

South Bay Cities Council of Governments

Short Term Rental Task Force

Monday, September 26, 2016

3:30 to 5:00 p.m

Hermosa Beach Council Chambers

Meeting Notes

- I. **Welcome – see sign-in sheet**

- II. **Self Introductions with explanation of the status of Short Term Rentals in your city**
 - Rolling Hills – bans – ordinance adopted
 - Rancho Palos Verdes – ordinance to ban based on city being a low density residential community. Vote was 4 to 1. 45 speakers with over 150 people in attendance for this item.
 - Redondo Beach – re-affirmed their ban. Horvath wants to figure out how to work with it – especially in the coastal areas since this is an emerging technology. Key issues – loss of marketplace rentals and community impacts. Just prosecuted 3 cases. Entered 3 pleas – under court order for one year and have to do community service. Can't rent for less than 30 days.
 - Palos Verdes Estates – ordinance to ban. Looked at restrictions – strong feeling from residents. Position is that it is already not a prohibited use.
 - Inglewood – Franklin – his district is home of the Rams. Haven't done anything yet – want to learn
 - Hermosa Beach – re-affirmed ban on rentals for less than 30 days. Had about 60 speakers with support for the concept but Long timers were against. Vote 5-0. Have been sued twice since June. Trial next year. Fully enforcing the ban and dealing with those challenges. Sent out 20-30 citations last week. Already seeing response. Seems less advertising – could be seasonal. Ban clearly limited to residential zones. Now looking at commercial zones and regulating housing in those zones. Every step of the way – coastal staff lobbying to allow. Contracting with Host Compliance for last few weeks – provide data. Ordinance prohibiting advertising is important. Found someone who offered 30 day leases but people weren't expected to stay that long – was a way to get around the ban. Advertising is very important to find this type of thing.
 - League of California Cities – mostly to help bring back feedback and see if League can help and possible state legislation in the future
 - Gardena – nothing in place. Rental requirements but not specific to short term
 - Hawthorne – nothing in place.
 - El Segundo – nothing in place
 - Lomita – nothing in place
 - Carson – some inquiries but nothing in place

- Manhattan Beach – 1 ½ years ago, ban rentals under 1 month. Lots of opposition and about 50 homes were paying TOT tax. City did a lot of legal research. Didn't figure costs of enforcement or litigation. Council going back and forth between property rights and community. Concerned re: outright ban creating litigation opportunities. Want creative solution. Approach as zoning issue - Look at different zones? Get pro-active, pre-emptive, smart.
 - a. Police need training – large task
 - b. Also there is a problem with pop-up properties – have houses used for winery administration with 9 people living there and parties to promote the product.
- Malibu – Hogan – allow in Malibu but tax them

III. Range of Issues listed on next page to be discussed – Hermosa Beach has surveys of what other cities have done on their website.

City Issues: more nuisances (noise, trash); Owner presence for “home sharing”; single rooms/guest homes (density increase?); only in certain areas of city?; needed income for residents/owners; economic boost for local economy; can lower property values

What are cities experiencing? Gardena: got one complaint about apartments being let out as hotels; RPV: cases where tenants are subleasing; HB: one issue dealing with impact to supply of housing; RB: lack of tot revenue

Options: Discussion on 6 options: total ban; permit; by right with registration; 6 month trial; permanent residency requirement (e.g. as for school enrollment); people limit/parking limit

Christi Hogan: an option is missing: requiring that the host be present (aka Homeshare). PVE: also add: limit on days per year.

Costs/issues: fee/tax to be enough to discourage violations and pay for enforcement; ban pushes rental underground with no tax benefit; privacy issues; difficulty obtaining evidence. Anything missing?

Clarification requested of HB: what is fine based on? HB answer: some cases have had open ended leases but no penalty if stay less time. The fine is gradual in cost: first, second, third citation and if fail to pay, go ultimately to a lien on the property. HB is looking at 17 different sites in HB through the company Host Compliance which tracks citations. They have been pretty accurate, but multi-unit buildings are difficult.

Ara (RPV): how recent is the contract with Host Compliance? HB: they are no longer doing compliance except through court. Kim Chafin (HB): Host Compliance is pretty new at this. Discussion continued as to what services Host Compliance provides: do they testify in court for cities? Do they even still do enforcement?

RPV: asked RB prosecutor: elaborate? A few months ago they started investigation team; had trouble with registering and giving info: switched over to taking complaints from neighbors; and neighbors would send links to the property ads, and then the investigation team would go out and get contracts; uses police resources and joint efforts with Code enforcement – many calls are at night. Dispatch gets involved and PD needs to be trained;

Impacts: does anyone have a specific budget? Kim Chafin: cost for the year \$25,000 for Host Compliance; the amount that they were able to verify took 6 months to negotiate with Host; that's just the beginning of costs.

