

NOTICE AND CALL OF SPECIAL JOINT WORKSESSION

TO: THE MEMBERS OF THE CITY COUNCIL AND TO THE CITY CLERK

NOTICE IS HEREBY GIVEN that a Special Joint Worksession of the City Council, Successor Agency to the Redevelopment Agency, Public Finance Authority, Public Utility Authority, Housing Authority, Perris Joint Powers Authority and Perris Community Economic Development Corporation of the City of Perris is hereby called to be held on Thursday, June 14, 2018 commencing at 6:00 P.M. at City Council Chambers, 101 North "D" Street, Perris, California.

Said Special Meeting shall be for the purpose of conducting a Worksession: A. Short term rental regulations and ordinance; B. Regulation of adult-use marijuana dispensaries.

Dated: June 11, 2018



MAYOR OF THE CITY OF PERRIS

TO: THE MEMBERS OF THE CITY COUNCIL AND TO THE CITY CLERK

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Dated: June 11, 2018



CITY CLERK

*For further information on an agenda item, please contact the City
at 101 North "D" Street, or call (951) 943-6100*

**AGENDA
SPECIAL JOINT WORKSESSION OF THE CITY
COUNCIL, SUCCESSOR AGENCY TO THE
REDEVELOPMENT AGENCY, PUBLIC FINANCE
AUTHORITY, PUBLIC UTILITY AUTHORITY, HOUSING
AUTHORITY, PERRIS JOINT POWERS AUTHORITY
AND PERRIS COMMUNITY ECONOMIC
DEVELOPMENT CORPORATION OF THE CITY OF
PERRIS**

**Thursday, June 14, 2018
6:00 P.M.**

**City Council Chambers
(corner of San Jacinto and Perris Boulevard)
101 North "D" Street
Perris, California**

1. CALL TO ORDER: 6:00 P.M.

2. ROLL CALL:

Rabb, Rogers, Burke, Corona, Vargas

3. WORKSESSION:

A. Discussion on short term rental regulations and ordinance.

Introduced by: Dr. Grace Williams, Director of Planning and
Economic Development

PUBLIC COMMENT:

B. Discussion on regulation of adult-use marijuana dispensaries.

Introduced by: Dr. Grace Williams, Director of Planning and
Economic Development

PUBLIC COMMENT:

4. ADJOURNMENT:

*In compliance with the Americans with Disabilities Act, if you need special assistance to
participate in this meeting, please contact the Building Official (951) 443-1029. Notification 48
hours prior to the meeting will enable the City to make reasonable arrangements to ensure
accessibility to this meeting.*

CITY COUNCIL
AGENDA SUBMITTAL

Meeting Date: June 14, 2018

SUBJECT: Work Session on Short Term Rental Regulations and Ordinance.

REQUESTED ACTION: The City Council receive, consider, and discuss potential regulations and taxes for short term rentals within the City of Perris and provide direction to staff and the City Attorney's Office.

CONTACT: Grace Williams, Director of Planning and Economic Development

BACKGROUND:

The City of Perris is home to approximately 76,000 people in the fastest growing region in California and as home to nine major sports and recreational facilities that include Lake Perris, Perris Fairgrounds, Orange Empire Railway Museum and Sky Dive Perris, the City attracts 3 million visitors a year. With very minimal hospitality and lodging opportunities available today to accommodate visitors to the City, City staff was directed by City Council to bring forward policies, regulations and taxation recommendations for short-term rentals within City limits.

A short-term rental workshop was conducted with the Planning Commission on June 6, 2018. In the interest of time, staff will present the Planning Commission's comments at the June 12th Council meeting. Upon hearing all the information presented, the City Council is asked to consider, discuss, and provide direction to staff and the City Attorney's office concerning the policies, regulations and taxation of short-term rentals within the City.

Short-term rentals have become an increasingly common and chosen option for travelers. A short-term rental is generally defined as the renting out of a furnished home, apartment or condominium for a short-term stay that is less than 30 days. Because of this, short-term rentals tend to be located within residential neighborhoods. Short-term rentals are reserved through an online service such as AirBnB and Flipkey. The typical transaction involves a short-term rental operator listing their residential property on a short-term rental website. A potential guest will also reserve and pay for the short-term rental through the same website. The entire transaction occurs over the internet.

As short-term rentals become an increasing use, an overabundance/overconcentration may result in a drastic change in the character of Perris' neighborhoods. This could entail a change in traffic patterns, a change in parking patterns, and a change in noise levels in a neighborhood. Consequently, many cities and counties have adopted regulations to address these effects, which have ranged from a complete ban to non-regulation to detailed regulatory regimes of varying restrictiveness.

