



Minutes

Lakewood City Council

Adjourned Regular Meeting held
July 25, 2017

MEETING WAS CALLED TO ORDER at 6:00 p.m. by Mayor DuBois in the Executive Board Room at the Civic Center, 5000 Clark Avenue, Lakewood, California.

ROLL CALL: PRESENT: Mayor Diane DuBois
Vice Mayor Steve Croft
Council Member Ron Piazza
Council Member Todd Rogers
Council Member Jeff Wood

SHORT-TERM/HOME-SHARE RENTALS

Mayor DuBois welcomed members of the public who were in attendance at the meeting and asked City staff to introduce themselves for reference purposes.

Sonia Southwell, Director of Community Development, stated that Toyasha Sebbag, Water Administration Manager, worked with Community Development to prepare the report on short-term/home-share rentals and would be delivering the presentation for training purposes.

Ms. Sebbag displayed slides and gave a presentation based on the memo in the agenda explaining that traditional forms of short-term rentals were hotels, motels and “bed and breakfasts” and that newer forms included online rental agreements through websites like Airbnb, HomeAway, Craigslist and FlipKey. She added that short-term home-share leases involved a primary resident living at the home while renting out a room or space and that vacation rentals were rentals of the entire home. She reported that staff surveyed the Airbnb website and found six homes, 39 rooms and 13 shared rooms listed for rent in Lakewood and that less than 21 were consistently rented based on their reviews. She explained that a primary issue with researching Airbnb was that exact addresses of rental locations were not listed on the website and that pictures did not include the outside of the home, so the only way to know the exact address was to book the rental. She stated that some reasons supporting the regulation of short-term/home-share rentals were transformation of neighborhoods to communities of transients, increased public safety risks, noise issues, trash/parking problems, less availability of affordable housing and Transient Occupancy Tax (TOT) revenue. She added that some cities had agreements with Airbnb so that renters pay TOT when booking a rental and Airbnb transferred the taxes to the partnering city. She reported that some challenges of regulating short-term/home-share rentals were that smaller cities did not have partnerships with Airbnb to collect TOT revenues, the cost of implementing enforceable mandates and the cost of enforcement being unnecessary for municipalities that were not experiencing significant negative impacts of neighborhood degradation or complaints. She concluded by stating that staff recommended that the City Council direct staff to monitor the City of Lakewood’s short-term/home-share rental market and return with a report in six months.

SHORT-TERM/HOME-SHARE RENTALS – Continued

Ms. Southwell noted that there was a consulting company named Host Compliance that monitored short-term rental compliance, provided enforcement solutions, had contact with Airbnb and encouraged cities to allow short-term/home-share rentals and vacation rentals. She added that they were costly consultants since they worked with big cities like Miami and Los Angeles. She stated that the main concern for the City was the rental of entire homes because it impacted hotel sales and noted that the city of Santa Monica had a team of code enforcement officers working on this issue. Steve Skolnik, for the City Attorney, noted that Santa Monica was sued by Airbnb, who claimed that the city regulated home-share rentals in an unconstitutional manner. Ms. Southwell explained that there were typically no complaints or problems with room rentals and that the City had received one home-share complaint. She noted that an advantage of short-term/home-share rentals was that it was in the owner's best interest to have their home look nice to receive high rental ratings.

In response to an inquiry from Council Member Rogers, Ms. Southwell confirmed that only one complaint for one short-term/home-share rental property had been received. Council Member Rogers inquired about the experience of regulating or banning short-term rentals in surrounding cities and Ms. Sebbag reported that the City of Cerritos banned short-term leases and required permitted overnight parking on its streets. She added that the City of Long Beach was also researching short-term rentals to report back to their City Council and that many other cities were in the stage of researching based on complaints that were received.

Responding to Vice Mayor Croft's inquiry, Ms. Southwell confirmed that cities which regulated short-term/home-share rentals did require rental properties to obtain business licenses. She explained that the City of Santa Monica requested voluntary registration of homes as providers for Airbnb services so that renters would provide taxes from bookings since there was no way to acquire the addresses of all short-term/home-share rental properties in the City without booking an overnight stay at each location. She added that the data could be received from Airbnb, however, they were reluctant to share data since Airbnb did not agree with restrictions on services they provided.

In response to inquiries from Mayor DuBois regarding TOT revenues, Ms. Southwell explained that the taxes were paid by rental customers during their booking and Mr. Skolnik stated that Transient Occupancy Taxes were listed in the Lakewood Municipal Code.

