



Council Agenda Report

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

Prepared by: Lisa Pope, City Clerk *L. Pope*

Approved by: Reva Feldman, City Manager *R. Feldman*

Date prepared: May 5, 2016 Meeting date: June 13, 2016

Subject: Short-term Residential Rentals (Councilmember House)

RECOMMENDED ACTION: At the request of Councilmember House, receive update on issues related to short-term residential rentals.

FISCAL IMPACT: There is no fiscal impact with receiving the updated information, but it should be noted that modifications to the City's existing Transient Occupancy Tax (TOT) regulations could impact future revenue received from hotels, motels and short-term residential rentals. In Fiscal Year (FY) 2014-15, the City received \$700,000 of TOT from short-term residential rentals. It is estimated that the City will receive \$1 million in FY 2015-16.

DISCUSSION: On November 9, 2015, based on noise, parking and trash complaints received from a few Broad Beach residents and a complaint about the property at 31827 Cottontail Lane, the Council considered possible options for enforcement or limitations on short-term rental activities.

The Malibu Municipal Code (MMC) currently requires owners and operators to register property with the City and remit TOT on a quarterly basis. Additionally, it authorizes the City to collect TOT when a hotel, motel or residential home is occupied for 30 consecutive calendar days or less.

Several options were presented to the City Council in November 2015, including:

- Increasing Code Enforcement efforts related to noise, parking and nuisance ordinances, which would require:
 - Hiring additional staff
 - Authorizing after hours patrols or on-call staff

- Revising the Special Events Permit regulations to further limit parties held at properties rented on a short-term basis
- Enacting broad restrictions on short-term rentals, such as:
 - Allowing home-sharing (where the host has to be present on the property during the rental period), but ban home-rental (where the host is not present)
 - Limiting the number of days a property can be rented in a year
 - Requiring the host to live in the home for a certain number of days a year
 - Requiring licensing/permitting where the number of properties that can be rented on a short-term basis is capped
 - Establishing density restrictions in certain residential areas to prevent overconcentration of short-term rental properties. Restrictions might include allowing only a specific number of homes on each street to operate as short-term rentals
 - Establishing additional zones that allow short-term residential rentals and zones that do not allow short-term residential rentals
 - Requiring short-term rentals to meet certain standards, such as annual inspections, onsite parking for all guests, handicapped access on the property and in the home, and compliance with all fire, safety and occupancy codes
- Banning all short-term residential rentals in Malibu
- Requiring established Homeowners Associations (HOA) to impose their own short-term rental requirements for their respective neighborhoods

At the November 9, 2015 Council meeting, the Council directed staff to develop options for regulating short-term residential rental property owners who misuse the property or cause a nuisance in the neighborhood. On February 8, 2016, the Council chose not to ban short-term rentals, rather enforce violations of the City's noise ordinance or parking codes and authorized the City Manager to execute Amendment No. 1 to the Professional Services Agreement with Solid Waste Solutions (SWS) for on-call monitoring services of short-term residential rentals.

SWS has since received two complaint calls. On February 16, 2016, a complaint was received regarding two cars being parking on the street near 31827 Cottontail Lane. A second call was received on March 6, 2016, complaining about six cars and one motorcycle in the cul-de-sac near the same address. Upon investigation, it was noted that there were a total of six cars and one motorcycle in the cul-de-sac, but all vehicles were legally parked, with one in the driveway of the rental property at 31827 Cottontail Lane. Additionally, based on direction from former City Manager Thorsen, SWS monitored the property on March 12, March 19, and March 26, 2016. SWS reported that there were neither parking issues nor loud or illegal behavior on these dates. No complaints have been received since March 6, 2016.

There are 150 properties that are registered as short-term rentals in Malibu, which are remitting TOT on a regular basis. In April 2015, Airbnb began collecting and remitting TOT for approximately 100-150 properties in the City that are rented through its website, some of which are also registered directly with the City.

The vast majority of short-term rentals in the City do not generate complaints or MMC violations. When a short-term rental property has generated complaints related to potential MMC violations, the City has had success in resolving these matters by reaching out directly to each property owner to ensure violations do not continue. If a property owner fails to address MMC violations, the City moves forward with the citation and prosecution process. Under the City's code, these properties can be cited and fined for violating the City's noise, special events, parking, nuisance, and other ordinances.