The City currently has four (4) short-term rentals in operation. All the rentals consist of homeowners renting out a bedroom within their single-family home. One is located at the northeastern end of the City, two are located in the central area of the City and one is located at the southwestern end of the City. However, the City does not have any regulations (other than general building, health, and safety regulations applied during the construction of the home), so current operators are not specifically regulated.

DISCUSSION:

Types of Regulations

An informal survey of regulations adopted by cities and counties was conducted, and the most common regulations are as follows:

1. Permit requirements (either business regulatory permit or a land use permit).
2. Inspections for and compliance with city/county building, health, and safety codes, and other applicable laws (including noise restrictions).
3. Impose stay restrictions (*e.g.*, stays must be a minimum 2 consecutive nights).
4. Maximum guest restrictions (*e.g.*, 2 guests per bedroom).
5. Insurance requirements.
6. Parking requirements.
7. Application fees.
8. Local contact requirements.
9. Owner-occupied requirements.
10. Record keeping requirements.
11. Permit term.
12. Restrictions on on-site advertising.
13. Restrictions to certain zoning districts.

Even within each of these categories of regulations, there are a wide variety of regulations. For example, the City of Laguna Beach does not have any stay restrictions; however, the City of Dana Point requires a minimum stay of at least 2 consecutive nights. Similarly, most cities do not require the owner of short-term rentals to also reside in the short-term rental; however, the City of Laguna Beach requires the owner to occupy the short-term rental if the short-term rental is part of a multifamily unit. Another area where there is some variation is insurance requirements, with some cities requiring insurance while others not.

Taxation

An informal survey was also conducted regarding taxation of short-term rentals. Of those cities surveyed, they imposed a transient occupancy tax (*e.g.*, 10% tax on stays). Transient occupancy taxes are those imposed upon “transients” (*e.g.*, hotel guests) and collected by the hotels in which they stay for the privilege of using city services, streets, etc. during their stay. Given the nature of short-term rentals, transient occupancy taxes are a natural fit for short-term rentals.

Perris already imposes a transient occupancy tax of 10% pursuant to Chapter 3.24 of its municipal code. However, whether short-term rentals are covered by this tax will depend upon whether the definition of “hotel” under Chapter 3.24 includes short-term rentals. Section 3.24.020 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, and includes any hotel, inn, tourist home or house, motel, studio, hotel, bachelor hotel, lodging house, rooming house, apartment house, dormitory, public or private club, mobile home or house trailer at a fixed location, or other similar structure or portion thereof.”

This arguably covers short-term rentals such that the 10% tax is applicable, and any short-term rental operator would have to collect and remit the transient occupancy tax. However, there may be some difficulty in terms of collection. For example, many short-term rentals use online services such as AirBnB where payment and reservations are handled online and without regard to transient occupancy taxes, and thus resulting in the operator being required to separately collect the taxes owed (since they are still required to collect and remit the taxes). Because of this, it may be difficult to ensure that a short-term rental owner is collecting the required transient occupancy taxes. To address this, some cities have entered into voluntary tax collection agreements with AirBnB in which AirBnB collects and remits transient occupancy taxes.

Though the City already has a transient occupancy tax of 10%, any increase in the tax, including the creation of any new tax calculation methods for short term rentals, will require submission of a ballot measure to the City's voters for their approval at a general municipal election in which members of the City Council are also on the ballot.

BUDGET (or FISCAL) IMPACT:

Cost for staff preparation of this item has been budgeted in the 2017-2018 budget.

Prepared by: Kenneth Phung, Planning Manager

Director of Finance: Jennifer Erwin
Assistant City Manager: Clara Miramontes
Assistant City Manager: Darren Madkin

Work Session: June 14, 2018

Attachments: Summary of Short-term Rental Regulations.

