



City of San Gabriel

STAFF REPORT

DATE: July 16, 2024

TO: Honorable Mayor and Council Members

FROM: Mark Lazzaretto, City Manager

BY: Aldo Cervantes, Community Development Director 

SUBJECT: **Discussion Regarding Short-Term Rentals and Related Fees, Standards and Regulations**

SUMMARY

The City Council requested that staff bring forward a discussion on short-term rentals within the City of San Gabriel. Short-term rentals (those of less than 30 days) are not fully addressed in the Code outside of two newly adopted Codes. The Accessory Dwelling Unit Ordinance allows for tenancy of over 30-days pursuant to State and local laws. Municipal Code Section 153.048 Urban Dwelling Units and Urban Lot Splits prohibits short term rentals, which are rental units that provide less than a 30-day tenancy. The intent of this report is to seek direction from Council regarding potential fees, standards, and regulations that may be imposed on such uses.

INTRODUCTION

Short-term rentals (rentals less than 30-days) are currently addressed in two Code Sections of the Municipal Code, in the Accessory Dwelling Unit and Urban Dwelling Units and Urban Lot Split Codes. In both cases, short-term rentals are prohibited while allowing rentals for over 30-day periods. Short term rentals currently operating in San Gabriel, including the ones found by searching online platforms, are operating without a permit and in violation of the San Gabriel Municipal Code.

The City is not actively enforcing short-term rentals due to the fact that the properties are very difficult to find. The online advertisements do not provide a physical address until a booking occurs. That said, if Code Enforcement does become aware of a short-term rental property, staff responds and issues a violation notice.

According to the Airbnb website, there are approximately 60 listings ranging from the low \$44 per night to a high of \$183 per night. In some cases, the listing is for only a room,

while others are for the entire home. The site known as VRBO provides a listing of approximately 8 properties that range from \$120 per night to \$505 per night. The listing at \$505 per night appears to be via the Hilton Hotel on Valley.

ANALYSIS

The City of San Gabriel Municipal Code does not address short-term rentals as it relates to the rental or leasing of single-family homes or multi-family properties. The Zoning Code does address short-term rental prohibitions via the Accessory Dwelling Units Code and the Urban Dwelling Units and Urban Lot Split Code. For Council's reference, the Urban Dwelling Units and Urban Lot Split Code address residential developments that include not more than 2 residential units. This Code Section was adopted as a result of the State Housing Law known as Senate Bill 9. Moreover, this Code Section includes additional development standards that allow for ministerial approval for such development. Although this Code Section addresses short-term rentals, it does not apply to an existing single-family home or existing multi-family properties.

To help facilitate our research for this topic, staff surveyed surrounding cities. Below is a list of those cities and whether they permit or prohibit short-term rentals:

Rosemead – Not Permitted
Temple City – Not Permitted
Alhambra – Permitted
Pasadena - Permitted
Monterey Park - Permitted

Although the City of Alhambra permits short-term rentals, they are currently in the process of amending their code to add a registration process and base standards.

Cities that allow short-term rentals have a variety of regulations, including a registration process, fees, and TOT payments.

Other regulations included the following:

- Limit short term rentals to the host's primary residence only.
- Require short-term rental registration whether or not they are occupied.
- Allow both hosted and un-hosted short-term rentals.
- Not allow short term rental of a duplex, triplex, or apartment unit, except the primary residence of the owner if it is on-site.
- Require neighbor notification by hosts.
- Require annual reporting to City Council on short-term residential rentals.

- Require an on-site safety inspection of the property prior to permit issuance.

A hosted short-term rental is a condition where the primary owner of the residence is also living on-site along with the tenant. This option allows for better oversight of the property as opposed to the owner not living on the property (unhosted). As an unhosted site, it would be critical for the owner to provide the city with 24/7 contact information in case of an emergency.

Fees

As indicated above, some cities include a processing fee for the registration process. It's important to note the differences between the fees and the tax. The fee is intended to recover the cost for staff time in reviewing the application, inspecting the site, and preparing the permit. A tax, whether business license tax or a TOT is not a cost recovery amount, rather a tax that is imposed by a formal vote of the public. In order to impose a business license tax on short-term rentals, the Council must authorize a ballot measure for the new tax and a Business License Code Amendment. In order to impose a TOT on short-term rentals, a Zone Text Amendment must be adopted to allow the use. The definitions under the TOT Ordinance already includes uses such as rentals via dwelling, lodging or sleeping purposes and shall include 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.

In Conclusion

The Municipal Code only addresses short-term rentals for ADU's and for residential development projects that are pursuant to Senate Bill 9 and our local laws. In both these cases, a tenant must lease or rent these units for more than 30 days. Currently, our Code does not address the leasing or renting of existing housing units for a period of less than 30 days. To address this issue, many cities in the region have adopted provisions, standards, and procedures to manage and administer these uses. As stated above, there are a combined 68 short term rental units being advertised within the City. These units are not registered, regulated, nor are they paying their fair share of taxes or fees.

Staff recommends continuing the prohibition on short-term rentals in the City due to the fact that short-term rentals compete with the two hotels and they reduce the supply of long-term housing. If the Council agrees, staff will work with the short-term rental companies such as Airbnb and VRBO to remove the listings from within the City and will also bring back code amendments that will further solidify the prohibition on short term rentals.

As an alternative to the staff recommendation, the City Council can decide to allow short-term rentals in the City. If desired, staff would return with a regulatory scheme and fee structure that will allow the City to govern short-term rentals successfully.

CALIFORNIA ENVIRONMENTAL QUALITY ACT (CEQA)

Not a project as defined in Section 15378 of the state CEQA Guidelines.

FISCAL IMPACT

There are no known fiscal impacts for this project.

RECOMMENDATION

Staff recommends the City Council discuss the matter of short-term rentals and direct staff to continue to ban short-term rentals and bring back code amendments to modernize our short-term rental ban.

PUBLIC NOTICE PROCESS

In accordance with the Brown Act, this item has been noticed through the regular agenda notification process.

ATTACHMENTS

None.