

**SUBMITTAL TO THE BOARD OF SUPERVISORS
COUNTY OF RIVERSIDE, STATE OF CALIFORNIA**



FROM: Supervisors Benoit and Washington

SUBMITTAL DATE:
January 6, 2016

SUBJECT: Re-introduction of Ordinance No. 927 Regulating Short-Term Rentals, CEQA Exempt

RECOMMENDED MOTION: That the Board of Supervisors:

1. Find that the re-introduction and adoption of Ordinance No. 927, attached hereto as Attachment A, is exempt from CEQA pursuant to Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because it entails the establishment, modification, structuring, restructuring of charges by public agencies that are not designed to increase services or expand a system and are designed to meet operating expenses; and
2. Re-introduce, waive reading of, and adopt on successive weeks Ordinance No. 927, an Ordinance of the County of Riverside Regulating Short-Term Rentals.

BACKGROUND:

On November 17, 2015, the Board introduced Ordinance No. 927 Regulating Short-Term Rentals (Item 3-28).

The purpose of this ordinance is to establish regulations for the use of privately owned residential dwellings as short-term rentals to minimize the negative secondary effects on surrounding properties and to ensure the collection and payment of transient occupancy taxes.

Per counsel recommendation, Ordinance 927 is being re-introduced because revised language includes changes not discussed initially.

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John J. Benoit, Fourth District Supervisor



Chuck Washington, Third District Supervisor

MINUTES OF THE BOARD OF SUPERVISORS

On motion of Supervisor Benoit, seconded by Supervisor Washington and duly carried, IT WAS ORDERED that the above ordinance is approved as introduced with a waiver of reading.

Ayes: Tavaglione, Washington, Benoit and Ashley
Nays: Jeffries
Absent: None
Date: January 12, 2016
xc: Supvr. Washington, Supvr. Benoit, COB

Kecia Harper-Ihem
Clerk of the Board

By: 
Deputy

FORM APPROVED COUNTY COUNSEL
BY: 
DATE: 1/7/16
GREGORY P. PRIAMOS

Summary

There are nearly 300 short-term rentals publicly advertised on VRBO.com and Airbnb.com in unincorporated areas of Riverside County. Most of these rentals are clustered in the areas of Idyllwild, Wine Country and Bermuda Dunes.

Growth in the short-term rental market is being driven by ample supply and demand. Travelers are increasingly opting to stay in private residences while on business or vacation. Homeowners (and sometimes renters) have found it profitable to offer their homes — either in part or in whole — for rent on a short-term basis at rates that rival those of traditional hotels. A cursory search of the above mentioned sites show some homes and condos renting for less than \$70 a night. On the high end, large lot estates may be booked for more than \$3,000 a night.

Unregulated short-term rental homes have disrupted some neighborhoods with renters generating excessive noise, disorderly conduct, traffic congestion, illegal vehicle parking and accumulation of trash. These issues have been especially pronounced in tourist areas.

In response to citizen complaints, many cities and counties in the state have developed a system of regulation to control the impact of short-term rentals. Regulation is more advantageous than an outright ban because short-term rentals support the tourism industry, promote economic activity and can generate transient occupancy tax (TOT) revenue. (Collecting TOT is an important step in leveling the playing field between short-term rental operators and traditional hotel and rental operators.) The goal is to preserve peace and quiet for all residents, allow those residents who desire to rent their home on a short-term basis to do so and to create another product for travelers to enjoy our county and support our economy.

Cities in the Coachella Valley have been on the forefront of regulating short-term rentals and provide proven principles for running an effective short-term rental program. Some cities and counties struggle to control short-term rentals, even when they have regulations in place. The City of Anaheim serves as a case study. Despite having the typical rules on the books — quiet hours, maximum occupancies, etc. — the City has faced growing citizen complaints and adopted a moratorium to reanalyze its program. The problem was not the regulations, but compliance. Of the 400 homes publicly advertised online, only 200 were registered with the City and abiding by the rules.

