



# City of Culver City

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## Staff Report

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**File #:** 18-01122, **Version:** 2

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### **CC - Receipt and Discussion of Report and Policy Recommendations from the City Council Short Term Rentals Subcommittee Related to Short Term Rentals.**

**Meeting Date:** April 23, 2018

**Contact Person/Dept:** Jesse Mays, City Manager's Office

**Phone Number:** (310) 253-6000

**Fiscal Impact:** Yes ☐ No ☒

**General Fund:** Yes ☐ No ☒

**Public Hearing:** ☐ **Action Item:** ☐ **Attachments:** ☒

**Commission Action Required:** Yes ☐ No ☒ **Date:**

**Public Notification:** (E-Mail) Meetings and Agendas - City Council (04/18/18), Short-Term Residential Rentals (04/12/18)

**Department Approval:** John Nachbar, City Manager (04/16/18)

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### **RECOMMENDATION**

Staff recommends the City Council receive, file and discuss a report and policy recommendations from the City Council Short Term Rentals Subcommittee related to short term rentals.

### **BACKGROUND/DISCUSSION**

#### ***Task Force and Subcommittee Meetings***

Currently short term rentals are prohibited in the residential zones within the City. Title 17, Zoning (Zoning Code), of the Culver City Municipal Code (CCMC) classifies rentals of less than 30 consecutive days as a hotel/motel use and they are not listed as a permitted use in residential zones. The Zoning Code is a permissive Code, in that if a land-use is not specifically identified as permitted, then it is considered to be prohibited.

Despite this prohibition, short term rentals have arisen in Culver City due in part to promotion on short term rental websites, sometimes referred to as hosting platforms, such as Airbnb and Home Away.

On April 11, 2017, the City Council created the Short Term Rentals Task Force (“Task Force”) in order to gather community input and formulate policy recommendations related to the issue of short term rentals. Council Members Jim Clarke and Göran Eriksson, as the City Council Short Term Rentals Subcommittee (Subcommittee), were also appointed by the City Council to the Task Force.

In addition to the Subcommittee, the Task Force included representatives from the Planning Commission, Finance Advisory Committee and the Landlord Tenant Mediation Board, and was supported by City staff from the City Manager’s and City Attorney’s Offices; the Planning, Housing, Enforcement Services, and Building Safety Divisions of the Community Development Department; and the Finance, Police and Fire Departments.

The Task Force first met on June 19, 2017 to listen to comments from members of the public, hear an overview of short term rental policies and decision points, and review ordinance examples from other cities. At the second Task Force meeting, on August 30, 2017, the Task Force discussed a draft short term rentals regulatory ordinance, which contained various policy decision points, and heard from members of the public. The City Council Subcommittee then met with City staff on October 30, 2017 and again on March 27, 2018, in order to further refine policy recommendations, taking into consideration the Task Force meetings, including discussion and comments from the other Task Force Members, as well as community input.

### ***Subcommittee’s Policy Recommendations***

The Subcommittee’s policy recommendations are attached in the form of a checklist, which provides the Subcommittee’s recommendations, as well as alternative policy options (Attachment 1).

These policy recommendations relate to the following issues:

- type and number of properties used as short term rentals;
- hosted versus unhosted properties;
- maximum number of days allowed per year;
- use of accessory dwelling units;
- multiple bookings;
- minimum number of nights stay required;
- special events;
- renters as hosts;
- registration of short term rental properties;
- suspensions and revocations;
- fines and penalties;
- hosting platforms; and
- minimum life safety standards.

### ***Market Data***

On Airbnb, the number of active listings (listings with days available for rent during the past month) in Culver City is currently 223. Of these listings, 128 are entire homes for rent, and 94 are for a private room in a home. There are 181 properties with at least one night booked on Airbnb during the past

month. There are currently 165 active hosts (134 with a single listing, and 31 with multiple listings). Listings include 28 studios, 52 1-BR, 29 2-BR, 11 3-BR, 7 4-BR, and 1 5-BR+ homes.

The current average daily rate for Airbnb bookings in Culver City is \$131/night for an entire home and \$69/night for a private room. The median monthly revenue for properties with at least one booking was \$2,736 for the entire home and \$959 for a private room. The occupancy rate (number of booked nights divided by the number of booked nights available) for Airbnb listings during March 2018 was 90%, excluding listings with no booked nights.

In the 12 months ending March, 2018, the total Culver City market revenue was projected to be \$5,046,858. If current Culver City's Transient Occupancy Tax of 14% had been applied to these bookings, the City would have generated TOT revenue of \$706,560.

At this time, staff recommends the City Council discuss the Subcommittee's policy recommendations and provide direction to the City Manager as deemed appropriate.

### **FISCAL ANALYSIS**

There is no fiscal impact associated with the discussion of the Subcommittee's recommendations.

### **ATTACHMENTS**

1. 2018-04-23 - ATT Short Term Rentals Policy Recommendations

### **MOTION**

That the City Council:

1. Receive, file and discuss the report and policy recommendations from the City Council Short Term Rentals Subcommittee related to short term rentals; and
2. Provide direction to the City Manager as appropriate.