



City Council Memorandum

City of Arts & Innovation

TO: HONORABLE MAYOR AND CITY COUNCIL

DATE: JULY 16, 2024

**FROM: COMMUNITY & ECONOMIC DEVELOPMENT
DEPARTMENT**

WARDS: ALL

SUBJECT: REGULATION OF SHORT-TERM RENTAL HOMES

ISSUE:

Adopt the proposed ordinance regarding the regulation of short-term rental properties in the City of Riverside to provide a regulatory framework for these homes and mitigate the negative effects they may have on the community.

RECOMMENDATIONS:

That the City Council introduce and subsequently adopt the proposed ordinance regarding Short-Term Rental properties in the City of Riverside.

BACKGROUND:

On April 23, 2024, the City Council met to discuss the current regulations regarding short-term rental properties and possible enforcement strategies and an ordinance moving forward. The City of Riverside does not have an ordinance in place directly related to operational standards specific to short-term rental properties. Staff provided a model ordinance and several other options regarding enforcement for City Council consideration. After discussion, the City Council directed staff to bring forward the model ordinance as presented for potential adoption. Councilmember Mill also had additional questions regarding occupancy limits/regulations he asked staff to address.

DISCUSSION:

Short-term rentals (a.k.a. STR's) are defined as: "The rental of a dwelling, or a portion thereof, by the property owner to another person or group of persons for occupancy, dwelling, lodging, or sleeping purposes for a period of less than 30 consecutive calendar days. The rental of units within city-approved hotels, motels, and bed-and-breakfast inns shall not be considered to be a short-term rental." These units are frequently used for vacation or business travel, are fully furnished, stocked with basic supplies, and are advertised on various host sites such as Airbnb, Homeaway and VRBO.

As stated, the city does not currently have a short-term rental ordinance, but regulates the operation of these homes and the negative effects they may have through the application of various existing nuisance laws. The draft ordinance (Attachment 1) consolidates some of these nuisance laws under one ordinance and provides the ability to adequately regulate STR's to mitigate many of the negative impacts they may have in their surrounding neighborhoods, while at the same time, providing opportunity to operate an STR in a profitable and responsible manner. Adoption and application of this ordinance may impact staffing and workload levels as there are currently approximately 200 licensed Short-Term Rentals in the City, and more than likely, additional unlicensed homes that this ordinance will apply to.

Authority to Regulate Occupancy Limits

For single family housing units, whether tenant or owner occupied, municipalities cannot impose stricter occupancy limits than those allowed for by the Uniform Housing Code (UHC) The UHC Section 503.2 specifies that each sleeping room can accommodate two people per 70 sq. ft. and each additional 50 sq. ft. would allow for an additional person. For example, a 120 sq. ft. room (10' X 12') could accommodate three people – two for the first 70 sq. ft. and one additional for the extra 50 sq. ft.

However, since short-term rentals are considered a transient use and not a traditional residential use since residency is for 30 days or less, they can be regulated as a business activity like a hotel/motel through the city's police powers as authorized by the California Constitution and the California Government Code. (Const. Art 11, section 7; Govt Code 65850.)

Municipalities have the authority to prohibit or regulate short-term rentals and enact laws that can limit the number of guests, (such as two per bedroom,) and require fire and safety inspections before issuing a permit, etc.

STRATEGIC PLAN ALIGNMENT:

This item aligns with **Strategic Priority 2 – Community Well-Being** and **Goal 2.4 – Support programs and innovations that enhance community safety, encourage neighborhood engagement, and build public trust.**

This item also aligns with each of the Cross-Cutting Threads as follows:

- 1. Community Trust** – Create a level of confidence that the City of Riverside is effectively governing short-term rentals through regulations and policies that ensure the safety, security, and well-being of both the renters and community.
- 2. Equity** – The City's short-term rental policies hope to provide an opportunity to enjoy a peaceful and safe living environment for all while also considering economic opportunities for property owners.
- 3. Fiscal Responsibility** – The Riverside Municipal Code provides governance and accountability for all business-related activities within the city and fair and equal application of the code. Revenue generated is directly integrated into the general fund and used for Citywide services.
- 4. Innovation** – The City strives to be creative and innovative in its approach to emerging issues such as short-term rentals and develop policy specific to Riverside that meets the needs of all stakeholders.
- 5. Sustainability & Resiliency** – Through proper management of short-term rentals, the City of Riverside can create a more livable and resilient community for its residents by promoting long-term environmental and economic stability.

FISCAL IMPACT:

There is no fiscal impact associated with this report.

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Certified as to
availability of funds: Kristie Thomas, Finance Director/Assistant Chief Financial Officer
Approved by: Rafael Guzman, Assistant City Manager
Approved as to form: Phaedra A. Norton, City Attorney

Attachments:

- 1) Draft Ordinance
- 2) Presentation