Cities in the Coachella Valley have adopted a highly successful, aggressive and cost-efficient enforcement program to identify and register short-term rentals. Although each city has different regulations, most of them utilize the services of an independent contractor to ensure compliance. Similarly, all the cities in the Coachella Valley utilize a vendor to provide a single hotline to report complaints related to short-term rentals. This central hotline reduces the burden on cities by being the first point of contact for complaints 24/7 and dispatching responsible parties to resolve the concerns. A report of complaints is generated and forwarded to the cities on the next business day for follow up.

The short-term rental industry is growing exponentially throughout the country. The problem has become particularly acute in the Fourth District where investors have targeted the unincorporated community of Bermuda Dunes and advertise the homes there as being in Palm Springs, Rancho Mirage and Indian Wells while not following any of the regulations in effect in those cities. As mentioned earlier, short-term rentals also are in Wine Country, Idyllwild and potentially other unincorporated county areas.

The proposed ordinance regulates short-term rentals in unincorporated Riverside County. Attachment B shows how our proposed ordinance compares to ordinances in other cities and counties.

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Based on the demonstrated track record of success in the Coachella Valley, we are recommending that the county follow the lead of those cities in addressing these issues. In addition to the regulations in the attached ordinance, we propose going out to bid to retain a contractor to help the county implement the program and ensure compliance. We propose the contractor work with the Planning Department to develop and process applications, maintain a list of operators and actively register short-term rentals. The county will benefit from the professional services of a firm experienced in short-term rental regulation.

Our expectation is that this system of regulation will protect residents and help reduce the burden on county staff. The experience of others is that most responsible parties resolve any differences or misunderstandings quickly with the assistance of the contractor. The County has insufficient staff to implement and operate the Short-Term Rental Ordinance, and County staff will get involved only if the responsible person fails to correct the problem or issues persist.

Ordinance No. 927 is exempt from the California Environmental Quality Act (CEQA) pursuant to Public Resources Code section 21080(b)(8) and CEQA Guidelines section 15273 because CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies that are not designed to increase services or expand a system and because the purpose of the fees is to meet operating expenses.

Transiency Occupancy Tax

The proposed Short-Term Rental Ordinance does not propose a change to Ordinance No. 495 Relating to Transient Occupancy Tax (TOT Ordinance). The TOT Ordinance imposes a 10% tax on hotel stays in unincorporated areas of Riverside County. The TOT Ordinance defines "Hotel" as "any structure, or any portion of any structure, which is occupied or intended or designed for occupancy by transients for dwelling, lodging, or sleeping purposes." Ordinance No. 927 Section 9 specifically recognizes that a Short-Term Rental qualifies as a hotel under the existing TOT Ordinance. Therefore, short-term rentals are sufficiently covered by the existing TOT Ordinance.

TOT revenue will go to the county's general fund. Such revenues cannot be earmarked and dedicated to enforcing the proposed ordinance. However, even with the contractor, we anticipate some additional workload for Code Enforcement. We ask that Code Enforcement track all costs related to this ordinance with the anticipation that additional costs may be addressed through the budget process.

Registration Fee

Application fees vary widely from jurisdiction to jurisdiction. A comparison of these costs can be found in Attachment B. Registration fees should cover the cost of rental registration. The proposed ordinance proposes a \$250 registration fee and a \$100 renewal registration fee. These fee will cover the cost of processing permits and notifying nearby neighbors. Our intent is to only charge rental operators the cost of registering their short-term rental.

Contractor/Consultant

Many of the cities in the Coachella Valley have retained a contractor to assist in implementing and operating their short-term rental programs. Some cities contract out their entire program while others contract out specific functions. As part of the introduction of Ordinance No. 927, bids were solicited and at least one response was received. Purchasing will be conducting a bid review to determine responsiveness.

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Revisions

This revised ordinance makes the following changes, along with some minor wording and organizational adjustments, pursuant to Board direction:

1. Eliminate Occupancy Limits

During the introduction of the ordinance, a couple of short-term rental operators requested a higher occupancy limit than was originally proposed. Existing state and federal laws already place limits on residential occupancy. Operators will be subject to these existing occupancy limits.

