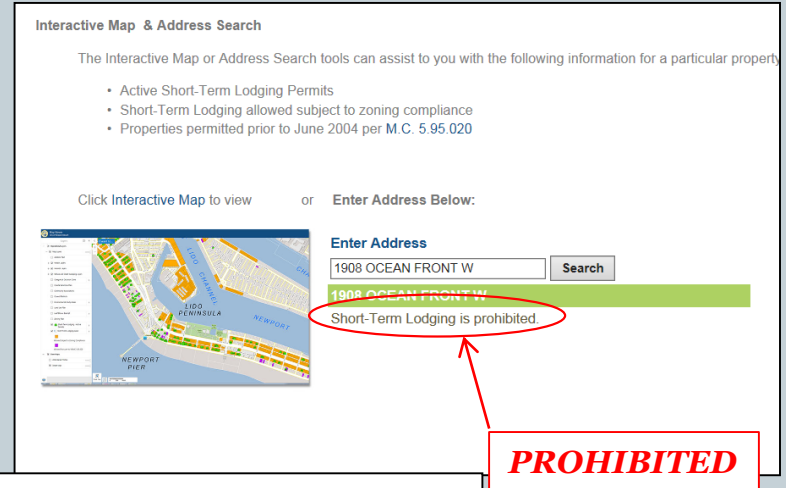
Interactive Map

8

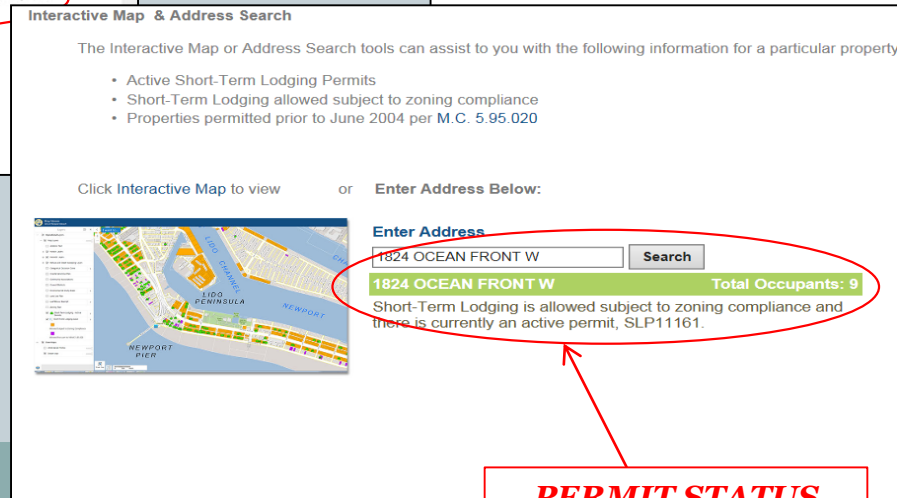
- Find out where STL is: permitted, not permitted and the status of existing permits.



PERMITTED



PROHIBITED



PERMIT STATUS

Are Changes Needed?

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- 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

Regulations Considered

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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

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- 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

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- 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

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- 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

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