Council Member Piazza expressed his hope that part of staff's study of short-term/home-share rentals would include proposals for implementing enforcement, staff hours for enforcement and cost figures. Ms. Southwell stated that enforcement was a concern since it would be the City's task to prove that someone was renting their home or a room(s) in their home and for how long in order to enforce mandates. Neighborhood Preservation Manager Charles Carter shared that some code enforcement colleagues had staff track short-term/home-share rentals daily and code enforcement officers who investigated where rental properties were so they could contact homeowners and let them know if they were violating a City ordinance to issue a citation. He added that costs of hiring staff had been an issue for some colleagues and that such factors were taken into account when a third party like Host Compliance would be considered.

SHORT-TERM/HOME-SHARE RENTALS – Continued

Council Member Piazza noted the importance of conducting research and making decisions fairly on whether to enforce any mandates. Ms. Southwell stated that the City was currently able to address traditional issues such as loud noise from party houses, parking problems and unsightly properties with current City codes if complaints were received. Mr. Carter added that when the City received its one complaint the complainant was asked if there were traditional issues that could be regulated but they were concerned with knowing who was renting with Airbnb and staying in their neighborhood.

Responding to an inquiry from Council Member Wood, Ms. Southwell stated that 21 of the 58 short-term/home-share rentals in Lakewood were consistently rented based on multiple reviews from the Airbnb website. Council Member Wood shared his concerns about possible increases in criminal activity, neighborhood disruption from noisy party houses, the possibility of short-term renters squatting in residents' homes and the potential for becoming a transient community. Ms. Southwell provided assurance that there had not been any complaints for an entire home rental being a party house and that eviction issue complaints existed with long-term renters.

Vice Mayor Croft inquired if there had been a way to confirm that a home was a short-term/home-share rental when a complaint was received. Ms. Southwell stated that the address for an Airbnb rental could be received from the website by booking the rental and that if a complaint is received staff could contact the property owner to inquire if the home was a short-term/home-share rental.

In response to inquiries from Council Member Wood, Ms. Southwell clarified that a shared room was a room with multiple beds that could be rented as a whole and that a couch rental was not considered a shared room and tended to be a rental option in big cities with high hotel prices like New York City.

Council Member Rogers stated that parking saturation issues would be hard to address if they occurred and that short-term/home-share rentals would likely cause an impact. He noted that extreme actions would be to not address short-term rentals or to ban them completely and he hoped for a resolution in the middle that would hold homeowners accountable for conducting business responsibly in the City and potentially bring in TOT revenues. He was interested to see what options staff would create from their study. Ms. Southwell stated that staff was still learning how this type of business worked in Lakewood and that monitoring should be undertaken. She mentioned the possibilities of educating the public, researching how other cities' enforcement worked and exploring the cost for a third party consultant like Host Compliance since they had access to Airbnb data, ensured taxes were collected and handled enforcement. Council Member Rogers stated that the study should produce various options for the City Council to consider and which explained potential ramifications of actions.

Responding to Vice Mayor Croft's inquiry, Mr. Skolnik stated that the City would not be at risk for regulating one type of business instead of others but there was a potential to overstep State or Federal laws for limits on the ability to ban or regulate short-term/home-share rentals since those laws were in flux due to various lawsuits. Vice Mayor Croft noted the importance of monitoring other cities' actions to seek out more successful processes.

SHORT-TERM/HOME-SHARE RENTALS – Continued

Mayor DuBois called for anyone in the audience wishing to address the City Council on this matter.

Larry Hill, Lakewood, stated his concerns about strangers coming and going from his next door neighbor's home on a regular basis. He expressed displeasure that a motel type business was operating in his family neighborhood and that it caused issues of unwanted strangers, lack of street parking, inappropriate behavior by renters and marijuana use. He also reported that the homeowners would leave for several days as renters continued to come and go from the home and that he felt insecure and trapped in his own home. He shared his desire for a quiet and safe neighborhood.

Kevin Whitney, Lakewood, stated that he and his wife, Candice, purchased their home with the help of a VA Home Loan and after a remodel and renovation they had two spare bedrooms. They researched ways to supplement their mortgage and having been Airbnb customers for years they decided to rent their bedrooms through the company by becoming hosts. He reported that in the first five months of hosting they had 81 separate reservations which equaled 276 nights between the two rooms and that monthly earnings allowed them to supplement their mortgage, pay off student debts and landscape their yards. He noted that he was often asked about strange occurrences with his renters and claimed nothing strange had happened and that 99% of guests were good people who simply preferred staying in homes to hotels. He added that he was regularly asked about security concerns and affirmed that as a Navy veteran he did not take security lightly and would not be a host if it caused risk to his family or neighbors. He assured that Airbnb consisted of a trustworthy community and allowed hosts to set requirements for renters such as having government identification, clear profile photo and no negative recommendations from other hosts. He reported that guests from 12 different countries and of all ages and backgrounds including teachers, students, tourists, business professionals and retirees had stayed in his home and that many considered Lakewood a great central location for traveling throughout the area. He stated his willingness to answer any questions and share his Airbnb data and hoped the City Council would make a decision that would benefit short-term renters and the community.

