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

[Signature]
MAYOR OF THE CITY OF PERRIS

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 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

[Signature]
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.
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.
<table>
<thead>
<tr>
<th>City/County</th>
<th>Code Section</th>
<th>Business Regulatory Permit</th>
<th>Land Use Permit</th>
<th>Stay restrictions</th>
<th>Max Guest Restrictions</th>
<th>Insurance</th>
<th>Parking</th>
<th>Application Fee</th>
<th>Local Contact</th>
<th>Owner Occupied</th>
<th>Record Keeping of Stays</th>
<th>Permit Term</th>
<th>On-Site Advertising</th>
<th>Zoning District (General Descriptions)</th>
<th>Transient Occupancy Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td>Anaheim</td>
<td>BAN</td>
<td>No</td>
<td>No</td>
<td>Minimum 2 consecutive nights</td>
<td>Generally, max 2 bedrooms</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 year</td>
<td>No</td>
<td>All Residential</td>
<td>10.00%</td>
</tr>
<tr>
<td>Buena Park</td>
<td>BAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Costa Mesa</td>
<td>No Regulation</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Dana Point</td>
<td>Chapter 5.38</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Fountain Valley</td>
<td>HAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Garden Grove</td>
<td>HAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Huntington Beach</td>
<td>HAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Laguna Beach</td>
<td>Chapter 25.23</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Long Beach</td>
<td>BAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Macena Valley</td>
<td>BAN</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Newport Beach</td>
<td>Chapter 5.95</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palm Desert</td>
<td>Chapter 5.10</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Palm Springs</td>
<td>Chapter 5.25</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Pasadena</td>
<td>Section 17.50.24c</td>
<td>Operational Permit (Staff Approval)</td>
<td>No</td>
<td>Unbottled stays = max 90 days/year; Boarding stays = no limit</td>
<td>2 bedrooms plus 2 guests</td>
<td>No</td>
<td>Yes</td>
<td>Yes &amp; No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 year</td>
<td>N/A</td>
<td>Residential Dwellings</td>
<td>7.00%</td>
</tr>
<tr>
<td>Riverside County</td>
<td>Ordinance No. 921</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td>Minimum 2 days and 1 night</td>
<td>2 bedrooms plus 2 guests</td>
<td>No</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>Yes</td>
<td>1 year</td>
<td>N/A</td>
<td>Change of ownership</td>
<td>N/A</td>
</tr>
<tr>
<td>Sear Bernardino County</td>
<td>Chapter 8.28</td>
<td>No</td>
<td>Special Use Permit (Staff Approval)</td>
<td>No</td>
<td>Minimum 70 square feet for first person, 50 square feet for each additional person; 8 day eyes guests</td>
<td>No</td>
<td>Yes</td>
<td>Yes &amp; No</td>
<td>Yes</td>
<td>No</td>
<td>None</td>
<td>Yes</td>
<td>7.00%</td>
<td>Residential</td>
<td></td>
</tr>
<tr>
<td>Santa Ana Temeucula</td>
<td>No Regulation</td>
<td>No</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ventura</td>
<td>Chapter 6.455</td>
<td>Yes (Staff approval)</td>
<td>No</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

The table above outlines various regulations and restrictions for different cities and counties, including stay requirements, guest limitations, insurance, parking, and other specific criteria. Each entry provides a detailed look into the urban or suburban area's regulations concerning short-term rentals.
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