City/County	Code Section	Business Regulatory Permit	Land Use Permit	Stay restrictions	Max Guest Restrictions	Insurance	Parking	Application Fee	Local Contact	Owner Occupied	Record Keeping of Stays	Permit Term	On-site Advertising	Zoning District (General Descriptions)	Transient Occupancy Tax
Anaheim	BAN														
Buena Park	BAN														
Costa Mesa	No Regulation														
Dana Point	Chapter 5.38	Yes (Staff approval)	No	Minimum 2 consecutive nights	Generally, max 2 bedroom	Yes	Yes; 2 off-street; 1 vehicle/bedroom or 2 vehicles max with 2 or more bedrooms	Yes	Yes	No	Yes	1 year	No	All Residential	10.00%
Fountain Valley	BAN														
Garden Grove	BAN														
Huntington Beach	BAN														
Laguna Beach	Chapter 25.23	No	Administrative Use Permit (Staff approval) or Conditional Use Permit	No	Variable, depending on number of bedrooms (2 guests = 2 day visitors/bedroom)	Yes	Yes; min 2 off-street parking spaces; max number of vehicles is limited to number of on-site spaces; no parking on streets serving residential homes	Yes	Yes	Single unit No; Multi-units: YES	Yes	2 years	No	Residential, Commercial, Mixed Use R-C	12.00%
Long Beach	BAN														
Moreno Valley	BAN														
Newport Beach	Chapter 5.95	Yes (Staff approval)	No	No	Variable; Depends on their Building Code	No	N/A	Yes	Yes	No	No	None	N/A	All zones where residential is permitted except single-family Residential and Mixed Use	4.00%
Palm Desert	Chapter 5.10	Yes (Staff approval)	No	Minimum 3 days, 2 nights	2 bedroom and 2 guests/bedroom	No	Yes; onsite parking	Yes	Yes	No	Yes	1 year	Yes; but requires City approval	Mixed residential and multifamily residential	11.00%
Palm Springs	Chapter 5.25	Yes (Staff approval)	No	12 contracts per year; 4 additional allowed for 3rd quarter	2 bedroom and maximum 8 per unit	Yes	1 bedroom	Yes	Yes	No	Yes	1 year	No	Allowed in single and multi-family zones if ancillary and secondary to residential use	11.50%
Pasadena	Section 17.50.296	No	Operational Permit (Staff Approval)	Un-hosted stays = max 90 days a year; Hosted stays = no limit	2 bedroom plus 3 guests	No	Yes; onsite parking	Yes	Yes	No	Yes	1 year	N/A	Residential Dwellings	7.00%
Riverside County	Ordinance No. 927	Yes (Staff approval)	N/A	Minimum 2 days and 1 night	No	No	Yes; onsite parking	Yes	Yes	No	Yes	Change of ownership	N/A	N/A	10.00%
San Bernardino County	Chapter 84.28	No	Special Use Permit (Staff Approval)	N/A	70 square feet for first person; 50 square feet for each additional person; 6 day use guests	No	Yes; onsite parking	Yes	Yes	No	Yes	None	Yes	Residential	7.00%
Santa Ana	No Regulation														
Tennessee	No Regulation														
Ventura	Chapter 6.455	Yes (Staff approval)	No	Occupants must stay no less than 7 nights if staying between the second Friday in June and the last Friday in August of each year. At all other times the owner may rent or lease the short-term vacation rental no more than once in any consecutive 7 day period and shall require a minimum stay of two nights	Short term vacation rental plus 2 bedroom	No; but surety bond	N/A	Yes	Yes	No	Yes	N/A	Yes	Must be in a residential structure	10.00%

CITY COUNCIL
AGENDA SUBMITTAL

Meeting Date: June 14, 2018

SUBJECT: Regulation of Adult-Use Marijuana Dispensaries

REQUESTED ACTION: The City Council consider and discuss regulation of adult-use marijuana dispensaries and provide direction to staff for possible ordinance amendments.

CONTACT: Grace Williams, Director of Planning and Economic Development

BACKGROUND:

The City of Perris presently prohibits adult-use (recreational) marijuana dispensaries while also allowing limited medical marijuana dispensaries.

A discussion work session is being held on June 14, 2018 regarding regulatory options for adult-use marijuana dispensaries in the City of Perris. Regulatory options include maintaining the present prohibition, permitting existing medical marijuana dispensaries to also sell adult-use marijuana, or permitting new adult-use marijuana dispensaries. If the City permits new adult-use marijuana dispensaries, there is the further issue of whether to provide preference to existing medical marijuana dispensaries.

A presentation on this topic with an accompanying PowerPoint will be provided at the June 14, 2018 work session. Upon hearing all the information presented, the City Council is asked to consider and discuss regulation of adult-use marijuana dispensaries and provide direction to staff for possible ordinance amendments.

BUDGET (or FISCAL) IMPACT:

Cost for staff preparation of this item has been budgeted in the 2017-2018 budget. If City permitted adult-use marijuana dispensaries existing local law provides for a gross-receipts tax of up to \$0.10 for each \$1.00 of proceeds from commercial adult-use marijuana sales. (Perris Municipal Code §§ 3.40.020(a); 3.40.090.) Estimates on revenue are speculative without further details on a proposal to permit adult-use marijuana dispensaries in the City of Perris.

Prepared by: Kenneth Phung, Planning Manager

City Attorney: Eric Dunn
Director of Finance: Jennifer Erwin
Assistant City Manager: Clara Miramontes
Assistant City Manager: Darren Madkin

Work Session: June 14, 2018