In response to an inquiry from Council Member Wood, Mr. Whitney verified that he lived next door to Mr. Hill.

Debra Robbins, Lakewood, stated that she attended the meeting to learn how short-term rentals were regulated explaining that she had witnessed issues of marijuana use, an increased number of vehicles and people coming and going from Mr. Whitney's home. She shared that she would be very upset if she lived next door to an Airbnb rental home and that she felt this type of business was unsafe because it invited the public into neighborhoods.

Sally Hill, Lakewood, expressed her concern about Mr. Whitney's home being located near an elementary school. She felt it was unsafe for children to walk by a home that housed different people regularly. She stated her opinion that neighborhood values were being diminished by the guests and that she felt she was being taken advantage of as a neighbor because she was told that a guest had parked in her driveway when she was not home. She felt that short-term rentals were unsafe and not good for the neighborhood.

SHORT-TERM/HOME-SHARE RENTALS – Continued

Mayor DuBois accepted Mr. Whitney's request to respond to Ms. Hill's statements and he stated that their guests would not park in their neighbor's driveways and that he allowed guests to park in his driveway on street sweeping day. He added that his neighbors seemed to dislike change and that they had made various claims that were unsubstantiated even when the Sheriff's Department had been called and he felt a growing animosity from them.

Ms. Robbins stated that Mr. Whitney's guests were parked in their neighbor's driveway and she confronted the people outside of the home and learned they were friends of the renters staying with Mr. Whitney. She claimed that incident caused her to attend this meeting because she grew interested in how this business was regulated to keep neighborhoods safe.

Vice Mayor Croft shared his concern about Mr. Whitney having had a large number of rental bookings for the past five months because he felt that renters could not have the same love and respect for Lakewood that residents did. He stated that everyone had the right to make a living and better their lives but when that begins affecting other people, it can create a need for cities to intervene. He noted that he would not like 200 strangers coming and going in his neighborhood and that he favored the monitoring and regulating of short-term/home-share rentals.

Responding to Vice Mayor Croft's inquiry, Ms. Sebbag and Ms. Southwell stated that reviews from the Airbnb website showed that various properties were rented consistently but an exact number of rentals per property could not be known without obtaining the exact data. Vice Mayor Croft noted that if this business increased and places became consistently rented, then problems might happen.

Council Member Rogers stated the importance of having tools and methods to regulate short-term/home-share rentals in case problems did occur since the City currently had limited abilities for regulating potential issues.

Council Member Piazza stated that the City was very proud of its Neighborhood Watch program, which instilled the instruction of "see something, say something" when residents observe unusual activity or strangers in their neighborhoods. He added that although he did not favor inhibiting people's right to do what they wanted with their homes, he could not ask the community to disregard what they had been trained to observe because of the regularity of strangers in the neighborhood caused by short-term rentals.

Responding to inquiries from Council Member Wood, Mr. Whitney stated that if he and his wife were not home when a renter arrived, they used a lockbox with a key code to check in on their own and that he had not witnessed any of the issues mentioned by his neighbors. He added that if issues were affecting his neighbors he would appreciate notification so that he could attempt to mediate the matter.

In response to inquiries from Council Member Wood and Council Member Rogers, Ms. Southwell confirmed that the Community Development department staff would be studying the short-term/home-share rental business and that the report that would be brought to the City Council would include a series of recommendations.

SHORT-TERM/HOME-SHARE RENTALS – Continued

COUNCIL MEMBER WOOD MOVED AND COUNCIL MEMBER ROGERS SECONDED TO APPROVE STAFF'S RECOMMENDATION OF DIRECTING STAFF TO MONITOR THE SHORT-TERM/HOME-SHARE RENTAL MARKET AND RETURN WITH A REPORT IN SIX MONTHS. UPON ROLL CALL VOTE, THE MOTION WAS APPROVED:

AYES: COUNCIL MEMBERS: Wood, Piazza, Croft, Rogers and DuBois

NAYS: COUNCIL MEMBERS: None

ADJOURNMENT

There being no further business to be brought before the City Council, Mayor DuBois adjourned the meeting at 7:04 p.m.

Respectfully submitted,

Isabelle Diaz
Management Aide