Christi Hogan spoke regarding Malibu which allows because lots are typically very large. There is growing political pressure to ban along the beach and in multifamily areas. One thing cities might want to consider is a more coordinated campaign. There are some very slick videos on Airbnb that tout short term rentals as benefits to widows and others vs. a commercial entity.

Kim Chafin: Newport Beach reached out, 9:00 a.m. meeting next week, regarding code enforcement. Christi - perhaps some pr effort would help explaining why the laws exist. Hany: costs in addition to outside contractor plus includes another full time enforcement officer, and there are litigation costs; Hermosa Beach will be in litigation for another six weeks. If cities work together they can pool knowledge and experiences.

Jacki: how about Santa Monica? Ralph: regarding costs: is this in general fund? Would asset forfeiture funds be available? Hany: outside contractor. Jacki: when you ban; have you seen residents happy? Missetich: if do nothing will proliferate; and ultimately will lose city character. Aaron Jones: re cost of service: many police are already going out to the site due to noise. Ara: how to deal with owners who will change listing on the fly and sometimes go underground. Hany: are people happier? They have become more frustrated; It's going to take a while to see how this works out, maybe early next year. Julie Peterson (RPV): what gives the city of Hermosa Beach ability to charge \$2,500? Jenkins: looked at codes that allow and codes say that any infraction is subject - your city attorney may give you a different answer. Until it's tested in court, it's just an opinion. But without a fine that is a sufficient deterrent, it will not be effective law.

Christian: had same discussion - making so much money that fines are worth it. Also Hany notes it is a criminal fine. Ken Robertson: is there some way cities can leverage other organizations? Jeff Kiernan: League has the opinion that cities already have the authority as a zoning issue. League doesn't want to have cities' authority defined by the state. Airbnb stepped in and killed the bill that was before the state this year. To opt in. Christi: we all understand we have legal authority – the issue really is about Airbnb and how they do business; they don't really do business in towns; the approach is to make Airbnb responsible and make users aware of city ordinances.

IV. League of California Cities research – Jeff K needs to do.

V. General Discussion

Jacki suggested focusing on two basic approaches of cities: those who have bans or limits moving forward or currently in existence and those who haven't done anything and are looking at this task force for direction; what do the cities want for the latter group?

Gardena rep: worried about safety for garage conversions; it's unregulated as of now. Aaron: have a multi-unit uses – are registered as a commercial use. This is an avenue for enforcement; don't require an inspection. A few cities, HB, Gardena and Inglewood and Lomita required registration. But no inspection. Christian: this is a disruptive technology – he would like to see a win/win solution coming out of this as there will be more disruptive technologies; he'd like to see gathering of info on what they can do – with a bridge between cities and these potential businesses. Has the League met with AirBnB? Jeff, does not know but presumes so. The lobbyist who worked on this last year, is no longer with the LCC; new one assigned, so needs to get up to speed. Amy: perhaps this can be a subject for the League at a conference. Agreed to use as a subject at a policy level. Jeff K - there are some benefits: tot collected, economic boost. Anthony Misetich: good to get more revenue but cities represent citizens. Christi H: as policy makers always make the point of impacts to housing stock. Aaron (RB): this is an issue in RB; Ralph: Coastal Commission: bans affect an entire classification of people; Christi: paramount issue should be the impacts on local housing.

Amy: just need some basic education for commissioners- the League's Coastal Cities group is meeting next week and this subject is on the agenda.

Next steps; we can bring resources; can try to get Airbnb here; or can define issues to be discussed; or have specific reports on cities that have experience already; Hany: next steps believe there should be a mechanism for the cities to report on lessons learned. Believes that he'd like to hear about counter arguments; would like to have some type of pros and cons matrix. Ara: if can get someone from Host Compliance that would be helpful. Next meeting: early November and Hany will get room reserved.

VI. Summary and Next Steps

It was agreed that for the next meeting:

1. Cities that have bans will give updates
2. Other cities (Santa Monica, City of LA suggested) would be invited to talk about lessons learned.
3. Host Compliance to be invited to attend
4. The League of California Cities would provide an update of legislation (cities to send ordinances to him).
5. The SBCCOG will post available info on this topic on their website, including a survey and other information provided by Hermosa Beach.

VIII. Next Meeting: agreed Dec 7 ok date: tentatively 3:30 pm at HB city hall.

