



Council Agenda Report

To: Mayor Silverstein and the Honorable Members of the City Council

Prepared by: Joyce Parker-Bozylinski, Contract Planner

Reviewed by: Richard Mollica, Planning Director

Approved by: Steve McClary, City Manager

Date prepared: December 21, 2022 Meeting date: January 9, 2023

Subject: Hosted Short-Term Rental Ordinance Discussion

RECOMMENDED ACTION: Provide direction to staff on the next steps regarding the City's Short-term Rental Ordinance including the public hearing process, draft ordinance options, and if City staff should meet with California Coastal Commission staff to discuss the Short-term Rental Ordinance.

FISCAL IMPACT: There is no fiscal impact associated with the recommended action.

WORK PLAN: This item was included as item #4.b. in the Adopted Work Plan for the Fiscal Year 2022-2023.

DISCUSSION: On November 23, 2020, the City Council adopted Ordinance No. 472, the "Hosted Short-term Rental (STR) Ordinance", to establish provisions to regulate short-term rental of property citywide which included, but was not limited to, requiring the presence of an onsite host during short-term rentals, primary residency requirements, and multifamily restrictions. The Hosted STR Ordinance was intended to supersede the short-term rental regulations and permit program currently in place. The City's Hosted STR Ordinance regulations could not go into effect until the associated amendments to the City's Local Coastal Program Amendment (LCPA No. 19-003) were certified by the California Coastal Commission (CCC).

After a review of the City's proposed LCPA, CCC staff advised staff that they would likely be recommending denial of the LCPA because they believed a hosted-only ordinance would reduce the number of STRs available in the City and that Malibu did not have enough overnight accommodations (hotel rooms and bed and breakfasts) to make up

for the loss of those STRs. On June 13, 2022, the Council discussed whether it wanted staff to work with CCC staff on possible revisions to the LCPA to avoid a recommendation for denial. The Council voted to move forward with the LCPA as-written and directed staff to communicate to CCC staff that allowing non-hosted STRs would weaken the ordinance and that a hosted-only ordinance would increase the availability of STRs in the City, not reduce the availability.

On August 12, 2022, the City's LCPA was considered by the CCC and as recommended by CCC staff, the LCPA was denied. A majority of the Commissioners agreed with CCC staff that a hosted-only ordinance could result in the loss of STRs in the City because hosted STRs generally do not provide the space and privacy desired by families and larger groups traveling together that STRs often offer, and thus, the public is less likely to stay at hosted STRs. The Commissioners encouraged the City to work with CCC staff to draft a new ordinance that addressed the concerns noted by CCC staff.

A complete chronology and records, including referenced staff reports and correspondence, are available on the City's website at <https://www.malibucity.org/1070/STR-Ordinances-In-Progress>.

Next Steps – Drafting New Ordinance

Staff is seeking direction from the Council on if and how it wishes to proceed with a new STR ordinance.

1. Hearing Process - Given that the City's proposed LCPA was denied, a new ordinance would need to be drafted and submitted to the CCC to start the process over. The drafting of the original ordinance was a result of extensive public involvement. The Council may decide to start the public hearing process similar to other code amendments: review by the Zoning Ordinance Revisions and Code Enforcement Subcommittee, followed by hearings before the Planning Commission and City Council. However, to steer the direction of the drafting of a new ordinance, in addition to the public meetings, an alternative would be to create a City Council ad-hoc committee consisting of two members to work with City staff to provide direction on the preparation of a new STR ordinance. The result of the work created by staff and the ad-hoc committee could be presented to ZORACES.

2. Options – As part of the process in drafting a new ordinance, the Council could consider options to address the concerns raised by the CCC as a starting place for a new ordinance such as the following:

- a. Consider allowing non-hosted STRs only during certain higher-demand periods of the year as an option to increase the number of available STRs in the City;

- b. If the City decided to allow non-hosted STRs, additional regulations could be added to reduce the impacts on the surrounding neighborhoods, such as a distance requirement between non-hosted STRs;
- c. Create a lottery system for a limited number of non-hosted STR permits; or,
- d. Limit the issuance of non-hosted STR permits to regions of the City.

*The list above is based on staff's preliminary analysis and is not an exhaustive list and should be used as examples to the City Council for its consideration.

3. Meeting with CCC Staff - Lastly, if directed, City staff will follow up on the CCC's offer to meet with City staff to discuss options for a future STR ordinance. The purpose of these meetings would be for CCC staff to provide comments and feedback and identify any potential concerns as the City develops the STR ordinance for consideration by the Planning Commission and Council.

ALTERNATIVES: The Council could decide they do not want staff to move forward with a new STR ordinance at this time or provide other direction to Staff.

ATTACHMENTS: None.