The revised proposal eliminates the more restrictive occupancy limits set forth in the prior version of Ordinance No. 927. This change is consistent with the intent of not creating a burdensome system of regulation.

Further, a review of short-term rental ads online found that most owners already place occupancy limits on their own properties. The removal of this provision will continue to allow owners to determine how many occupants they are willing and able to allow within the existing laws.

2. Allow On-Street Parking in Idyllwild and Pine Cove Areas

This revised ordinance includes an exemption to allow on-street parking in the mountain communities of Idyllwild and Pine Cove because of the lack of adequate space for on-site parking. This change is supportable because short-term rentals already are operating in the area, and parking is not a prominent complaint.

However, residents complain that parking is an issue in areas with larger homes and lots that can accommodate more people. Residents in the La Cresta area wrote letters to the County stating that on-street parking for rentals in that area restrict access to their homes and create safety concerns. The on-site parking requirement will remain for La Cresta and all other unincorporated areas of the County.

3. Clarify Impacts on Deed Restrictions, Including CC&Rs

Section 8 now clarifies that the ordinance will not allow short-term rentals on properties where they are now forbidden pursuant to an applicable deed restriction. Such deed restrictions may include private covenants, conditions and restrictions.

Attachments

- A. Ordinance No. 927 as revised and reintroduced
- B. Comparison Chart

- 1 D. Local Contact Person. The person designated by the owner or the owner's
2 authorized representative who shall be available twenty-four hours per day,
3 seven days per week for the purpose of responding within sixty minutes to
4 complaints related to the short term rental and taking remedial action to
5 resolve such complaints.
- 6 E. Operator. The owner or the owner's authorized representative who is
7 responsible for compliance with this ordinance.
- 8 F. Owner. The person or entity that holds legal or equitable title to the short
9 term rental.
- 10 G. Responsible Person. A guest of the short term rental who is at least eighteen
11 years of age and who is legally responsible for ensuring that all guests of the
12 short term rental comply with all applicable laws, rules and regulations
13 pertaining to the use and occupancy of the short term rental.
- 14 H. Short Term Rental Certificate. A certificate that allows the use of a privately
15 owned residential dwelling as a short term rental pursuant to this ordinance.
- 16 I. Short Term Rental. A privately owned residential dwelling, such as, but not
17 limited to, a single family detached or multiple family attached dwelling,
18 apartment house, condominium, cooperative apartment, duplex, mobile home
19 on permanent foundations or a manufactured home on permanent
20 foundations, or any portion of such dwellings, rented for occupancy for
21 dwelling, lodging or sleeping purposes for any period less than thirty
22 consecutive days.

23 Section 5. APPLICABILITY. This ordinance applies to short term rentals as defined
24 in Section 4. The following do not qualify as a privately owned residential dwelling as used herein, and
25 therefore do not need to obtain a short term rental certificate: any hotel, motel, studio hotel, rooming
26 house, dormitory, public or private club, bed and breakfast inn, cottage inn, or country inn; a camping
27 site, recreational vehicle, or park model; a hospital, sanitarium, medical clinic, convalescent home, rest
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1 home, home for aged people, foster home, halfway house, transitional housing facility, or other similar
2 facility operated for the care, treatment, or reintegration into society of human beings; any asylum, jail,
3 prison, orphanage or other facility in which human beings are detained and housed under legal restraint;
4 any housing owned or controlled by an educational institution and used exclusively to house students,
5 faculty or other employees with or without their families, any fraternity or sorority house or similar
6 facility occupied exclusively by students and employees of such educational institutions and officially
7 recognized and approved by it; any housing operated or used exclusively for religious, charitable or
8 educational purposes; any housing owned by a governmental agency and used to house its employees or
9 for governmental purposes; any camp as defined in the Labor Code or other housing furnished by an
10 employer exclusively for employees or employees and their families; and any second unit. No guest
11 quarters, as defined in Riverside County Ordinance No. 348 section 18.18, shall qualify as a short-term
12 rental unless the privately owned residential dwelling on the lot is also being rented or leased as a short-
13 term rental to the same renter or lessee.

