



City of Culver City

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Staff Report

File #: 21-767, **Version:** 1

Item #: A-2.

(1) Create an Ad Hoc Subcommittee for the Work Plan Item Transmitted from City Council Regarding the Financial Impacts of the Recently Established “Extended Stay Hotel” as a Category of Hotel/Motel Land; and (2) Appoint Members to Such Ad Hoc Subcommittee.

Meeting Date: May 12, 2021

Contact Person/Dept: Erica McAdoo/Finance Department

Phone Number: (310) 253-5865

Fiscal Impact: Yes ☐ No ☒ **General Fund:** Yes ☐ No ☒

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

Public Notification: (E-Mail) Meetings and Agendas - Finance Advisory Committee
(05/06/2021)

Department Approval: Onyx Jones, Chief Financial Officer (05/06/2021)

RECOMMENDATION

Staff recommends the Finance Advisory Committee (FAC) (1) create an ad hoc subcommittee for the work plan item transmitted from City Council regarding the financial impacts of the recently established “Extended Stay Hotel” as a category of Hotel/Motel Land Uses; and (2) appoint members to such ad hoc subcommittee.

BACKGROUND/DISCUSSION

On February 22, 2021, the City Council adopted an Ordinance approving Zoning Code Amendment P2019-0058-ZCA establishing an “Extended Stay Hotel/Motel” land use (hotels/motels allowing stays of more than 30 days) in commercial zones. During its consideration of the Ordinance, the City Council inquired about the ability to charge an in-lieu fee for Extended Stay Hotel land uses to account for any potential loss in transient occupancy tax (TOT) revenue. City Council suggested discussing potential financial impacts of the Extended Stay use with the Finance Advisory Committee and to bring back suggestions to City Council at a future date. The City Council also acknowledged the City Attorney’s Office would need to review the permissibility associated with establishing such fees.

CCMC Section 11.02.105 requires the collection of a TOT on hotel/motel stays of 30 days or less. Stays of longer than 30 days are not subject to the TOT. Allowing stays of greater than 30 days would reduce the TOT revenue collected. It is difficult to determine the potential reduction in TOT tax revenue without knowing the number of hotel rooms that will be used as extended stays and the rate of those rooms at the time of the stay. The current TOT tax rate is 14%.

Staff recommends the FAC establish an ad hoc subcommittee to discuss this work plan item and return to the full FAC with a recommendation; and to appoint members to such ad hoc subcommittee.

ATTACHMENTS

1. 21-03-10-ATT - Ordinance_Extended Stay ZCA

MOTION

That the FAC:

1. Create an ad hoc subcommittee for the work plan item transmitted from City Council regarding the financial impacts of the recently established "Extended Stay Hotel" as a category of Hotel/Motel Land Uses; and
2. Appoint Members to such ad hoc subcommittee.