14 Section 6. SHORT TERM RENTAL CERTIFICATE.

- 15 A. In addition to any land use entitlement required by Riverside County
16 Ordinance No. 348, the operator shall obtain a short term rental certificate
17 pursuant to Sections 6 and 7 herein from the Riverside County Planning
18 Department before renting or advertising for rent any short term rental.
- 19 B. No short term rental certificate is required if a Temporary Outdoor Event
20 permit has been obtained, for the duration of the Temporary Outdoor Event
21 permit only.

22 Section 7. SHORT TERM RENTAL CERTIFICATE REGISTRATION FEE AND
23 APPLICATION.

- 24 A. An operator shall submit to the Planning Department a short term rental
25 certificate application provided by the County along with a first-time
26 registration fee of \$250. The short term rental certificate shall be valid for
27 one year from the date of issuance.

- 1 B. A short term rental certificate shall be renewed on an annual basis based on
2 the anniversary of the original certificate issuance by submitting to the
3 Planning Director a short term rental certificate application and a renewal
4 registration fee of \$100.
- 5 C. The short term rental certificate shall expire automatically when the short
6 term rental changes ownership, and a new initial application and first-time
7 registration fee will be required. A new application and first-time registration
8 fee shall also be required for any short term rental that had its short term
9 rental certificate revoked or suspended.
- 10 D. The registration fees may be used to cover any County costs for administering
11 or enforcing this ordinance, including the use of an outside management
12 company retained for such purpose.

13 Section 8. SHORT TERM RENTAL OPERATIONAL REQUIREMENTS.

- 14 A. The operator shall ensure that the short term rental is used in a manner that
15 complies with all applicable laws, rules and regulations pertaining to the use
16 and occupancy of a short term rental.
- 17 B. The short term rental shall be occupied for not less than two (2) days and one
18 (1) night.
- 19 C. A short term rental shall not change the residential character of the outside
20 appearance of the residence including color, material, lighting or any
21 advertising mechanism.
- 22 D. Except within the Village Tourist Policy Area of Idyllwild/Pine Cove as
23 defined in the General Plan as may be amended from time to time, all parking
24 for the short term rental shall be entirely on-site, such as in the garage, carport
25 or driveway or otherwise off of the public roadway, and on-street parking by
26 guests is prohibited. The on-site parking requirements of this ordinance shall
27 not apply within the Village Tourist Policy Area of Idyllwild/Pine Cove.
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E. Guests of the short term rental shall comply with Riverside County Ordinance No. 847 Regulating Noise, including quiet hours between the hours of 10 PM and 7 AM.

F. The operator shall post the following information in a prominent location within the short term rental:

1. Operator name and number;
2. Local contact person name and number;
3. The telephone number for the sheriff's department and for code enforcement;
4. The maximum number of parking spaces available onsite;
5. Trash pick-up day and applicable rules and regulations;
6. A copy of Riverside County Ordinance Nos. 847 and 927;
7. A copy of the good neighbor brochure; and
8. Notification that a guest, local contact person, responsible person or owner may be cited or fined by the County in accordance with this ordinance and Riverside County Ordinance No. 725.

G. While a short term rental is rented, the operator or local contact person shall be available twenty-four hours per day, seven days a week for the purpose of responding within sixty (60) minutes to complaints regarding the condition, operation or guests' conduct of the short term rental.

H. Prior to occupancy of a short term rental, the operator shall do the following:

1. Obtain the name, address and copy of a valid government identification of the responsible person;
2. Provide a copy of the good neighbor brochure to the responsible person;
3. Require the responsible person to execute a formal acknowledgement that he or she is legally responsible for compliance by all guests of the

1 short term rental with all applicable laws, rules and regulations
2 pertaining to the use and occupancy of the short term rental; and

3 4. Maintain the information required herein, including copies of the
4 notices provided, for a period of three (3) years and make it available
5 upon request by any officer of the County responsible for enforcement
6 of any provision of this ordinance or any other applicable law, rule or
7 regulation pertaining to the use and occupancy of the short term rental.

8 I. The owner, operator or local contact person shall respond within sixty (60)
9 minutes of being notified that the responsible person or guest of the short
10 term rental created unreasonable noise, engaged in disorderly conduct or
11 committed violations of any applicable law, rule or regulation and halt or
12 prevent the recurrence of such conduct. The owner, operator or local contact
13 person shall be subject to all administrative, legal and equitable remedies
14 available to the County for failing to respond within 60 minutes.

15 J. Trash and refuse shall not be left stored within public view, except in proper
16 containers for purposes of collection by the County's authorized waste hauler.

17 K. The operator shall include the current short term rental certificate number on
18 or in any advertisement appearing in any newspaper, magazine, brochure or
19 internet website that promotes the availability of the short term rental.

20 L. An application may be denied if the applicant has had a prior short term rental
21 certificate revoked for the same dwelling within the past twelve calendar
22 months.

23 M. Pursuant to this ordinance, a short term rental may operate in all zoning
24 classifications where one-family dwellings or multiple family dwellings are
25 allowed pursuant to Ordinance No. 348. If there is a deed restriction on a
26 property that prohibits the use of a residential dwelling as a short-term rental,
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1 then that deed restriction shall control. The County shall not enforce said
2 deed restriction.

3 Section 9. TRANSIENT OCCUPANCY TAX. The operator shall comply with all the
4 requirements of Riverside County Ordinance No. 495, the Uniform Transient Occupancy Tax Ordinance.
5 For the purposes of Riverside County Ordinance No. 495 only, a short term rental shall qualify as a
6 "hotel." The Treasurer Tax-Collector shall be responsible for the enforcement of the provisions of this
7 section and Ordinance No. 495 and shall have no other enforcement duties related to this ordinance
8 beyond these responsibilities.

9 Section 10. NOTIFICATION AND COMPLAINTS.

10 A. Written notice will be provided to all dwellings located within 100 feet of the
11 short term rental's property line that a short term rental certificate was
12 obtained for the short term rental. Such notification shall also include the
13 operator's and local contact person's contact information.

14 B. Complaints related to the operation of the short term rental including, but not
15 limited to, unreasonable noise and disorderly conduct shall be initially
16 directed to the local contact person. If the local contact person is unavailable
17 or fails to respond, the complaint shall be made to the Riverside County
18 Sheriff dispatch service.

19 C. Complaints related to the issuance of a short term rental certification and
20 compliance with this ordinance shall be directed to the Riverside County
21 Code Enforcement Department.

22 Section 11. ENFORCEMENT, VIOLATIONS, FINES AND PENALTIES.

23 A. In addition to any other remedies provided by law, violations of this
24 ordinance shall be enforced as authorized in Riverside County Ordinance No.
25 725. Each day a violation is committed or permitted to continue shall
26 constitute a separate offense. Violations of this ordinance shall be treated as a
27 public nuisance and strict liability offense regardless of intent.
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1 After an administrative hearing has been held in accordance with Section 10 of Riverside
2 County Ordinance No. 725, a violation of any provision of this ordinance by any of the guests, owners or
3 operators shall constitute grounds to suspend or revoke a short term rental certificate.

4 Section 12. SEVERABILITY. If any provision, clause, sentence or paragraph of
5 this ordinance of the application thereof to any person or circumstances shall be held invalid, such
6 invalidity shall not affect the other provisions of this ordinance which can be given effect without the
7 invalid provision or application, and to this end, the provisions of this ordinance are hereby declared to be
8 severable.

9 Section 13. EFFECTIVE DATE. This ordinance shall take effect thirty (30) days
10 after its adoption.

11 BOARD OF SUPERVISORS OF THE COUNTY
12 OF RIVERSIDE, STATE OF CALIFORNIA

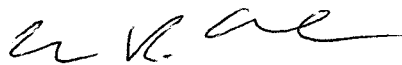
13 By: _____
14 Chairman, Board of Supervisors

15 ATTEST:
16 CLERK OF THE BOARD

17 By: _____
18 Deputy

19 (SEAL)

20
21 APPROVED AS TO FORM
22 January 7, 2016

23 By: 
24 MELISSA R. CUSHMAN
25 Deputy County Counsel
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